UCW LIMITED AND ITS CONTROLLED ENTITIES
ACN 108 962 152

UCW LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

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CORPORATE DIRECTORY

Directors

Gary Burg – Non-Executive Chairman
Adam Davis – Chief Executive Officer and Managing Director
Peter Mobbs – Non-Executive Director
Jonathan Pager – Non-Executive Director

Company Secretary

Lyndon Catzel

Registered Office

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

Auditors

RSM Australia Partners Pty Limited
Level 13
60 Castlereagh St
Sydney NSW 2000

Share Registry

Link Market Services Limited
QV1, Level 12
250 St Georges Terrace
Perth WA 6000
Investor Enquiries: 1300 554 474

Stock Exchange Listing

Australian Securities Exchange (ASX)
ASX Code: UCW

Website

www.ucwlimited.com.au

DIRECTORS' REPORT

Your Directors present their Annual Report on the consolidated entity consisting of UCW Limited (**UCW** or **the Company**) and its controlled entities (**Group**) for the year ended 30 June 2017.

Directors

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

Name	Particulars
Gary Burg	Non-Executive Chairman (appointed 24 March 2016)
Adam Davis	Chief Executive Officer and Managing Director (appointed 16 February 2015)
Peter Mobbs	Non-Executive Director (Independent) (appointed 16 February 2015)
Jonathan Pager	Non-Executive Director (Independent) (appointed 16 February 2015)
Michael Pollak	Non-Executive Director (Independent) (appointed 16 February 2015, resigned 19 June 2017)
Bradley Hill	Alternate Director to Gary Burg (appointed 20 May 2016, resigned 19 June 2017)

Information on Directors

GARY BURG

Experience and Expertise

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, Alinta Energy Limited and Global Capital Holdings (Australia) Pty Ltd, which is the investments manager of Global Capital Principal Investment 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.

Other Current Directorships

ClearView Wealth Limited (ASX: CVW)

Former Directorships in the Last Three Years

None

Special Responsibilities

Audit and Risk Committee member

Remuneration and Nomination Committee member

Interests in Shares and Options

As at the date of this report, Gary Burg has the following direct or indirect interest in the Company:

- 124,095,842 fully paid ordinary shares; and
- 36,111,111 unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

Information on Directors (continued)

ADAM DAVIS

Experience and Expertise

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

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

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Special Responsibilities

Managing Director and Chief Executive Officer

Interests in Shares and Options

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

- 29,114,794 fully paid ordinary shares;
- 7,083,334 unlisted options exercisable at $0.039492 per option on or before 30 June 2018; and
- 2,500,000 unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

PETER MOBBS

Experience and Expertise

Peter led the private equity backed merger of his company, Ivy College, with the education arm of the Australian Institute of Management (AIM) – a 75 year old brand. Peter is now Group CEO 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 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).

Prior to entering the education sector, Peter worked as a lawyer in both the U.K. and Australia. He holds degrees in both commerce and law and is admitted to practise in the Supreme Court of NSW. He is a member of the Law Society of NSW and the Australian Institute of Company Directors.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

DIRECTORS' REPORT (continued)

Information on Directors (continued)

Special Responsibilities

Audit and Risk Committee member

Remuneration and Nomination Committee member

Interests in Shares and Options

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

- 11,216,354 fully paid ordinary shares;
- 1,875,000 unlisted options exercisable at $0.039492 per option on or before 30 June 2018; and
- 1,111,111 unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

JONATHAN PAGER

Experience and Expertise

Jonathan has over 25 years' experience as a management consultant across a wide range of industries in Australia and overseas, and is currently Managing Director of Pager Partners Corporate Advisory. He has a Masters of Economics and qualified as a chartered accountant with Deloitte, where he commenced his career. He has restructured and listed a range of public companies and been a Director of publicly listed companies in the resources and industrial sectors.

Other Current Directorships

NMG Corporation Limited (ASX: NMG) (Finance Director)

Former Directorships in the Last Three Years

MOQ Limited (ASX: MOQ) (Non-Executive Director)

AHAlife Holdings Limited (ASX: AHL) (Finance Director)

Special Responsibilities

Audit and Risk Committee member

Remuneration and Nomination Committee member

Interests in Shares and Options

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

- 5,107,020 fully paid ordinary shares;
- 1,208,333 unlisted options exercisable at $0.039492 per option on or before 30 June 2018; and
- 555,555 unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

DIRECTORS' REPORT (continued)

Information on Directors (continued)

MICHAEL POLLAK (resigned 19 June 2017)

Experience and Expertise

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

Other Current Directorships

HJB Corporation Limited (ASX: HJB) (Non-Executive Director)

Former Directorships in the Last Three Years

MOQ Limited (ASX: MOQ) (Non-Executive Director)

Special Responsibilities

Audit and Risk Committee member

Remuneration and Nomination Committee member

Interests in Shares and Options

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

- 6,875,000 fully paid ordinary shares; and
- 3,000,000 unlisted options exercisable at $0.039492 per option on or before 30 June 2018.

Company Secretary

LYNDON CATZEL (appointed 1 August 2016)

Experience and Expertise

Lyndon has over 20 years' financial, operational and strategic experience as a CEO, CFO and COO across numerous private businesses in funds administration, financial services, healthcare, software and wholesale distribution. He has a proven track record of financial management, capital raising, development of management teams and strategy execution.

Lyndon started his career in Deloitte's Assurance and Advisory Division before moving to its Corporate Finance Division. He then worked for SG Hambros (the mergers & acquisitions division of Societe Generale). Lyndon is a Chartered Accountant and holds a Bachelor of Economics (Finance and Accounting) from the University of Sydney.

Interests in Shares and Options

As at the date of this report, Lyndon Catzel has the following direct or indirect interest in the Company:

- 1,400,000 fully paid ordinary shares;
- 2,000,000 unlisted and unvested options exercisable at $0.059492 per option on or before 31 July 2021, vesting on 31 July 2019; and
- 2,000,000 unlisted and unvested options exercisable at $0.079492 per option on or before 31 July 2021, vesting on 31 July 2019.

DIRECTORS' REPORT (continued)

Environmental regulation and performance

The Company's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Dividends

No dividends have been paid or declared during the financial year ended 30 June 2017 (2016: $nil).

Principal activities

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

Operating and financial review

UCW's focus within the education sector is primarily the international student market. The Company's strategy is to build an education business both organically and via acquisition through strategies including product expansion, geographic expansion and broadening distribution. The Board includes Directors with extensive corporate experience and a successful track record in the education sector.

Following the acquisition of Australian Learning Group Pty Limited (**ALG**) on 24 March 2016, the Company acquired 100% of the issued capital in 4Life Pty Ltd (**4Life**) on 13 January 2017. The results presented in this financial report represent the Group's performance including the operations of ALG for the full financial year and 4Life for the period from 14 January 2017 to 30 June 2017.

On 17 March 2017, the Company announced that it had entered into a binding share sale agreement to acquire 24.6% of the ordinary shares in Performance Education Group Pty Ltd (**Performance Education**). The transaction completed on 11 July 2017. $4.7m was paid on completion, of which 25% was satisfied through the issue of ordinary shares in UCW at $0.06 per share and the remaining 75% was paid in cash. $1.5m of the cash component was funded by a new loan facility with Commonwealth Bank, which also includes a $0.5m working capital facility (currently undrawn) and a $0.2m bank guarantee facility. On 10 August 2017, a working capital adjustment of $1.1m was paid, of which 25% was satisfied through the issue of ordinary shares in UCW at $0.06 per share and the remaining 75% was paid in cash. No further payments are outstanding.

Australian Learning Group Pty Limited

ALG is a national provider of accredited vocational education with a focus on the international student market. ALG offers certificate and diploma level courses in Fitness, Sport and Recreation Management, Massage Therapy and Dance Teaching and has campuses in Sydney, Melbourne, Perth and Brisbane.

UCW has invested in the ALG business to broaden its course offering and create a scalable platform for growth. During the period, investment was made in the following key areas:

- Sales: implementation of a new sales team structure with a regional focus (Americas, Asia and Europe) and increase in the number of sales staff;
- Systems: implementation of a new student management system, establishment of a national admissions function and student support function;
- People: the management team was strengthened with key hires made across human resources, IT, academic, admissions, student services and finance;
- Course development: development of a number of new qualifications, expected to be accredited and introduced during FY18; and
- Campus development: opened a new Brisbane campus in the CBD, secured additional campus capacity in Sydney and obtained an increase in CRICOS capacity from 1,375 to 2,399.

Operating and financial review (continued)

On 13 January 2017, UCW completed the acquisition of 4Life as an add-on for ALG. 4Life brings to ALG a suite of courses in the field of Community Services, which it will progressively rollout through its national campus footprint and agent network. 4Life's international student offer currently only operates in Sydney. The national rollout represents a key component of ALG's short to medium term growth strategy.

4Life's courses include: Early Childhood Education & Care, Individual Support, Disability, Ageing Support, Mental Health, Counselling and Community Services. These are strong growth markets that present employment opportunities to both international and domestic students.

As noted above, during the reported period, ALG obtained approval for an increase in its CRICOS capacity to 2,399 students. The CRICOS capacity represents the number of international students that ALG is approved to have concurrently enrolled. The increase provides ALG with significant "headroom" to accommodate further growth in international students, including via the national rollout of 4Life courses.

Effective 1 July 2017, ALG increased the price of its international student courses by an average of 6.7%. As continuing students and students that had enrolled prior to this date are not subject to the price increase, the impact will phase in throughout FY18 and FY19. The price increase is expected to assist in maintaining margins in light of general cost inflation. 4Life course prices have been brought into line with ALG's.

International students

ALG's international enrolments continued to grow strongly throughout FY17, with total FY17 enrolments of 4,069, up 28.7% on FY16. Including international enrolments from 4Life (from the date of acquisition), total international enrolments were 4,288, up 35.7% on FY16.

Growth in ALG's international student enrolments has largely been achieved through a strategy of expanding existing courses into ALG's interstate campuses. The rollout of 4Life's courses represents a significant growth opportunity in the short to medium term.

Average revenue per enrolment (i.e. per student, per term) for FY17 was $1,862. This is expected to increase in FY18 as a result of the price increase effective from 1 July 2017.

International student enrolments by campus

Campus	FY17 enrolments	FY16 enrolments	FY17/FY16 growth	Proportion of total (FY17)
Sydney	2,282	1,766	29.2%	53.2%
Melbourne	964	704	36.9%	22.5%
Perth	781	582	34.2%	18.2%
Brisbane	261	109	139.4%	6.1%
Total	**4,288**	**3,161**	**35.7%**	**100.0%**

International student enrolments by field of study

Field of study	FY17 enrolments	FY16 enrolments	FY17/FY16 growth	Proportion of total (FY17)
Fitness	2,511	2,379	5.5%	58.6%
Sport & Recreation Management	426	280	52.1%	9.9%
Massage Therapy	949	466	103.6%	22.1%
Dance Teaching	183	36	408.3%	4.3%
Community Services	219	n/a	n/a	5.1%
Total	**4,288**	**3,161**	**35.7%**	**100.0%**

DIRECTORS' REPORT (continued)

Operating and financial review (continued)

Domestic students

Excluding 4Life, ALG's domestic revenue for FY17. ALG's domestic revenue is principally derived from distance education courses, with a limited course offering (currently only Certificate III and Certificate IV in the fields of Fitness and Dance Teaching). These are either paid for upfront or by way of regular payments. Revenue is recognised equally over a 12-month period from and including the month of sale.

For the past several years, the domestic market has been dominated by VET-FEE HELP offers. With the discontinuation of this funding program, there may be increased opportunity to grow ALG's fee-for-service offer. During the period, a number of process improvements have been implemented to support profitable growth. Notwithstanding the opportunity, the international student market remains ALG's primary focus.

4Life has operations in Adelaide, which (distinct from its Sydney international student operation) are focused on the domestic, government-funded and corporate training markets. The Adelaide operations are not profitable and management consider the offer to be non-core to the Company's focus. Accordingly, a decision was taken to close the Adelaide operation during FY18. The financial impact of closing the Adelaide operation will be reported separately in the FY18 Annual Report.

Performance Education

Established in 2006, Performance Education is a leading provider of the Professional Year program, designed to assist International graduates of Australia higher education providers in Information Technology and Accounting to gain valuable work skills and experience.

Performance Education also offers a number of work-ready and internship programs, both direct to students and under contract to other education providers.

In its audited FY16 accounts, Performance Education reported EBITDA of $4.1m on revenue of $30.8m. A fully franked dividend of $1.2m was declared in June 2016.

Performance Education has operations in Sydney, Melbourne, Adelaide and Perth.

Growth initiatives

UCW's strategy is to grow both organically and by undertaking further acquisitions, with a focus on the international student market. A number of acquisition opportunities were assessed during the period. UCW management are also actively involved in the operations of ALG and 4Life.

As noted above, investment continued during the period (particularly during H2'17) to scale up the ALG business. The Company intends to continue to invest in growth initiatives throughout FY18. This will impact earnings in the short term as the payback on such investments is not immediate. Operating leverage is expected to begin to be delivered in FY18 and FY19.

A key component of ALG's short to medium term growth strategy is the rollout of 4Life's courses throughout ALG's national campus footprint and agent network.

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

Results summary

The table below reconciles the underlying EBITDA of the Group for the year ended 30 June 2017 to the consolidated net profit / (loss) reported for the period.

	H2'17 $'000	H1'17 $'000	FY17 $'000
ALG/4LIFE*			
International student revenue	4,571	3,412	7,983
Total revenue	5,749	4,138	9,887
Cost of sales	(2,784)	(1,906)	(4,690)
Gross profit	2,965	2,232	5,197
Gross margin (%)	51.6%	53.9%	52.6%
Operating expenses	(2,459)	(1,577)	(4,036)
EBITDA	506	655	1,161
EBITDA margin (%)	8.8%	15.8%	11.7%
UCW			
Corporate costs	(444)	(391)	(835)
GROUP			
Underlying EBITDA	62	264	326
DD and transaction costs	(82)	(107)	(189)
Non-recurring items	246	(246)	-
Interest, tax, depreciation and amortisation	46	(12)	34
Net profit after tax	272	(101)	171

*Results include 4Life from date of acquisition, being 13 January 2017.

EBITDA: EBITDA is a financial measure which is not prescribed by Australian Accounting Standards and represents the profit under Australian Accounting Standards, adjusted for specific non-cash and significant items. The Directors consider EBITDA to reflect the core earnings of the Group. The above table summarises reconciling items between statutory net profit after tax attributable to the shareholders of UCW and EBITDA.

Corporate costs: Costs related to the UCW corporate function and operation of the listed entity, including ASX listing fees, share registry fees, audit fees, the remuneration of the Board and UCW executives.

Underlying EBITDA: Underlying EBITDA is a financial measure that reflects EBITDA adjusted for once-off due diligence and transaction costs relating to the acquisition of investments.

DD and transaction costs: External due diligence and transaction costs relating to the ALG, 4Life and Performance Education acquisitions and review of other potential acquisition opportunities.

Interest, tax, depreciation and amortisation: Interest was earned on excess cash held in the Group. Depreciation relates largely to campus plant & equipment and amortisation relates to fitout, course development and the recently implemented student management system.

DIRECTORS' REPORT (continued)

Results summary (continued)

Net assets

The net assets of the Group as at reporting date was $6,827,594 (30 June 2016: $3,743,689).

Significant events after balance date

On 11 July 2017, the Company completed the acquisition of 24.6% of the ordinary shares in Performance Education Group Pty Ltd (**Performance Education**), as detailed in the Operating and Financial Review. The Company will equity account for its share of profit from FY18 onwards.

There have been no other significant events after balance date.

Indemnification of officers and auditors

During the financial year, the Company paid a premium in respect of an insurance contract insuring the Directors of the Company, the Company Secretary and all executive officers of the Company and of any related body corporate against liability incurred in the fulfilment of such positions, to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has entered into agreements with the Directors to provide access to company records and to indemnify them in certain circumstances. The indemnity relates to liability as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law, and for legal costs incurred in successfully defending civil or criminal proceedings. No liability has arisen under these indemnities as at the date of this report.

Unissued shares under option

Details of unissued ordinary shares of UCW Limited under option as at the date of this report are:

Date options granted	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
24 April 2015	18,750,000	Ordinary	$0.039492	30 June 2018
24 March 2016	70,774,115	Ordinary	$0.059492	30 June 2018
1 February 2017	2,000,000	Ordinary	$0.059492	31 July 2021*
1 February 2017	2,000,000	Ordinary	$0.079492	31 July 2021*
	93,524,115			

* These options vest on 31 July 2019.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company.

DIRECTORS' REPORT (continued)

Auditor

Following an audit tender process, the Board appointed RSM Australia Partners (**RSM**) as the new auditors of the Group on 21 June 2017, replacing Stantons International Audit and Consulting Pty Limited (**Stantons**).

The auditors have not been indemnified under any circumstance.

During the financial year, fees (net of GST) were paid or payable to the auditors as follows:

Name of auditor	Payment status	Audit services	Non-audit services	Nature of service provided
RSM	Accrued	$35,000	-	Accrued audit services in relation to the 2017 financial year-end
RSM	Paid	-	$30,250	Tax services in relation to the Group
RSM	Accrued	-	$11,520	Tax services in relation to the Group
Stantons	Paid/accrued	$23,678	-	Audit services in relation to the year ended 30 June 2016 and half year-ended 31 December 2016
		$58,678	**$41,770**	

The Auditor's Independence Declaration is included on page 59 of the Annual Report.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act.

Directors' Meetings

The following table sets out the number of Directors' Meetings held during the financial year and the number of meetings attended by each Director (while they were in office):

Name of Director	Meetings held	In attendance
Gary Burg	7	7
Adam Davis	7	7
Peter Mobbs	7	7
Jonathan Pager	7	4
Michael Pollak	7	7

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited)

The Directors present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

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

1. Principles used to determine the nature and amount of remuneration;
2. Details of remuneration;
3. Service agreements;
4. Share-based compensation; and
5. Shareholding and option holding of Directors and other Key Management Personnel.

The information provided under headings 1 to 5 below in the Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

The Board has established a Remuneration and Nomination Committee which operates in accordance with its charter as approved by the Board and is responsible for determining and reviewing compensation arrangements for the Directors and Key Management Personnel.

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

Fees and payments to Directors and Key Management Personnel:

(i) are to reflect the demands which are made on, and the responsibilities of, the Directors and Key Management Personnel; and

(ii) are reviewed annually by the Board to ensure that Directors' fees and payments to Key Management Personnel are appropriate and in line with the market.

Retirement allowances and benefits for Directors

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

Directors' fees

The amount of remuneration of the Directors of the Company (as defined in AASB 124 *Related Party Disclosures*) is set out in the following table. There was no remuneration of any type paid to the Directors, other than as reported below for the provision of Director and professional services.

REMUNERATION REPORT (Audited) (continued)

2 Details of remuneration (audited)

Directors and other Key Management Personnel

2017	Cash salary / fees	Superannuation	Termination payments	Options	Total	% Performance based
Executives						
Adam Davis	180,000	-	-	-	180,000	-
Lyndon Catzel (i)	125,570	11,929		11,091	148,590	7.5%
Non-Executives						
Gary Burg (ii)	60,000	-	-	-	60,000	-
Peter Mobbs	36,530	3,470	-	-	40,000	-
Jonathan Pager	50,000	-	-	-	50,000	-
Michael Pollak (iii)	45,662	4,338	12,500	-	62,500	-
Total	**497,762**	**19,737**	**12,500**	**11,091**	**541,090**	**2.0%**

2016	Cash salary / fees	Superannuation	Termination payments	Options	Total	% Performance based
Executives						
Adam Davis	96,667	-	-	-	96,667	-
Non-Executives						
Gary Burg (ii)	16,291	-	-	-	16,291	-
Peter Mobbs	36,530	3,470	-	-	40,000	-
Jonathan Pager	50,000	-	-	-	50,000	-
Michael Pollak (iii)	45,662	4,338	-	-	50,000	-
Total	**245,150**	**7,808**	**-**	**-**	**252,958**	**-**

Notes

(i) Commenced 1 August 2016

(ii) Commenced 24 March 2016

(iii) Resigned 19 June 2017. Termination payment equal to three months' remuneration was paid on 13 July 2017.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited) (continued)

3 Service agreements (audited)

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

The Directors and Key Management Personnel entered into service agreements on the following terms:

- Mr Gary Burg (Non-Executive Chairman) - base fee (including Director's fees) of $60,000 per annum excluding GST.
- Mr Adam Davis (Chief Executive Officer and Managing Director) - base fee (including Director's fees) of $180,000 per annum (excluding GST). Effective 1 July 2017, the base fee has been increased to $210,000 per annum (excluding GST) and Mr Davis is eligible for a performance-based bonus of up to 15% of the base fee.
- Mr Michael Pollak (Non-Executive Director) - base salary (including Director's fees) of $50,000 per annum (including superannuation).
- Mr Jonathan Pager (Non-Executive Director) - base fee (including Director's fees) of $50,000 per annum (excluding GST).
- Mr Peter Mobbs (Non-Executive Director) - base salary (including Director's fees) of $40,000 per annum (including superannuation).
- If the Company terminates the agreement with reason (such as gross misconduct, conviction of a major criminal offence or misuse of price sensitive information), the Company will provide the Director with no notice and will be summarily dismissed. If the Company terminates the agreement without reason (notwithstanding any other provision of the agreement), the Company will provide the Director with 3 months' written notice or make a payment of 3 months' salary in lieu of the notice period.
- Directors, other than the Chief Executive Officer, may terminate their respective agreements at their sole discretion and at any time, and in doing so are entitled to payment of a fee equivalent to 3 months of their base fees/salary.
- Other than the Directors, the only Key Management Person is Lyndon Catzel, Chief Financial Officer and Company Secretary, who was appointed 1 August 2016, on a base salary of $150,000 (including superannuation or similar contributions). Effective 1 July 2017 the base salary has been increased to $175,000 (including superannuation) and Mr Catzel is eligible for a performance-based bonus of up to 15% of the base fee.

4 Share-based compensation (audited)

The Company has granted options over ordinary shares in the Company to its Chief Financial Officer and Company Secretary, Lyndon Catzel, in accordance with the Company's Employee Option Plan and the terms of his employment agreement.

Other than disclosed above, there were no other share based payments made to the Directors or Key Management Personnel for the year ended 30 June 2017 (2016: Nil).

Executive	Number of options granted	Grant date	Value per option at grant date $	Value of options at grant date $	Number vested	Exercise price $	Vesting and first exercise date	Last exercise date
Lyndon Catzel	2,000,000	1 Feb 2017	0.015673	31,345	-	0.059492	1 Aug 2019	31 Jul 2021
Lyndon Catzel	2,000,000	1 Feb 2017	0.012055	24,111	-	0.079492	1 Aug 2019	31 Jul 2021

The options were provided at no cost to the recipient. All options expire on the earlier of their expiry date or termination of the individual's employment, subject to the terms of the Employee Option Plan.

REMUNERATION REPORT (Audited) (continued)

5 Shareholding and option holding of Directors and other Key Management Personnel (audited)

(a) Options

The number of options to acquire ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel, including their personal related parties, are set out below:

2017	Balance at start of the year	Granted as remuneration	Exercised	Other changes during the year	Vested and exercisable	Unvested and not exercisable at the end of the year
Gary Burg	36,111,111	-	-	-	36,111,111	-
Adam Davis	9,583,334	-	-	-	9,583,334	-
Peter Mobbs	2,986,111	-	-	-	2,986,111	-
Jonathan Pager	1,763,888	-	-	-	1,763,888	-
Michael Pollak	3,000,000	-	-	-	3,000,000	-
Lyndon Catzel (i)	-	4,000,000	-	-	-	4,000,000
	53,444,444	**4,000,000**	**-**	**-**	**53,444,444**	**4,000,000**

2016	Balance at start of the year	Granted as remuneration	Exercised	Other changes during the year	Vested and exercisable	Unvested and not exercisable at the end of the year
Gary Burg (ii)	-			36,111,111	36,111,111	-
Adam Davis (ii)(iii)	28,333,334	-	-	(18,750,000)	9,583,334	-
Peter Mobbs (ii)(iii)	7,500,000	-	-	(4,513,889)	2,986,111	-
Jonathan Pager (ii)(iii)	4,833,333	-	-	(3,069,445)	1,763,888	-
Michael Pollak (iii)	12,000,000	-	-	(9,000,000)	3,000,000	-
	52,666,667	**-**	**-**	**777,777**	**53,444,444**	**-**

Notes

(i) Options issued under the Company's Employee Option Plan. 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.059492 and 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.079492.

(ii) Options acquired under the Prospectus dated 24 February 2016, being unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

(iii) Reduction due to 4:1 consolidation approved by shareholders on 7 September 2015.

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

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited) (continued)

5 Shareholding and option holding of Directors and other Key Management Personnel (audited) (continued)

(b) Shareholding

The number of ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel, including their personal related parties, are set out below:

2017	Balance at start of the year	Granted as remuneration	Received on exercise of options	Other changes	Balance at end of the year or date of resignation
Gary Burg (i)	108,333,333	-	-	15,762,509	124,095,842
Adam Davis (i)	25,416,667	-	-	3,698,127	29,114,794
Peter Mobbs (i)	9,791,667	-	-	1,424,687	11,216,354
Jonathan Pager (i)	4,458,334	-	-	648,686	5,107,020
Michael Pollak (i)	6,250,000	-	-	625,000	6,875,000
Lyndon Catzel (i)(ii)	-	-	-	1,400,000	1,400,000
	154,250,001	**-**	**-**	**23,559,009**	**177,809,010**

2016	Balance at start of the year	Granted as remuneration	Received on exercise of options	Other changes	Balance at end of the year or date of resignation
Gary Burg (iii)	-	-	-	108,333,333	108,333,333
Adam Davis (iii)(iv)	71,666,666	-	-	(46,249,999)	25,416,667
Peter Mobbs (iii)(iv)	22,500,000	-	-	(12,708,333)	9,791,667
Jonathan Pager (iii)(iv)	11,166,667	-	-	(6,708,333)	4,458,334
Michael Pollak (iv)	25,000,000	-	-	(18,750,000)	6,250,000
	130,333,333	**-**	**-**	**23,916,668**	**154,250,001**

Notes

(i) Shares acquired under the Non-Renounceable Rights Offer dated 10 April 2017.

(ii) 900,000 shares acquired on market prior to commencement of employment.

(iii) Shares acquired under the Prospectus dated 24 February 2016.

(iv) Reduction due to 4:1 consolidation approved by shareholders on 7 September 2015.

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

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited) (continued)

Other Key Management Personnel transactions

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

Use of remuneration consultants

No remuneration consultants were used during the year.

Signed in accordance with a resolution of the Directors.

Gary Burg

Non-Executive Chairman

31 August 2017

STATEMENT OF CORPORATE GOVERNANCE

The Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Corporate Governance Statement is available on the Company's website at www.ucwlimited.com.au.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	Restated[1] 2016 $
Revenue	3	**10,024,875**	**2,053,532**
Cost of sales	4	(4,689,879)	(1,010,336)
Expenses			
Depreciation and amortisation expense	4	(73,815)	(15,987)
Employee benefits expense		(3,270,995)	(837,573)
Legal expense		(35,797)	(64,950)
Professional fees		(411,531)	(228,216)
Advertising and marketing expense		(173,912)	(54,753)
Travelling expense		(78,515)	(10,909)
Communication and IT expense		(114,355)	(30,843)
Other expenses		(975,827)	(343,081)
Total expenses		**(5,134,747)**	**(1,586,312)**
Profit / (loss) before impairment		**200,249**	**(543,116)**
Impairment of goodwill	7	-	(9,062,894)
Impairment of intangibles	4	-	(5,500)
Impairment of inventories	15	-	(5,000)
Profit / (loss) before income tax expense		**200,249**	**(9,616,510)**
Income tax (expense) / benefit	5	(29,364)	155,987
Profit / (loss) from continuing operations		**170,885**	**(9,460,523)**
Other comprehensive income for the year		-	-
Total comprehensive profit / (loss)		**170,885**	**(9,460,523)**
Profit / (loss) per share from continuing operations attributable to equity holders of the parent entity			
Basic profit / (loss) per share (cents per share)			
- Continuing operations	11	0.06	(4.80)
Diluted profit / (loss) per share (cents per share)			
- Continuing operations	11	0.06	(4.80)

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

[1] Refer to Note 32 for the restatement details

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Notes	2017 $	Restated[1] 2016 $
Current assets			
Cash and cash equivalents	12	7,327,872	8,817,554
Trade and other receivables	13	1,089,381	588,141
Other assets	14	434,652	158,758
Income tax receivable	5	-	512,436
Inventories	15	6,190	6,961
Total current assets		**8,858,095**	**10,083,850**
Non-current assets			
Trade and other receivables	13	154,530	124,363
Deferred tax asset	5	404,305	245,514
Property, plant and equipment	16	575,591	133,402
Goodwill on consolidation	33	1,314,720	-
Intangible assets	17	238,002	18,514
Total non-current assets		**2,687,148**	**521,793**
Total assets		**11,545,243**	**10,605,643**
Current liabilities			
Trade and other payables	18	1,115,082	760,093
Deferred revenue	19	3,013,729	2,266,385
Deferred settlement	20	200,000	3,729,149
Provisions for employee entitlements	21	169,835	91,264
Income tax liabilities	5	188,157	-
Total current liabilities		**4,686,803**	**6,846,891**
Non-current liabilities			
Provisions for employee entitlements	21	23,778	15,063
Deferred lease liability		7,068	-
Total non-current liabilities		**30,846**	**15,063**
Total liabilities		**4,717,649**	**6,861,954**
Net assets		**6,827,594**	**3,743,689**
Equity			
Issued capital	22	17,074,124	14,172,195
Reserves	23	160,806	149,715
Accumulated losses	24	(10,407,336)	(10,578,221)
		6,827,594	**3,743,689**

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

[1] Refer to Note 32 for the restatement details

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Issued Capital $	Share Based Payments Reserve $	Options Premium Reserve $	Accumulated Losses $	Total Equity $
Balance as at 1 July 2016 (Restated[1])	**14,172,195**	**147,840**	**1,875**	**(10,578,221)**	**3,743,689**
Net profit for the year	-	-	-	170,885	170,885
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**170,885**	**170,885**
Transactions with owners in their capacity as owners					
Shares issued at net cost	2,901,929	-	-	-	2,901,929
Options issued at fair value	-	11,091	-	-	11,091
Total transactions with owners in their capacity as owners	2,901,929	11,091	-	-	2,913,020
Balance as at 30 June 2017	**17,074,124**	**158,931**	**1,875**	**(10,407,336)**	**6,827,594**
Balance as at 1 July 2015	**2,075,000**	**-**	**1,875**	**(1,117,698)**	**959,177**
Net loss for the year (Restated[1])	-	-	-	(9,460,523)	(9,460,523)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(9,460,523)	(9,460,523)
Transactions with owners in their capacity as owners					
Shares issued at net cost	12,097,195	-	-	-	12,097,195
Options issued at fair value	-	147,840	-	-	147,840
Total transactions with owners in their capacity as owners	12,097,195	147,840	-	-	12,245,035
Balance as at 30 June 2016 (Restated[1])	**14,172,195**	**147,840**	**1,875**	**(10,578,221)**	**3,743,689**

[1] Refer to Note 32 for the restatement details

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	2017 $	2016 $
Cash flow from operating activities			
Receipts from customers and other income		10,443,222	2,411,268
Interest received		113,130	66,422
Payments to suppliers and employees		(9,746,721)	(2,841,155)
Net cash provided by / (used in) operating activities	27	809,631	(363,465)
Cash flow from investing activities			
Acquisition of subsidiaries – ALG	20	(3,729,149)	(4,800,000)
Acquisition of subsidiaries – 4Life	33	(800,288)	-
Cash on acquisition of subsidiaries	33	59,829	1,590,076
Payments for stamp duty – ALG		(55,119)	-
Payments for intangibles		(191,851)	-
Payments for property plant and equipment		(484,875)	(7,278)
Net cash used in investing activities		(5,201,453)	(3,217,202)
Cash flow from financing activities			
Proceeds from share issues		3,089,349	11,674,341
Capital raising costs		(187,209)	(423,752)
Net cash provided by financing activities		2,902,140	11,250,589
Net (decrease) / increase in cash and cash equivalents		(1,489,682)	7,669,922
Cash and cash equivalents at beginning of year		8,817,554	1,147,632
Cash and cash equivalents at end of year	12	**7,327,872**	**8,817,554**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements comprise UCW Limited (**UCW or the Company**) and its controlled entities (**Group**). UCW Limited is a listed public company, incorporated and domiciled in Australia. The Company is for-profit company for the purposes of preparing these annual financial statements.

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

(a) Basis of preparation of the financial report

Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law where possible.

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

The consolidated financial statements were authorised for issue by the Board on 31 August 2017.

(b) Basis of preparation

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

(c) Going concern

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

(d) Principles of consolidation

Subsidiaries

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

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

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

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

(e) Income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income tax (continued)

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

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

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

Tax Consolidation

The Company and its wholly-owned subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity within the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities/(assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The Group notified the Australian Taxation Office (**ATO**) that it had formed an income tax consolidated group between UCW and ALG to apply from 24 March 2016. 4Life has joined the tax consolidated group from 14 January 2017.

(f) Business combinations

The acquisition method is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity interests issued or liabilities incurred by the acquirer to former owners of the acquire and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity re-measures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset is recognised in profit or loss. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity.

The difference between the acquisition date fair value acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition date, but only after a re-assessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the re-measurement period, based on the new information obtained about the facts and circumstances that existed at the acquisition date. The re-measurement period ends on either the earlier of:

- 12 months from the date of the acquisition, or
- When the acquirer receives all the information possible to determine fair value.

See Note 32 for the retrospective adjustments to the provisional amounts reported for the acquisition of ALG.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Inventories

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

(h) Plant and equipment

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

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method so as to generally write off the cost of each fixed asset over its estimated useful life on the following basis:

Class of fixed assets	Depreciation rate (useful life)
Plant and equipment	3 to 13 years
Furniture, fittings and equipment	4 to 13 years
Web development	4 years
Computer software	2 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits at call with financial institutions, and other highly liquid investments with short periods to maturity (less than three months) which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

(j) Trade receivables

Trade receivables are recognised at fair value, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and the default or delinquency in payment are considered indicators that the trade receivables are impaired. The amount of the impairment provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment provision is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment provision had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

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

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

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

The rental expense for leases with scheduled rent increases and inclusive of rental concessions, has been recognised on a straight-line basis over the life of the lease beginning upon the commencement date of the lease. The deferred lease liability presented on the consolidated statement of financial position represents the difference between cash lease payments and accounting operating lease payments which are recognised on a straight-line basis over the life of the lease. In the early years of the lease, the cash outflow is less than the accounting operating lease payment giving rise to a deferred lease liability.

(l) Trade and other creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which remain unpaid. The amounts are unsecured and are usually settled within 30 days of recognition.

(m) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are recognised as a deduction from equity, net of any tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are not included in the cost of acquisition as part of the purchase consideration.

(n) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the financial year but not distributed at the reporting date.

(o) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating profit after tax attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income-tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Trade and other receivables are included in Note 13.

(q) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, and annual leave, including non monetary benefits, expected to be settled within 12 months of the reporting date are recognised in other creditors, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measure at the rates paid or payable.

Profit share and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other creditors when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of completion of the financial report; or
- Past practice gives clear evidence of the amount of the obligation.

Superannuation

The consolidated entity participates in a defined contribution plan. The amount charged to the Statement of Profit or Loss and Other Comprehensive Income in respect of superannuation represents the contributions paid or payable by the consolidated entity to the superannuation fund during the reporting period.

Termination benefits

Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when the Company is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payment is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits include payments as a consequence of termination or those that are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future payments, where the effects of discounting is material.

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employees benefits to which to which they relate are recognised as liabilities.

Share-based employee remuneration

The Company operates an Employee Option Plan (**Plan**). The purpose of the Plan is to provide eligible employees with an opportunity to acquire options over ordinary shares in the Company. By doing so, the Plan seeks to provide eligible employees with an opportunity to share in the growth in value of the Company and to encourage them to improve the longer-term performance of the Company and its return to shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

The cost of the share-based payments are measured at fair value (determined using the Black-Scholes option pricing model) indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth targets and performance conditions).

All share-based remuneration is ultimately recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income with a corresponding credit to share option reserve. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are allocated to share capital.

(r) Financial instruments

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

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

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

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

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

(s) Impairment of assets

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

(t) Intangible assets

Goodwill

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Intangible assets (continued)

Computer software

Significant external costs associated with the implementation of the new student management system have been deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of five years.

Copyrights and licences

Course development expenditure includes copyrights and licences. These are recognised as an asset and measured at cost less any impairment. Once delivery of the course to which the development costs relate, has commenced, the associated costs are then amortised over the life of the accreditation being their finite useful life.

Website development

Website development has a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the asset over its estimated useful life, which is four years.

(u) Foreign currency transactions and balances

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

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Tuition revenue

Tuition revenue and other education related revenue such as course materials, are recognised as the service is provided. Enrolment fees which are non-refundable and relate to the enrolment application process, and other administration fees relating to tuition, are recognised upon receipt. All revenue in relation to course tuition is initially recorded in deferred revenue and released into income over the period of the related course.

Interest revenue

Interest revenue is recognised using the effective interest method. When a receivable is impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised at the effective interest rate.

Dividends

Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

(w) Segment reporting

The Group has applied AASB8 Operating Segments from 1 July 2009. AASB8 requires ‘management approach’ under which segment information is presented on the same basis as that used for internal reporting purposes. The consolidated entity operates in one industry segment being the education industry but for internal purposes, differentiates between international student income and domestic student income. As such segment reporting has been provided in relation to a split between international and domestic business.

Operating segments are now reported in a manner with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Goods and service tax (GST)

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

(y) New accounting standards and interpretations

New standards and interpretations not yet adopted

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

- **AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)**

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

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The Directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instrument disclosures.

- **AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).**

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

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

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

The Directors of the Company have assessed that the enrolment of a student represents a performance obligation and accordingly, revenue will be recognised for these performance obligations over the duration of the student's study. This is similar to the Company's current accounting treatment in relation to course materials.

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

The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) New accounting standards and interpretations (continued)

New standards and interpretations not yet adopted (continued)

- **AASB 16: Leases (applicable to periods beginning on or after 1 January 2019) (continued).**

When effective, this Standard will replace the current AASB 117 Leases and will require retrospective restatement.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee is required to recognise a right-to-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

A lessee measures right-to-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-to-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying AASB 107 Statement of Cash Flows.

AASB 16 contains disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.

As at 30 June 2017, the Company has non-cancellable operating lease commitments of $1,509,739. AASB 117 does not require the recognition of any right-to-use asset or lease liability in relation to future payments for these leases. Refer to the Operating Lease Commitments Note 25 for disclosures in relation to these.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under AASB 16, and hence the Company will be required to recognise a right-to-use asset and corresponding lease liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of ASSB 16.

The new requirement to recognise a right-to-use asset and a related lease liability is expected to have a material impact on the presentation of amounts recognised in the Company's consolidated financial statements however the Directors have not yet assessed its potential impact. As such, it is not practicable to provide a reasonable estimate of the financial effect until the Directors have completed a review of such.

- **Other standards not yet applicable**

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key estimates and judgements

Business combinations: The Company has completed a number of business combinations as contemplated in AASB 3 Business Combinations in the current and preceding financial years. AASB 3 requires that the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. Accounting for an acquisition in terms of AASB 3 is non-routine and complex and involves judgement on the part of management and the Board with regards to the identification and valuation of both tangible and intangible assets. There is also estimation uncertainty with regards to the determination of the final purchase consideration in relation to earn-out payments and working capital adjustments. To this extent business combinations are initially accounted for on a provisional basis. Where final amounts differ to provisional amounts, the Company retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the re-measurement period, based on the new information obtained about the facts and circumstances that existed as at the acquisition date. Management have exercised their judgement in determining that the excess of the purchase consideration above the net identifiable tangible assets for the acquisition of 4Life is goodwill and have determined there are no other identifiable intangible assets.

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

Other receivables: During the financial year ended 30 June 2017, the Company paid the following amounts in relation to a payroll tax review undertaken by the Office of State Revenue and an employment law issue that pre-dated UCW's acquisition of ALG.

- Payroll tax assessment from Office of State Revenue of $77,178
- Payroll tax consulting fees of $52,730
- Legal fees of $9,000

Under the terms of the share sale agreement concerning the acquisition of ALG by UCW, the above amounts are claimable under the warranty and indemnity provisions. The Directors have carefully assessed the recoverability of the amounts and consider the amounts will be recovered during the 2018 financial year.

3. REVENUE

	2017	Restated[1] 2016
	$	**$**
Operating activities:		
Student fee income	9,353,776	1,940,139
Other revenue	533,413	46,971
Interest revenue	137,686	66,422
Total revenue	**10,024,875**	**2,053,532**

[1] Refer to Note 32 for the restatement details

4. PROFIT / (LOSS) BEFORE INCOME TAX EXPENSE

Profit / (loss) from continuing operations before income tax has been determined after:

	2017 $	Restated[1] 2016 $
Cost of sales	4,689,879	1,010,336
Finance costs	38,842	7,432
Commission expense	1,390,576	303,295
Depreciation of plant & equipment and amortisation of intangible assets		
- plant & equipment and intangibles	73,815	15,987
Rental expense on operating leases		
- Venue and fitness centres	1,093,545	239,393
- Printer	10,380	10,380
Write down of inventories to net realisable value	-	5,500
Impairment of intangibles	-	5,000
Bad debts	22,107	-

5. INCOME TAX EXPENSE

(a) The components of tax benefit comprises

Current tax	492,526	-
Deferred tax	(463,162)	(155,987)
	29,364	**(155,987)**

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

	2017 $	Restated[1] 2016 $
Profit / (loss) before tax from continuing operations	200,249	(9,616,510)
Tax expense / (benefit) at 30%	60,075	(2,884,953)
(Deduct) / add tax effect of:		
Other assessable / allowable items	(30,711)	-
Other (non-assessable) / non-allowable items	-	2,728,966
	29,364	(155,987)
Benefit of tax loss not brought to account	-	-
Income tax expense / (benefit) attributable to profit / (loss)	**29,364**	**(155,987)**

[1] Refer to Note 32 for the restatement details

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

5. INCOME TAX EXPENSE (continued)

(c) Recognised temporary differences deferred tax assets

	2017 $	Restated[1] 2016 $
Provisions for employee entitlements	58,084	31,897
Accrued expenses and other provisions	149,068	69,180
Depreciation	58,051	4,410
Other (including tax losses carried forward)	139,102	140,027
	404,305	**245,514**

Tax losses related to the entity prior to the reconstruction that were not used and have been lost.

The Company has recognised a DTA on the tax losses prior to the acquisitions based on the available fraction rule.

Forecast profit before income tax for the three financial years following reporting date was assessed and the Company expects to generate sufficient future assessable income to utilise the recognised DTA. There are no deferred tax liabilities.

The income tax receivable on the balance sheet of $512,436 at 30 June 2016 arose from ALG changing from paying tax on a cash basis to an accruals basis during the financial year. The Company was refunded for the amounts overpaid during the financial year ended 30 June 2017.

Income tax payable of $188,157 at 30 June 2017 (2016: $nil) represents the amount due and payable.

6. CONTROLLED ENTITIES

Entity	Country of incorporation	Ownership interest 2017	Ownership interest 2016
Australian Learning Group Pty Limited [(i)]	Australia	100%	100%
4Life Pty Ltd [(ii)]	Australia	100%	-

[(i)] On 23 March 2016 UCW Limited acquired 100% of the issued capital in Australian Learning Group Pty Limited (**ALG**).

[(ii)] On 13 January 2017 UCW Limited acquired 100% of the issued capital in 4Life Pty Ltd (**4Life**).

[1] Refer to Note 32 for the restatement details

7. ACQUISITION OF SUBSIDIARIES AND IMPAIRMENT OF GOODWILL

4Life Pty Ltd

On 13 January 2017 the Company advised that it had acquired 100% of the shares of 4Life following satisfaction or waiver of all conditions precedent.

	Fair value
	$
Fair value of purchase consideration:	
Amount settled in cash (including working capital adjustment)	800,288
Deferred consideration (i)	200,000
	1,000,288
Less:	
Current assets	213,693
Non-current assets	27,048
Current liabilities	(555,173)
Identified assets acquired and liabilities assumed	(314,432)
Goodwill (ii)	**1,314,720**

(i) Per the Share Sale Agreement, $200,000 in fully paid ordinary shares in the Company are to be issued 2 years after Completion Date (13 January 2017) at $0.06 per share, subject to any reduction resulting from warranty claims.

(ii) The Company has calculated the value-in-use for the vocational education cash-generating unit (CGU), being ALG and 4Life, for the year ended 30 June 2017. The value-in-use was in excess of the amount of goodwill carried on the Consolidated Statement of Financial Position, hence the there was no impairment of goodwill as at 30 June 2017.

Australian Learning Group Pty Limited

On 24 March 2016, the Company advised that it had acquired 100% of the shares of ALG following completion of a capital raising and satisfaction or waiver of all conditions precedent.

	Fair value
	$
Fair value of purchase consideration:	
Amount settled in cash, shares and options (including the working capital adjustments)	5,855,119
Deferred consideration (i) (**Restated**)	3,729,149
	9,584,268
Less:	
Current assets (**Restated**)	2,472,042
Non-current assets	234,160
Current liabilities (**Restated**)	(2,184,828)
Identified assets acquired and liabilities assumed	521,374
Goodwill (ii) (**Restated**)	**9,062,894**

(i) The deferred settlement amount of $3,729,149 consisted of a minimum cash payment of $3,500,000 and an earn-out amount of $229,149 due to outperformance of the normalised EBITDA hurdle contained in the Share Sale Agreement. In preparing the 30 June 2016 accounts, this amount had not been finalised and thus the accounts only provided for the minimum earn-out amount of $3,500,000 as deferred settlement. In accordance with AASB 3 Business Combinations, the final deferred settlement of $3,729,149 was restated. This amount was paid to the vendors during the financial year ended 30 June 2017. See Note 32 for additional information in respect of the restated amounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

7. ACQUISITION OF SUBSIDIARIES AND IMPAIRMENT OF GOODWILL (continued)

(ii) Goodwill was recognised on acquisition, being the excess of the cost of acquisition over the net assets acquired. The Board adopted a conservative view and decided to impair goodwill in full as at 30 June 2016.

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

The accounting for the acquisition of ALG, completed on 24 March 2016, was thus provisional and has been finalised during the year, with goodwill and its related impairment having increased by $114,066 as disclosed in Note 32.

8. KEY MANAGEMENT PERSONNEL COMPENSATION

	2017 $	2016 $
Total remuneration	541,090	252,958
	541,090	**252,958**

Further information is contained in the remuneration report.

Shareholding and option holding of Directors and other Key Management Personnel

(a) Options

The number of options to acquire ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel, including their personal related parties, are set out below:

2017	Balance at start of the year	Granted as remuneration	Exercised	Other changes during the year	Vested and exercisable	Unvested and not exercisable at the end of the year
Gary Burg	36,111,111	-	-	-	36,111,111	-
Adam Davis	9,583,334	-	-	-	9,583,334	-
Peter Mobbs	2,986,111	-	-	-	2,986,111	-
Jonathan Pager	1,763,888	-	-	-	1,763,888	-
Michael Pollak	3,000,000	-	-	-	3,000,000	-
Lyndon Catzel (i)	-	4,000,000	-	-	-	4,000,000
	53,444,444	**4,000,000**	**-**	**-**	**53,444,444**	**4,000,000**

2016	Balance at start of the year	Granted as remuneration	Exercised	Other changes during the year	Vested and exercisable	Unvested and not exercisable at the end of the year
Gary Burg (ii)	-			36,111,111	36,111,111	-
Adam Davis (ii)(iii)	28,333,334	-	-	(18,750,000)	9,583,334	-
Peter Mobbs (ii)(iii)	7,500,000	-	-	(4,513,889)	2,986,111	-
Jonathan Pager (ii)(iii)	4,833,333	-	-	(3,069,445)	1,763,888	-
Michael Pollak (iii)	12,000,000	-	-	(9,000,000)	3,000,000	-
	52,666,667	**-**	**-**	**777,777**	**53,444,444**	**-**

8. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Shareholding and option holding of Directors and other Key Management Personnel (continued)

(a) Options (continued)

Notes

(i) Options issued under the Company's Employee Option Plan. 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.059492 and 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.079492.

(ii) Options acquired under the Prospectus dated 24 February 2016, being unlisted options exercisable at $0.059492 per option on or before 30 June 2018.

(iii) Reduction due to 4:1 consolidation approved by shareholders on 7 September 2015.

(b) Shareholding

The number of ordinary shares in the Company held during the financial year by each Director and other Key Management Personnel, including their personal related parties, are set out below:

2017	Balance at start of the year	Granted as remuneration	Received on exercise of options	Other changes	Balance at end of the year or date of resignation
Gary Burg (i)	108,333,333	-	-	15,762,509	124,095,842
Adam Davis (i)	25,416,667	-	-	3,698,127	29,114,794
Peter Mobbs (i)	9,791,667	-	-	1,424,687	11,216,354
Jonathan Pager (i)	4,458,334	-	-	648,686	5,107,020
Michael Pollak (i)	6,250,000	-	-	625,000	6,875,000
Lyndon Catzel (i)(ii)	-	-	-	1,400,000	1,400,000
	154,250,001	**-**	**-**	**23,559,009**	**177,809,010**

2016	Balance at start of the year	Granted as remuneration	Received on exercise of options	Other changes	Balance at end of the year or date of resignation
Gary Burg (iii)	-	-	-	108,333,333	108,333,333
Adam Davis (iii)(iv)	71,666,666	-	-	(46,249,999)	25,416,667
Peter Mobbs (iii)(iv)	22,500,000	-	-	(12,708,333)	9,791,667
Jonathan Pager (iii)(iv)	11,166,667	-	-	(6,708,333)	4,458,334
Michael Pollak (iv)	25,000,000	-	-	(18,750,000)	6,250,000
	130,333,333	**-**	**-**	**23,916,668**	**154,250,001**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

8. KEY MANAGEMENT PERSONNEL COMPENSATION (continued)

Shareholding and option holding of Directors and other Key Management Personnel (continued)

(b) Shareholding (continued)

Notes

(i) Shares acquired under the Non-Renounceable Rights Offer dated 10 April 2017.

(ii) 900,000 shares acquired on market prior to commencement of employment.

(iii) Shares acquired under the Prospectus dated 24 February 2016.

(iv) Reduction due to 4:1 consolidation approved by shareholders on 7 September 2015.

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

9. AUDITOR'S REMUNERATION

	2017 $	2016 $
Audit and review of financial statements		
- Amounts paid/payable to RSM Australia Partners	35,000	-
- Amounts paid/payable to Stantons International	23,678	49,449
Other services		
- Amounts paid/payable to RSM Australia Partners for taxation compliance (including prior years)	41,770	-
- Amounts paid/payable to Stantons International for due diligence and other services	-	35,865
Total auditor's remuneration	**100,448**	**85,314**

10. FRANKING CREDITS

	2017 $	2016 $
Franking credits	2,694,547	2,183,628
	2,694,547	**2,183,628**

The balance of franking credits has been adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years.

11. EARNINGS PER SHARE

	2017 $	Restated[1] 2016 $
(a) Basic earnings / (loss) per share (cents per share)		
From continuing operations	0.06	(4.80)
From discontinued operations	-	-
(b) Diluted earnings / (loss) per share (cents per share)		
From continuing operations	0.06	(4.80)
From discontinued operations	-	-
(c) Reconciliation of profit / (loss) in calculating earnings per share		
Basic and diluted loss per share		
Profit / (loss) from continuing operations attributable to ordinary equity holders of the Company	170,885	(9,460,523)
Profit from discontinued operations	-	-
(d) Total shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic profit / (loss) per share	310,184,004	196,770,431
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted profit / (loss) per share	310,422,129	196,770,431

12. CASH AND CASH EQUIVALENTS

	2017 $	2016 $
Cash at bank and on hand	7,055,772	5,799,650
Short term deposits	272,100	3,017,904
	7,327,872	**8,817,554**

[1] Refer to Note 32 for the restatement details

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

13. TRADE AND OTHER RECEIVABLES

	2017 $	Restated[1] 2016 $
Current		
Trade and other receivables	758,578	390,946
GST receivable	355,997	221,442
Less: Provision for impairment of other receivables	(25,194)	(24,247)
	1,089,381	**588,141**
Non–current		
Trade and other receivables	154,530	124,363
	154,530	**124,363**

The debtors as at reporting date are not considered past due and are fully recoverable.

14. OTHER ASSETS

	2017 $	2016 $
Current		
Prepayments	214,460	23,084
Deposits	17,780	15,450
Commissions in advance	202,412	120,224
	434,652	**158,758**

15. INVENTORIES

At cost:		
Finished goods	6,961	11,961
At net realisable value:		
Cost of goods sold	(771)	-
Impairment	-	(5,000)
	6,190	**6,961**

[1] Refer to Note 32 for the restatement details

16. PLANT AND EQUIPMENT

	Office equipment $	Leasehold improvements $	Total $
At 30 June 2017			
Cost	403,150	361,344	764,494
Accumulated depreciation / amortisation	(176,262)	(12,641)	(188,903)
	226,888	**348,703**	**575,591**
At 30 June 2016			
Cost	254,437	25,182	279,619
Accumulated depreciation / amortisation	(146,217)	-	(146,217)
	108,220	**25,182**	**133,402**

Reconciliations

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

	Office equipment $	Leasehold improvements $	Total $
At 1 July 2016	108,220	25,182	133,402
Additions	148,713	336,162	484,875
Depreciation / amortisation	(30,045)	(12,641)	(42,686)
At 30 June 2017	**226,888**	**348,703**	**575,591**
At 1 July 2015	-	-	-
Additions	254,437	25,182	279,619
Depreciation / amortisation	(146,217)	-	(146,217)
At 30 June 2016	**108,220**	**25,182**	**133,402**

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

17. INTANGIBLE ASSETS

	Computer software $	Website development $	Course development $	Total $
At 30 June 2017				
Cost	165,933	4,339	110,850	281,122
Accumulated amortisation	(18,237)	(3,262)	(21,621)	(43,120)
Impairment	-	-	-	-
	147,696	**1,077**	**89,229**	**238,002**
At 30 June 2016				
Cost	5,500	4,339	26,166	36,005
Accumulated amortisation	-	(3,049)	(8,942)	(11,991)
Impairment	(5,500)	-	-	(5,500)
	-	**1,290**	**17,224**	**18,514**

Reconciliations

Movement in the carrying amounts of each class of intangible assets at the beginning and end of the year:

	Computer software $	Website development $	Course development $	Total $
At 1 July 2016	-	1,290	17,224	18,514
Additions	165,933	-	84,684	250,617
Amortisation	(18,237)	(213)	(12,679)	(31,129)
Impairment	-	-	-	-
At 30 June 2017	**147,696**	**1,077**	**89,229**	**238,002**
At 1 July 2015	5,500	-	-	-
Additions	-	4,339	26,166	36,005
Amortisation	-	(3,049)	(8,942)	(11,991)
Impairment	(5,500)	-	-	(5,500)
At 30 June 2016	**-**	**1,290**	**17,224**	**18,514**

18. TRADE AND OTHER PAYABLES

	2017 $	Restated[1] 2016 $
Current		
Trade creditors	221,764	197,268
Other payables and accrued expenses	893,318	562,825
	1,115,082	**760,093**

Trade creditors at 30 June 2017 are not considered past due.

[1] Refer to Note 32 for the restatement details

19. DEFERRED REVENUE

	2017	Restated[1] 2016
	$	$
Current		
Deferred income	3,013,729	2,266,385
	3,013,729	**2,266,385**

Deferred revenue relates to tuition revenue and course materials revenue which have been received in advance of the tuition beginning or the materials being provided to students. This revenue is deferred and then recognised in accordance with the provision of the tuition and course materials. See further Note 1(v).

20. DEFERRED SETTLEMENT

	2017	Restated[1] 2016
	$	$
Current		
Deferred settlement payment	200,000	3,729,149
	200,000	**3,729,149**

The deferred settlement payment as at 30 June 2017 is in relation to the acquisition of 4Life. Per the Share Sale Agreement, $200,000 in fully paid ordinary shares in the Company are to be issued 2 years after Completion Date (13 January 2017) at $0.06 per share, subject to any reduction resulting from warranty claims.

The deferred settlement payment for the year ended 30 June 2016 was in relation to the acquisition of ALG. The deferred settlement amount of $3,729,149 consisted of a minimum cash payment of $3,500,000 and an earn-out amount of $229,149 due to outperformance of the normalised EBITDA hurdle contained in the Share Sale Agreement. In preparing the 30 June 2016 accounts, this amount had not been finalised and thus the accounts only provided for the minimum earn-out amount of $3,500,000 as deferred settlement. In accordance with AASB 3 Business Combinations, the final deferred settlement of $3,729,149 was restated. This amount was paid to the vendors during the financial year ended 30 June 2017. See Note 32 for additional information in respect of the restated amounts.

21. PROVISIONS FOR EMPLOYEE ENTITLEMENTS

	2017	2016
	$	$
Current		
Annual leave	133,511	50,585
Long service leave	36,324	40,679
	169,835	**91,264**
Non-current		
Long service leave	23,778	15,063
	23,778	**15,063**

[1] Refer to Note 32 for the restatement details

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

22. SHARE CAPITAL

	2017		2016	
	Number	**$**	**Number**	**$**
Opening balance	296,642,396	14,172,195	337,280,024	2,075,000
Issue of shares	77,233,735	3,089,349	212,322,340	12,591,502
Capital raising costs	-	(187,420)	-	(494,307)
Share consolidation (4:1)	-		(252,959,968)	-
At reporting date	**373,876,131**	**17,074,124**	**296,642,396**	**14,172,195**

(b) Issuance of ordinary shares

The following shares were issued and allotted by the Company during the financial year ended 30 June 2017:

- On 18 April 2017, 47,000,000 fully paid ordinary shares were issued to sophisticated and professional investors under the Placement at an issue price of $0.04 per share.
- On 12 May 2017, 30,233,735 fully paid ordinary shares were issued under the Non-Renounceable Rights Issue (one new ordinary share for every 6.87284792 ordinary shares held) at an issue price of $0.04 per share.

(c) Rights of each type of share

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

23. RESERVES

	2017		2016	
	Number	**$**	**Number**	**$**
Opening balance	89,524,115	149,715	75,000,000	1,875
Options issued 1 February 2017	4,000,000	11,091	-	-
Options issued 24 March 2016	-	-	65,218,561	-
Options issued 24 March 2016 – ALG Vendors	-	-	5,555,554	147,840
Option consolidation (4:1)	-	-	(56,250,000)	-
At reporting date	**93,524,115**	**160,806**	**89,524,115**	**149,715**

On 1 February 2017, the Company granted options over ordinary shares in the Company to its Chief Financial Officer and Company Secretary, Lyndon Catzel, in accordance with the Company's Employee Option Plan and the terms of his employment agreement, as detailed below:

- 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.059492.
- 2,000,000 options, vesting on 31 July 2019 and expiring on 31 July 2021, exercisable at $0.079492.

Refer to Note 1(q) and Note 8 for further details in respect of the options.

24. ACCUMULATED LOSSES

	2017 $	Restated[1] 2016 $
Current		
Balance at the beginning of the financial year	(10,578,221)	(1,117,698)
Net profit / (loss) for the year	170,885	(9,460,523)
Balance at the end of the financial year	**(10,407,336)**	**(10,578,221)**

25. OPERATING LEASE COMMITMENTS

	2017 $	2016 $
Payable – minimum lease payments		
- not later than 1 year	816,148	376,052
- later than 1 year but not later than 5 years	693,591	559,820
- later than 5 years	-	-
	1,509,739	**935,872**

26. SEGMENT REPORTING

The Company has identified its operating segments based on internal reports that are reviewed and used by the Board (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group operates in two industry segments being international student education and domestic student education, and one geographical segment, being Australia.

For the year ended 30 June 2017	**International student income $**	**Domestic student income $**	**Unallocated $**	**Total $**
Revenue from external customers	7,983,141	1,370,635	671,099	10,024,875
Total reportable segment results	-	-	170,885	170,885
Total segment assets	-	-	11,545,243	11,545,243
Total segment liabilities	-	-	4,471,649	4,471,649

For the year ended 30 June 2016 (Restated[1])	**International student income $**	**Domestic student income $**	**Unallocated $**	**Total $**
Revenue from external customers	1,672,463	267,676	113,393	2,053,532
Total reportable segment results	-	-	(543,116)	(543,116)
Total segment assets	-	-	10,605,643	10,605,643
Total segment liabilities	-	-	6,861,954	6,861,954

[1] Refer to Note 32 for the restatement details

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

26. SEGMENT REPORTING (continued)

Per AASB 134.16A(g)(iv), segment results, assets and liabilities have been categorised as unallocated as such segment amounts are not regularly reported to the chief operating decision maker (the Board) and there is insufficient information to allocate the assets and liabilities and to assess the operating results of each segment. The Group is focused on the development of both the domestic and international student markets and the revenue is reported on that basis. There are however no means to allocate the assets and liabilities separately due to the fact that both segments are effectively serviced by the same resources.

27. CASH FLOW INFORMATION

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

	2017 $	Restated[1] 2016 $
Profit / (loss) from ordinary activities after income tax	**170,885**	**(9,460,523)**
Adjustments for non-cash items		
Depreciation and amortisation expense	73,815	15,987
Reclassification of stamp duty	55,119	-
4Life – net liabilities (opening balance)	(401,307)	-
ALG – net assets (opening balance)	-	115,083
Impairment of inventories	-	5,000
Impairment of intangibles	-	5,500
Impairment of goodwill	-	9,062,894
Accrued fixed and intangible assets	(31,931)	-
Employee share based expenses	11,091	-
Changes in assets and liabilities		
Trade and other receivables	(177,762)	(445,674)
Other assets	(275,123)	(76,134)
Trade and other payables	1,384,844	414,402
Cash flow provided by / (used in) operating activities	**809,631**	**(363,465)**

28. EVENTS AFTER BALANCE DATE

On 11 July 2017, the Company completed the acquisition of 24.6% of the ordinary shares in Performance Education Group Pty Ltd (**Performance Education**), as detailed in the Operating and Financial Review in the Directors' Report. The Company will equity account for its share of profit from FY18 onwards.

There have been no other significant events after balance date.

29. RELATED PARTY TRANSACTIONS

Disclosures relating to Key Management Personnel are set out in Note 8 and the detailed remuneration disclosures in the Directors' Report.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

[1] Refer to Note 32 for the restatement details

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

30. FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT POLICIES

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

Specific financial risk exposures and management

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

Interest rate risk

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

Credit risk

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

Foreign currency risk

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

Liquidity risk

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

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

Sensitivity analysis

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

Net fair values

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

Financial instruments composition and maturity analysis

The Company held interest bearing, at-call deposits and other interest bearing transaction accounts with Westpac and Commonwealth Bank of $6,803,474 (2016: $5,120,585) and a 31 Day Notice Account $272,100 (2016: $3,017,904) at 30 June 2017, which have been disclosed as current in the Statement of Financial Position.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

30. FINANCIAL RISK MANAGEMENT (continued)

	Weighted average effective interest rate		Fixed interest rate maturing Within 1 year Restated[1]		Non-interest bearing Restated[1]		Total Restated[1]	
	2017 %	2016 %	2017 $	2016 $	2017 $	2016 $	2017 $	2016 $
Financial assets								
Cash & cash equivalents	1.81%	1.80%	7,075,574	8,138,489	252,298	679,065	7,327,872	8,817,554
Current and non-current receivables	-	-	-	-	1,243,911	712,504	1,243,911	712,504
Total financial assets			**7,075,574**	**8,138,489**	**1,496,209**	**1,391,569**	**8,571,783**	**9,530,058**
Financial liabilities								
Trade & other payables			-	-	1,115,082	760,093	1,115,082	760,093
Deferred settlement	-	-	-	-	200,000	3,729,149	200,000	3,729,149
Total financial liabilities			**-**	**-**	**1,315,082**	**4,489,242**	**1,315,082**	**4,489,242**

31. UCW LIMITED PARENT COMPANY INFORMATION

(a) Summarised Statement of Financial Position

	2017 $	Restated[1] 2016 $
Assets		
Total assets	5,782,996	7,016,941
Liabilities		
Total liabilities	313,763	3,879,194
Net assets	**5,469,233**	**3,137,747**
Equity		
Share capital and reserves	17,234,930	14,321,910
Accumulated losses	(11,765,697)	(11,184,163)
Total equity	**5,469,233**	**3,137,747**

(b) Summarised Statement of Profit or Loss and Other Comprehensive Income

Loss for the year	(581,534)	(10,066,466)
Total comprehensive loss for the year	**(581,534)**	**(10,066,466)**

Guarantees

There are no guarantees entered into by the parent entity in relation to the debts of the subsidiary.

[1] Refer to Note 32 for the restatement details

32. RESTATEMENTS

AASB 3 Business Combinations allows a measurement period after a business combination to provide the acquirer a reasonable time to obtain the information necessary to identify and measure all of the various components of the business combinations as of the acquisition date. Accordingly, the following amendments have been recorded in the accounts as a restatement in relation to the 2016 year in relation to the acquisition of ALG and the effect on both the Consolidated Statement of Profit or Loss and Other Comprehensive Income and the Consolidated Statement of Financial Position.

Consolidated Statement of Profit or Loss and Other Comprehensive Income	30 June 2016	Restated 30 June 2016	Variance
	$	$	$
Revenue	2,040,146	2,053,532	13,386
Other expenses	(302,045)	(343,081)	(41,036)
Impairment of goodwill	(8,948,828)	(9,062,894)	(114,066)
Income tax benefit	131,578	155,987	24,409
			(117,307)

Revenue: $13,386 reflects an adjustment to Goods and Services Tax (**GST**) incorrectly remitted to the ATO in respect of tuition fees (course material and administration fees) received from students for the period from 24 March 2016 to 30 June 2017.

Other expenses: $41,036 consists of two adjustments. $29,771 is the write-off of the non-claimable reduced input tax credits in relation to the capital raising in the Company's accounts for the year ended 30 June 2016 and $11,265 is the accrued make good provision per the existing rental lease agreements.

Impairment of goodwill: $114,066 is the further impairment of the goodwill following the adjustments to the assets and liabilities of ALG as of acquisition date, 24 March 2016.

Income tax benefit: $24,409 is the additional deferred tax asset recognised following the lodgement of the consolidated tax return for the year ended 30 June 2016.

Consolidated Statement of Financial Position	30 June 2016	Restated 30 June 2016	Variance
	$	$	$
Assets			
Trade and other receivables	473,069	588,141	115,072
Income tax asset	324,811	512,436	187,625
Deferred tax asset	221,105	245,514	24,409
Liabilities			
Trade and other payables	762,198	760,093	(2,105)
Deferred revenue	2,049,016	2,266,385	217,369
Deferred settlement	3,500,000	3,729,149	229,149
Net decrease in net assets			**(117,307)**

Trade and other receivables: $115,072 is the combination of the net increase of $144,843 and net decrease of ($29,771) in relation to GST receivable. $144,843 reflects the GST amount incorrectly remitted to the ATO on tuition fees (course material and administration fees) received from students for the period from 1 April 2013 to 30 June 2016. ($29,771) is the write off of the non-claimable reduced input tax credits in relation to the capital raising in the Company's accounts for the year ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 JUNE 2017

32. RESTATEMENTS (continued)

Income tax asset: $187,625 is the additional income tax receivable from ATO following the amendments to the prior lodged tax returns for the years ended 30 June 2014 and 30 June 2015. The income tax receivable was a result of ALG moving from paying tax on a cash basis to accruals as ALG is now part of the consolidated UCW tax group.

Deferred tax asset: $24,409 is the additional deferred tax asset recognised following the lodgement of the consolidated tax return for the year ended 30 June 2016.

Trade and other payables: ($2,105) is the combination of two adjustments. ($13,370) is the adjustment to the accruals as of acquisition date and $11,265 is the accrued make good provision per the existing rental lease agreements.

Deferred revenue: $217,369 reflects an amendment to recognise course material fees that were received from the students prior to the acquisition date that belonged to future study periods (post acquisition) and to bring this in line with current accounting policies (refer revenue recognition policy – note 1(v)).

Deferred settlement: $229,149 is the additional earn-out amount that was calculated and included in the purchase price for ALG as at acquisition date. Refer to Note 20 for further details.

Consolidated Statement of Financial Position	**1 July 2015**	**Restated 1 July 2015**	**Variance**
	$	**$**	**$**
Accumulated losses	10,460,914	10,578,221	117,307

33. ACQUISITION OF 4LIFE PTY LTD

(a) Details of operations acquired

On 12 December 2016, the Company announced that it had entered into a binding share sale agreement to acquire 100% of the issued capital in 4Life Pty Ltd (**4Life**), subject to a number of conditions precedent being satisfied.

On 13 January 2017, the Company advised that it had acquired 100% of the shares of 4Life following satisfaction or waiver of all conditions precedent. For further details, refer to the Operating Review in the Directors' Report.

(b) Details of the business combination are as follows:

	4Life
Fair value of consideration for businesses acquired:	**$**
Amount settled in cash and shares	1,000,000
Deferred consideration*	200,000
Working capital adjustments	(199,712)
	1,000,288
Recognised amounts of identifiable net assets	
Cash and cash equivalents	59,829
Trade and other receivables	74,232
Inventories	3,439
Other assets	76,193
Intangible assets	27,048
Total assets	**240,741**

33. ACQUISITION OF 4LIFE PTY LTD (continued)

(b) Details of the business combination are as follows (continued):

	4Life $
Trade and other payables	224,556
Provisions	42,549
Deferred income	288,068
Total liabilities	**555,173**
Net assets acquired	**(314,432)**
Goodwill on acquisition	**1,314,720**
Consideration transferred settled in cash	1,000,000
Working capital adjustments	(199,712)
	800,228
Cash and cash equivalents acquired	(59,829)
Stamp duty on acquisition	-
Net cash paid relating to the acquisition	**740,459**

* Per the Share Sale Agreement, $200,000 in fully paid ordinary shares in the Company are to be issued 2 years after Completion Date (13 January 2017) at $0.06 per share, subject to any reduction resulting from warranty claims.

Acquisition costs are not included as part of consideration transferred and have been recognised as an expense in the Consolidated Statement of Profit or Loss and other Comprehensive Income, as part of other expenses.

(c) Details of the business combination's contribution to profit / (loss):

	4Life $
Financial period	**14/1/2017 to 30/6/2017**
Summarised financial performance	
Revenue	864,605
Loss before tax	(25,209)

DIRECTORS' DECLARATION

The Directors of the Company declare that:

a) the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:

   i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of its performance for the year then ended; and

   ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

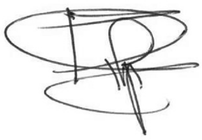
b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board; and

d) the audited remuneration disclosures set out on pages 16 to 20 of the Directors' Report comply with accounting standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2017.

On behalf of the Directors



Gary Burg

Non-Executive Chairman

31 August 2017

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INDEPENDENT AUDITOR'S REPORT
To the Members of UCW Limited

Opinion

We have audited the financial report of UCW Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Recognition of Revenue / Deferred Revenue
Refer to Note 1(v) in the financial statements</td></tr>
<tr><td>• Revenue recognition was considered a key audit matter. Risk in relation to revenue recognition is increased at UCW due to the nature of the business and fees being routinely received in advance of the courses being delivered.</td><td>Our audit procedures in relation to the recognition of revenue included:
• Assessing whether the Group's revenue recognition policies were in compliance with Australian Accounting Standards.
• Evaluating, and testing the operating effectiveness, of management's controls related to revenue recognition.
• Inspection of student agreements, course fee structure and other enrolment documentation, and review of the allocation of revenue to various elements in the agreements.
• Testing of sales transactions including the release of deferred revenue into revenue to obtain assurance that revenue has been correctly accounted for in the appropriate periods</td></tr>
<tr><td colspan="2">Acquisition of 4Life Pty Ltd
Refer to Note 33 in the financial statements</td></tr>
<tr><td>On 12 December 2016, the Group entered into a binding agreement to acquire 100% of the share capital of 4Life Pty Ltd for a price of $1.2m, payable in both cash and shares. The transaction was completed on 13 January 2017.

The transaction has been treated as a business combination in accordance with AASB 3 Business Combinations, and the Group has therefore included a provisional Purchase Price Allocation ("PPA"). The PPA will be finalised in the 2017 financial statements.

This was considered a key audit matter because the accounting for the transaction is complex, non-routine, and involves significant judgments on the part of Management and the Board in applying the accounting standards. These judgements and estimation uncertainties include the estimation of the quantification of the consideration paid, including contingent consideration, the identification and classification of intangible assets, and the determination of the fair value of the tangible assets acquired.</td><td>Our audit procedures in relation to the acquisition transaction
• Obtaining the share purchase agreement, due diligence reports, and other associated documents, and ensuring that the transaction had been accounted for in compliance with AASB 3 Business Combinations.
• Tested the initial consideration, either through cash or shares, to the signed purchase agreement and to bank statements and assessed the appropriateness of the fair value of the total.
• Assessed the valuation models prepared by management to value the intangible assets identified in the acquired business, and where necessary, engaged our internal valuation experts to challenge the assumptions and methodology used by management.
• Critically evaluated the assumptions used by management to determine the fair value of the tangible and intangible assets and where possible, obtained external evidence to support such values.
• Review the disclosures in Note 33 to the financial statements in order to assess compliance with the disclosure requirements of AASB 3.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/Pronouncements/Australian-Auditing-Standards/Auditors-Responsibilities.aspx. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of UCW Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM AUSTRALIA PARTNERS

GNS

G N SHERWOOD
Partner

Sydney, NSW
Dated: 31 August 2017

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of UCW Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

GNS

G N Sherwood
Partner

Sydney, NSW
Dated: 31 August 2017

ASX ADDITIONAL INFORMATION

AS AT 18 AUGUST 2017

ORDINARY SHARES

398,272,889 fully paid ordinary shares, held by 402 individual shareholders

All ordinary shares carry one vote per share

RESTRICTED SECURITIES

16,666,666 ordinary shares subject to escrow until 24 March 2018

24,396,758 ordinary shares subject to escrow until 10 July 2018

UNQUOTED SECURITIES

18,750,000 unquoted options, exercisable at $0.039492 per option on or before 30 June 2018, held by 9 optionholders

70,774,115 unquoted options, exercisable at $0.059492 per option on or before 30 June 2018, held by 183 optionholders

2,000,000 options, exercisable at $0.059492 per option, vesting on 31 July 2019 and exercisable on or before 31 July 2021, held by 1 optionholder

2,000,000 options, exercisable at $0.079492 per option, vesting on 31 July 2019 and exercisable on or before 31 July 2021, held by 1 optionholder

Global Capital Holdings (Australia) Pty Limited holds 36,111,111 options or 38.61% of the options on issue.

COMPLIANCE WITH LISTING RULE 4.10.19

The Company confirms that for the period from 31 March 2016 (the date of re-admission to the ASX) to 30 June 2017, the cash and assets have been used in a form readily convertible to cash that it had at the time of the re-admission to the ASX, in a way that was consistent with its business objectives.

DISTRIBUTION OF HOLDERS IN EACH CLASS OF EQUITY SECURITIES:

TOTAL HOLDERS OF FULLY PAID ORDINARY SHARES

Range	Ordinary shares	%	No. of holders	%
100,001 and Over	387,988,427	97.42	178	44.28
10,001 to 100,000	10,184,866	2.56	176	43.78
5,001 to 10,000	81,129	0.02	9	2.24
1,001 to 5,000	10,276	0.00	5	1.24
1 to 1,000	8,191	0.00	34	8.46
Total	**398,272,889**	**100.00**	**402**	**100.00**

There are 48 holders of unmarketable parcels.

TOTAL HOLDERS OF OPTIONS

Range	Options	%	No. of holders	%
100,001 and over	89,800,223	96.02	72	37.70
10,001 to 100,000	3,723,892	3.98	119	62.30
5,001 to 10,000	-	-	-	-
1,001 to 5,000	-	-	-	-
1 to 1,000	-	-	-	-
Total	**93,524,115**	**100.00**	**191**	**100.00**

ASX ADDITIONAL INFORMATION (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

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

Name	Ordinary Shares	%
GLOBAL CAPITAL HOLDINGS (AUSTRALIA) PTY LTD	124,095,842	31.53
ABD UCW PTY LTD	29,114,794	7.40
MR MATTHEW CRAWFORD REEDE	24,396,758	6.13

TOP 20 HOLDERS OF EQUITY SECURITIES AS AT 18 AUGUST 2017:

Rank	Name	Ordinary shares	%
1	GLOBAL UCW PTY LIMITED	95,458,340	23.97
2	ABD UCW PTY LIMITED	29,114,794	7.31
3	GLOBAL UCW NO.2 PTY LIMITED	28,637,502	7.19
4	MR MATTHEW CRAWFORD REEDE	24,396,758	6.13
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,868,020	3.98
6	NATIONAL NOMINEES LIMITED	11,461,431	2.88
7	KJA HOLDINGS PTY LTD	9,068,542	2.28
8	MATTHEW SMITH	8,333,333	2.09
8	MARGARET ARMSTRONG	8,333,333	2.09
9	QUIXLEY FINANCE PTY LIMITED	7,599,164	1.91
10	UNITED EQUITY PARTNERS PTY LTD	6,875,000	1.73
11	HOLLOWAY COVE PTY LTD	6,300,250	1.58
12	TRANSFUND PTY LTD	6,250,000	1.57
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	5,125,000	1.29
14	RAMBUTAN ENTERPRISES LTD	5,000,000	1.26
15	BNP PARIBAS NOMS PTY LTD	4,877,068	1.22
16	JACOBSON FAMILY HOLDINGS PTY LTD	4,875,000	1.22
17	HOUGHTON WATERVILLE PTY LTD	4,150,000	1.04
18	OCEANVIEW SUPER FUND PTY LTD	4,104,708	1.03
19	JD LIPMAN PTY LTD	3,500,000	0.88
20	MAXIM CAPITAL PTY LTD	3,333,333	0.84

UCW

LIMITED