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29 July 2016

The Manager  
Company Announcements  
Australian Securities Exchange

**By electronic lodgement**

Dear Sirs

**June 2016 Quarter Update**

**Highlights**

- FY16 international enrolments of 3,161, up 27.4% on the prior year
- Q1, FY17 international enrolments estimated at 870, which will be up 24.8% on the previous corresponding period (**PCP**)
- Domestic Fitness enrolments have recovered strongly in H2, FY16 whilst domestic Massage Therapy enrolments continue to come under pressure
- Investment in business continuing with development of new courses and planning work for the implementation of a new student management system
- Appointment of Chief Financial Officer and Company Secretary from 1 August 2016
- Actively pursuing acquisition opportunities in line with stated strategy

**Cash position**

The 30 June 2016 Appendix 4C represents the first full quarter where the results of ALG have been consolidated. Operating cash flows for the consolidated entity for the quarter was \$0.36m.

As at 30 June 2016, the Company had cash of \$8.8m.

During the quarter, the Company settled the working capital adjustment due to the vendors of ALG in the amount of \$0.8m. A deferred consideration payment of not less than \$3.5m remains due to the vendors of ALG in November 2016.

**ALG performance**

Acquired by the Company in March 2016, Australian Learning Group Pty Limited (**ALG**) is a national provider of accredited vocational education with a focus on the international student market.

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ALG offers certificate and diploma level courses in Fitness, Sport and Recreation Management, Massage Therapy and Dance Teaching and has campuses in Sydney, Melbourne, Brisbane and Perth.

International enrolments

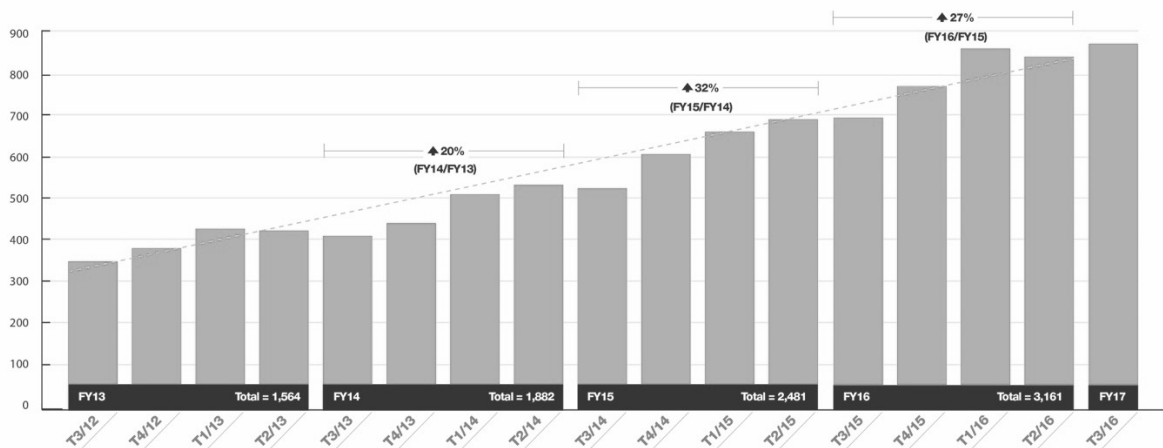
International enrolments continued to perform well with Q4, FY16 enrolments of 837, up 20.6% on the PCP.

FY16 full year enrolments were 3,161, up 27.4% on the PCP.

Q1, FY17 international enrolments are estimated at 870, which will be up 24.8% on the PCP.

The rollout of existing courses across all campuses is continuing, with Massage Therapy courses now offered at all campuses and Dance Teaching courses offered in Sydney and Melbourne. ALG is investing in developing new courses which will be introduced during calendar 2017.

International enrolments account for in excess of 80% of ALG’s total revenue.



Domestic enrolments

Q4, FY16 domestic Fitness enrolments were encouraging, with FY16 full year enrolments up 12.7% on the PCP to 391. This is particularly pleasing as enrolments have now recovered to FY14 levels prior to intense competition from VET FEE-HELP providers.

Domestic Massage Therapy enrolments continued to decline in Q4, FY16 in the face of structural changes which have allowed VET FEE-HELP providers into the market and impacted the attractiveness of the distance education format. FY16 full year enrolments were down 32% on the PCP to 680.

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## Growth initiatives

The Company intends to continue to invest in growth initiatives and building a platform to scale up the business. This may impact earnings in the short term as the payback on such investment may not be immediate.

As noted above, ALG is investing in developing new courses which will be introduced during calendar 2017.

Planning work has commenced on the procurement and implementation of a new student management system, which is expected to improve operational efficiency and offer enhanced functionality to students, agents and staff. It is anticipated to be implemented during H1, FY17. This is an investment which may impact earnings in the short term but should offer significant productivity improvements once fully implemented. In addition, the new student management system is considered a key piece of infrastructure that will enable the Company to extract efficiencies as it adds scale by acquisition.

On 7 July 2016, the Company announced the appointment of Lyndon Catzel to the role of Chief Financial Officer and Company Secretary. Lyndon's skills are well suited to support the Company's strategy of acquiring and integrating businesses in the education sector.

The Company is actively pursuing acquisition opportunities in line with its stated strategy.

For further information, please contact:

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## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

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

Name of entity

UCW LIMITED

ABN

85 108 962 152

Quarter ended ("current quarter")

30 June 2016

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from customers	2,376	2,439
1.2 Payments for (a)staff / supplier costs (b)advertising and marketing (c)research and development (d)leased assets (e)other working capital	(2,068)	(2,833)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	52	66
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net operating cash flows</b>	<b>360</b>	<b>(328)</b>

+ See chapter 19 for defined terms.

Appendix 4C  
Quarterly report for entities admitted on the basis of commitments

	Current quarter \$A'000	Year to date \$A'000
1.8 Net operating cash flows (carried forward)	360	(328)
<b>1.9 Cash flows related to investing activities</b>		
Payment for acquisition of:		
(a) businesses (item 5)	(800)*	(4,800)
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets	(45)	(45)
<b>1.10 Proceeds from disposal of:</b>		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (provide details if material)		
Cash on Acquisition of ALG	2	1,592
<b>Net investing cash flows</b>	<b>(843)</b>	<b>(3,253)</b>
<b>1.14 Total operating and investing cash flows</b>	<b>(483)</b>	<b>(3,581)</b>
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	0	11,674
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from borrowings		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (provide details if material)		
Costs of capital raising	(371)	(424)
<b>Net financing cash flows</b>	<b>(371)</b>	<b>11,251</b>
<b>Net increase (decrease) in cash held</b>	<b>(854)</b>	<b>7,670</b>
1.21 Cash at beginning of quarter/year to date	9,672	1,148
1.22 Exchange rate adjustments to item 1.20		
1.23 <b>Cash at end of quarter</b>	<b>8,818</b>	<b>8,818</b>

\* This relates to the working capital adjustment for the acquisition of Australian Learning Group Pty Limited (ALG) and in accordance with the Share Sale Agreement is treated as an adjustment to the purchase price. It is funded out of the Cash on the Acquisition of ALG which was included in the closing cash at the end of the prior quarter.

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**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(53)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 **Explanation necessary for an understanding of the transactions**

The amount shown in section 1.24 above relates to directors salaries/fees and superannuation.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

**Reconciliation of cash**

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**Appendix 4C**  
**Quarterly report for entities admitted on the basis of commitments**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	8,818	9,672
4.2 Deposits at call		
4.3 Bank overdraft		
4.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.23)</b>	<b>8,818</b>	<b>9,672</b>

**Acquisitions and disposals of business entities**

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Entire Consideration for acquisition		
5.4 Total net assets		
5.5 Nature of business		

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### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does ~~not~~\* (~~delete one~~) give a true and fair view of the matters disclosed.

Sign here:  Date: 29 July 2016  
Company secretary

Print name: Andrew Whitten

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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