



Appendix 4D and Half Year Financial Report

For the period ended 31 December 2014



3P Learning

Lodged with the ASX under the Listing Rule 4.3A
3P Learning Limited ABN 50 103 827 836

1. Company details

Name of entity:	3P Learning Limited
ABN:	50 103 827 836
Reporting period:	For the half-year ended 31 December 2014
Previous period:	For the half-year ended 31 December 2013

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	19.0% to	18,185
Profit/(Loss) from ordinary activities after tax attributable to the owners of 3P Learning Limited	down	218.1% to	(3,076)
Profit/(Loss) for the half-year attributable to the owners of 3P Learning Limited	down	218.1% to	(3,076)

Dividends

As detailed in the prospectus and as part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of \$12,500,000 which was declared on 2 June 2014 and paid on 9 July 2014. This represented a dividend of \$82.73 per ordinary share. The 'prospectus' refers to the document lodged by the Company and 3P Learning SaleCo Limited with Australian Securities and Investment Commission on 19 June 2014.

Comments

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,076,000 (31 December 2013: profit of \$2,604,000).

Refer to 'Review of operations' in the Directors' Report for detailed commentary.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	9.53	9.66

The net tangible assets per ordinary shares is calculated based on 134,814,660 ordinary shares on issue as at 31 December 2014 and 125,414,660 ordinary shares that would have been in existence had the share split occurred as at 31 December 2013.

4. Control gained over entities

On 1 October 2014, the group acquired South African distribution business Whatiph Business Consultants CC through its subsidiary 3P International Holdings Pty Ltd.

5. Dividends

Current period

As detailed in the prospectus and as part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of \$12,500,000 which was declared on 2 June 2014 and paid on 9 July 2014. This represented a dividend of \$82.73 per ordinary share. The 'prospectus' refers to the document lodged by the Company and 3P Learning SaleCo Limited with Australian Securities and Investment Commission on 19 June 2014.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

The Constitution allows the Board to grant to Shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the directors think fit. A dividend reinvestment plan is currently being considered.

7. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Half Year Financial Report.

8. Attachments

Details of attachments (if any):

The Half Year Financial Report of 3P Learning Limited for the half-year ended 31 December 2014 is attached.

9. Signed



Signed _____

Date: 27 February 2015

Samuel Weiss
Chairman
Sydney

Pro-forma adjustments to the statutory income statement

Table 1 below sets out the adjustment to the Statutory Results for the financial half-years ended 31 December 2014 and 31 December 2013 to primarily reflect the acquisitions that 3P Learning Limited has made since 1 July 2013 as if they have occurred as at 1 July 2013 and the half year impact of the operating and capital structure that is in place following Completion of the Initial Public Offering ('IPO') as if it was in place as at 1 July 2013. In addition, certain other adjustments to eliminate non-recurring items have been made. These adjustments are summarised below:

Table 1 - Pro-forma adjustments to the consolidated income statements for the financial half-year ended 31 December 2014 and 31 December 2013

	31 December 2014 \$m	31 December 2013 \$m
Statutory revenue	18.2	15.0
Statutory - Other income	1.0	0.9
Foreign exchange gains and interest	(0.8)	(0.7)
Pro-forma revenue	18.4	15.2
Statutory NPAT	(3.0)	2.3
Asset write-down	-	0.9
Lease make good provision	-	0.3
IPO costs expensed	10.1	-
Tax effect	(3.0)	(0.4)
Pro-forma NPAT	4.1	3.2

Pro-forma consolidated income statements: Financial half-year ended 31 December 2014 compared to financial half-year ended 31 December 2013 and the financial year ended 30 June 2014

The pro-forma consolidated income statement for the financial half-years ended 31 December 2014 and 31 December 2013 has been prepared on the same basis as the pro forma consolidated financial income statement for the 6 months ended 31 December 2013 published in the 3P Learning Limited IPO prospectus issued in June 2014.

Table 2 below sets out the pro forma consolidated income statement for the financial half-years ended 31 December 2014, and 31 December 2013.

Table 2 - Pro-forma consolidated income statements: Financial half-years ended 31 December 2014 and 31 December 2013

	Consolidated 31 December 2014 \$m	31 December 2013 \$m	Change %
Revenue	18.2	15.0	21.3%
Other income	1.0	0.9	11.1%
Foreign exchange gains and interest	(0.8)	(0.7)	(14.3%)
Total revenue	18.4	15.2	21.1%
Employee expenses	(8.6)	(7.1)	(21.1%)
Marketing expenses	(0.9)	(1.2)	25.0%
Technology and occupancy expenses	(1.3)	(1.9)	31.6%
Other expenses	(1.3)	(0.8)	(62.5%)
EBITDA	6.3	4.3	46.5%
Depreciation and amortisation	(1.3)	(0.8)	(62.5%)
EBIT	5.0	3.5	42.8%
Interest	0.3	0.2	50.0%
Profit/(loss) before tax	5.3	3.6	47.2%
Tax (expense)/benefit	(1.2)	(0.4)	(167.2%)
NPAT	4.1	3.2	28.5%

3P Learning Limited

ABN 50 103 827 836

Half Year Financial Report - 31 December 2014

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 3P Learning Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The following persons were directors of 3P Learning Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Samuel Weiss (Chairman)
Timothy Power
Roger Amos
Claire Hatton

Principal activities

During the financial half-year the principal continuing activities of the Group were developing, sales and marketing of online educational program to schools and parents of school-aged students.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$3,076,000 (31 December 2013: profit of \$2,604,000).

While underlying business growth remains strong, the results were impacted by costs associated with listing of the Company on the Australian Securities Exchange (ASX) in July 2014 ('listing'). The Initial Public Offering ('IPO') impacted statutory profit with costs of \$10,095,000 recognised in the period.

Total revenue for the Group for the half year ended 31 December 2014 was \$18,185,000 (31 December 2013: \$15,283,000).

Due to the buying seasonality of our customers, revenue on agency product results in higher revenues and operating profits in the second half of the financial year. This information is provided to allow for a proper appreciation of the results, however management have concluded that this is not "highly seasonal" as considered by AASB 134 'Interim Financial Reporting'.

All three of the Group's segments improved their sales to external customers driven by licence growth in all regions. Licence numbers for the Group grew 4.3% from 4.7 million to 4.9 million.

Product revenue growth was driven by Mathletics and Reading Eggs which grew at 20% and 25% respectively. Into Science is showing promising early signs with 46,000 active licences.

Excluding IPO costs, the ANZ segment grew strongly with increased licence revenues and intersegment sales. Operational performance in the Americas and EMEA segments were impacted by increased investment in the sales force and intersegment royalty payments on revenue growth, as the Group continues its strategy to expand operations in offshore markets.

As a result of the Group's strong financial performance and the capital raising of \$23,500,000 during the period, the Group has net assets of \$26,854,000.

The online K-12 education industry is a fast moving industry and the rate of technological change and competition is increasing. The risk associated with the market requires management to continually focus on innovation and change to keep pace with competitors and new entrants to the market. The Group invested \$3,725,000 in product development and this level of investment is expected to continue to remain competitive. The current carrying value of product development assets is \$8,649,000.

Significant changes in the state of affairs

3P Learning Limited was admitted to the Official List of Australian Securities Exchange Limited ('ASX') on 9 July 2014 with the ASX code: 3PL.

Capital restructure and capital raising

As part of the process of listing the Company, and as detailed in the Company's prospectus, the following events were finalised during the period:

Closure of 3P Employee Share Trust

On 9 July 2014, the trustee of the share trust, 3PES Pty Ltd closed the operation of the share trust by notification to all unitholders in the trust that the units had been cancelled and shares held by the trustee were transferred to those unitholders.

Capital raising

The Company and 3P Learning SaleCo Pty Limited (a special purpose vehicle established to sell shares acquired from existing shareholders of the Company prior to IPO) successfully raised \$282.7 million pursuant to the prospectus dated 19 June 2014. The 'prospectus' refers to the document lodged by the Company and 3P Learning SaleCo Pty Limited with Australian Securities and Investment Commission on 19 June 2014.

The retail offer closed on 4 July 2014, and shares commenced trading on a conditional and deferred settlement basis on 9 July 2014. Share settlement occurred on 11 July 2014. New shares issued by the Company on 14 July 2014 amounted to 9.4 million.

Funds raised from the Initial Public Offering ('IPO') amounting to \$259.2 million were utilised by 3P Learning SaleCo Limited to pay selling shareholders to acquire 103.7 million shares. These shares were transferred to new shareholders on 14 July 2014. These shares commenced trading on a normal settlement basis from 16 July 2014.

Conversion of Class B Shares and subsequent share split

On 10 July 2014, each Class B share on issue was converted into one fully-paid ordinary share such that the Company has only one class of ordinary share capital on issue. In addition, the share capital of the Company underwent a share split of 1 existing share for 830 new shares.

Acquisition

The Group acquired the South African distribution business from Whatiph Business Consultants CC on 1 October 2014 for cash consideration of \$1,062,000 and contingent consideration of \$759,000.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors.

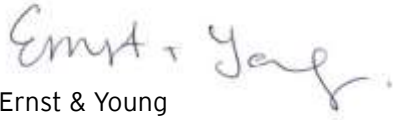


Samuel Weiss
Chairman

27 February 2015

Auditor's Independence Declaration to the Directors of 3P Learning Limited

In relation to our review of the financial report of 3P Learning Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Lisa Nijssen-Smith
Partner
27 February 2015

Contents

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	17
Independent auditor's review report to the members of 3P Learning Limited	18
Corporate directory	20

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2014



		Consolidated	
	Note	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Revenue	4	18,185	15,283
Other income	5	998	869
Expenses			
Employee benefits expense		(8,643)	(7,074)
Depreciation and amortisation expense		(1,317)	(826)
Professional fees	14	(10,664)	(750)
Technology costs		(449)	(518)
Marketing expenses		(907)	(2,232)
Occupancy expenses		(897)	(1,442)
Administrative expenses		(1,256)	(844)
Profit/(loss) before income tax (expense)/benefit		(4,950)	2,466
Income tax (expense)/benefit		1,919	(109)
Profit/(loss) after income tax expense for the half-year		(3,031)	2,357
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(140)	238
Other comprehensive income for the half-year, net of tax		(140)	238
Total comprehensive income for the half-year		<u>(3,171)</u>	<u>2,595</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		45	(247)
Owners of 3P Learning Limited		(3,076)	2,604
		<u>(3,031)</u>	<u>2,357</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		45	(247)
Owners of 3P Learning Limited		(3,216)	2,842
		<u>(3,171)</u>	<u>2,595</u>
		Cents	Cents
Basic earnings per share	17	(2.29)	2.08
Diluted earnings per share	17	(2.29)	2.08

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

		Consolidated	
	Note	31 Dec 2014	30 Jun 2014
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents	6	15,810	24,442
Trade and other receivables	7	5,751	5,895
Income tax receivable		1,524	-
Other		2,257	2,369
Total current assets		25,342	32,706
Non-current assets			
Property, plant and equipment		1,136	1,322
Intangibles	8	14,000	9,124
Deferred tax		8,114	7,415
Total non-current assets		23,250	17,861
Total assets		48,592	50,567
Liabilities			
Current liabilities			
Trade and other payables	9	3,658	7,979
Income tax		-	1,017
Provisions	10	1,576	13,975
Other financial liabilities		494	-
Deferred revenue		13,421	18,748
Finance lease payable		195	262
Total current liabilities		19,344	41,981
Non-current liabilities			
Provisions		771	473
Other financial liabilities		295	-
Deferred revenue		1,328	813
Finance lease payable		-	36
Total non-current liabilities		2,394	1,322
Total liabilities		21,738	43,303
Net assets		26,854	7,264
Equity			
Issued capital	11	25,113	2,352
Reserves		7,814	7,954
Accumulated losses		(6,205)	(3,129)
Equity attributable to the owners of 3P Learning Limited		26,722	7,177
Non-controlling interest		132	87
Total equity		26,854	7,264

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

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	2,352	7,165	4,319	649	14,485
Profit/(loss) after income tax (expense)/benefit for the half-year	-	-	2,604	(247)	2,357
Other comprehensive income for the half-year, net of tax	-	238	-	-	238
Total comprehensive income for the half-year	-	238	2,604	(247)	2,595
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	1,470	-	-	1,470
Balance at 31 December 2013	2,352	8,873	6,923	402	18,550

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits/accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2014	2,352	7,954	(3,129)	87	7,264
Profit/(loss) after income tax (expense)/benefit for the half-year	-	-	(3,076)	45	(3,031)
Other comprehensive income for the half-year, net of tax	-	(140)	-	-	(140)
Total comprehensive income for the half-year	-	(140)	(3,076)	45	(3,171)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	22,761	-	-	-	22,761
Balance at 31 December 2014	25,113	7,814	(6,205)	132	26,854

		Consolidated	
	Note	31 Dec 2014	31 Dec 2013
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,862	12,317
Payments to suppliers and employees (inclusive of GST)		(17,704)	(12,355)
		(1,842)	(38)
Interest received		305	177
Income taxes refunded (paid)		(485)	105
Net cash from/(used in) operating activities		(2,022)	244
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	15	(1,062)	-
Payments for property, plant and equipment		(114)	(209)
Payments for intangibles		(3,865)	(3,260)
Proceeds from release of security deposits		252	-
Net cash used in investing activities		(4,789)	(3,469)
Cash flows from financing activities			
Proceeds from issue of shares	11	23,500	-
Share issue transaction costs		(12,718)	-
Dividends paid		(12,500)	-
Repayment of borrowings		(103)	(324)
Net cash used in financing activities		(1,821)	(324)
Net decrease in cash and cash equivalents		(8,632)	(3,549)
Cash and cash equivalents at the beginning of the financial half-year		24,442	14,782
Cash and cash equivalents at the end of the financial half-year		<u>15,810</u>	<u>11,233</u>

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

Note 1. General information

The financial statements cover 3P Learning Limited as a Group consisting of 3P Learning Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is 3P Learning Limited's functional and presentation currency.

3P Learning Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18, 124 Walker Street
North Sydney NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2015. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2014 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group during the financial half-year ended 31 December 2014 and are not expected to have any significant impact for the full financial year ending 30 June 2015. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into geographic operating segments: Australia and New Zealand ('ANZ'), America, Canada and South America ('Americas') and Europe, Middle-East and Africa ('EMEA'). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Segment assets and liabilities are not reviewed by the CODM on a regular basis.

Intersegment transactions

Intersegment transactions were made at market rates and are eliminated on consolidation.

Note 3. Operating segments (continued)

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Operating segment information

Consolidated - 31 Dec 2014	ANZ \$'000	Americas \$'000	EMEA \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	12,076	1,865	4,227	-	18,168
Intersegment sales	6,787	-	-	(6,787)	-
Total sales revenue	18,863	1,865	4,227	(6,787)	18,168
Other revenue	16	1	-	-	17
Total revenue	18,879	1,866	4,227	(6,787)	18,185
EBITDA	(3,732)	(694)	488	-	(3,938)
Depreciation and amortisation					(1,317)
Interest revenue					305
Loss before income tax benefit					(4,950)
Income tax benefit					1,919
Loss after income tax benefit					(3,031)

Consolidated - 31 Dec 2013	ANZ \$'000	Americas \$'000	EMEA \$'000	Intersegment eliminations/ unallocated \$'000	Total \$'000
Revenue					
Sales to external customers	11,309	1,182	2,792	-	15,283
Intersegment sales	5,519	-	-	(5,519)	-
Total sales revenue	16,828	1,182	2,792	(5,519)	15,283
Total revenue	16,828	1,182	2,792	(5,519)	15,283
EBITDA	2,849	(284)	566	-	3,131
Depreciation and amortisation					(826)
Interest revenue					177
Finance costs					(16)
Profit before income tax expense					2,466
Income tax expense					(109)
Profit after income tax expense					2,357

Note 4. Revenue

	Consolidated	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
License fees	16,416	13,744
Sponsorship income	264	-
Translation fees	-	127
Sale of workbooks	129	107
Copyright license fees	323	53
Other	18	428
Net commission revenue	1,035	824
Revenue	<u>18,185</u>	<u>15,283</u>

Note 5. Other income

	Consolidated	
	31 Dec 2014 \$'000	31 Dec 2013 \$'000
Net foreign exchange gain	470	483
Interest	305	177
Other income	<u>223</u>	<u>209</u>
Other income	<u>998</u>	<u>869</u>

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Cash at bank and in hand	6,058	15,439
Short-term deposits	<u>9,752</u>	<u>9,003</u>
	<u>15,810</u>	<u>24,442</u>

Note 7. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Trade receivables	<u>4,822</u>	<u>4,856</u>
Other receivables	107	463
Prepayments	<u>822</u>	<u>576</u>
	<u>929</u>	<u>1,039</u>
	<u>5,751</u>	<u>5,895</u>

Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Goodwill - at cost	4,645	3,012
Product development - at cost	10,163	6,438
Less: Accumulated amortisation	(1,514)	(663)
	8,649	5,775
Patents and trademarks - at cost	3,074	3,074
Less: Accumulated amortisation	(2,816)	(2,737)
	258	337
Customer contracts - at cost	368	-
Less: Accumulated amortisation	(60)	-
	308	-
Work in progress - at cost	140	-
	14,000	9,124

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill	Product	Patents and	Customer	Work	Total
	\$'000	development	trademarks	contracts	in progress	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	3,012	5,775	337	-	-	9,124
Additions	-	3,725	-	-	140	3,865
Additions through business combinations (note 15)	1,578	-	-	354	-	1,932
Exchange differences	55	-	-	14	-	69
Amortisation expense	-	(851)	(79)	(60)	-	(990)
Balance at 31 December 2014	4,645	8,649	258	308	140	14,000

The useful lives of Customer contracts are assessed to be finite. The estimated useful live is 1 to 3 years. Work in progress represents software system being developed. Amortisation of this will begin when development is complete and the asset is available for use.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2014	30 Jun 2014
	\$'000	\$'000
Trade payables	1,256	2,143
Accrued expenses	794	1,464
Accrued expenses for IPO	1,438	3,004
Goods and service tax	108	719
Other payables	62	649
	3,658	7,979

Note 10. Current liabilities - provisions

	Consolidated	
	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Operating and employee benefits	1,576	1,475
Dividend payable	-	12,500
	<u>1,576</u>	<u>13,975</u>

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2014 Shares	30 Jun 2014 Shares	31 Dec 2014 \$'000	30 Jun 2014 \$'000
Ordinary shares - fully paid	134,814,660	83,785	25,113	2,352
Ordinary shares - fully paid - class B	-	67,317	-	-
	<u>134,814,660</u>	<u>151,102</u>	<u>25,113</u>	<u>2,352</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2014	83,785		2,352
Transfer class B shares into ordinary shares	10 July 2014	67,317	\$0.00	-
Share split	10 July 2014	125,263,558	\$0.00	-
Issuance of shares in 3PL at \$2.50 per share	14 July 2014	9,400,000	\$2.50	23,500
Share issue transaction costs, net of tax		-	\$0.00	(739)
Balance	31 December 2014	<u>134,814,660</u>		<u>25,113</u>

Movements in ordinary shares - class B

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2014	67,317		-
Transfer class B shares into ordinary shares	10 July 2014	(67,317)	\$0.00	-
Balance	31 December 2014	<u>-</u>		<u>-</u>

Note 12. Equity - dividends

As detailed in the prospectus and as part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of \$12.5 million which was declared on 2 June 2014 and paid on 9 July 2014.

Note 13. Fair value measurement

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 13. Fair value measurement (continued)

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Contingent consideration	-	-	789	789
Total liabilities	-	-	789	789

There were no transfers between levels during the financial half-year.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration \$'000	Total \$'000
Balance at 1 July 2014	-	-
Additions	759	759
Exchange differences	30	30
Balance at 31 December 2014	<u>789</u>	<u>789</u>

Contingent consideration arising on business combinations

At the acquisition date, the fair value of the contingent consideration was estimated to be \$759,000. The fair value is determined using the discounted cash flow method and based on historical exchange rates.

Significant unobservable valuation inputs in relation to contingent consideration includes assumed cash billing EBITDA range of South African Rand 2,722,000 to South African Rand 3,628,000 and discount rate of 3.82%.

An increase/(decrease) in the cash billing EBITDA of this business would result in higher/(lower) fair value of the contingent consideration liability, while a significant increase/(decrease) in the discount rate and would result in a lower/(higher) fair value of the liability. As at 31 December 2014, the key performance indicators of this business showed that it was probable that the target would be achieved. The contingent consideration liability is due for final measurement and payment on the payment dates.

Note 14. Initial Public Offering costs

IPO costs incurred in connection with listing the Company on ASX amounted to \$11,150,000 (31 December 2013: Nil). Out of this an amount of \$10,095,000 has been included as an expense under professional fees and the remaining \$1,055,000 share issue transaction costs \$739,000(net of tax) are included under issued capital.

The IPO costs includes lead manager fees paid to Macquarie Capital (Australia) Limited amounting to \$9,983,000 (31 Dec 2013: Nil). Macquarie Group Limited and its related bodies corporate had a significant influence in the Group until the sale of their shares following the IPO.

Note 15. Business combinations

On 1 October 2014 3P International Holdings Pty Ltd a subsidiary of 3P Learning Limited acquired the distribution business from Whatiph Business Consultants CC for the total consideration of \$1,821,000. Prior to the acquisition Whatiph was a distributor of 3P Learning Limited products including Mathletics and Spellodrome. It was acquired to further expand the distribution of the products including distribution in Southern Africa.

The goodwill of \$1,578,000 represents the expected synergies from the business. The acquired business contributed revenues of \$27,000 and loss after tax of loss \$ 19,000 to the Group for the period from 1 October 2014 to 31 December 2014. If the acquisition occurred on 1 July 2014, the full year contributions would have been revenues of \$58,000 and profit after tax of \$44,000. The values identified in relation to the acquisition of Whatiph Business Consultants CC are final as at 31 December 2014.

Details of the acquisition are as follows:

	Fair value \$'000
Plant and equipment	2
Customer contracts	354
Deferred tax liability	(111)
Employee benefits	(2)
	<hr/>
Net assets acquired	243
Goodwill	1,578
	<hr/>
Acquisition-date fair value of the total consideration transferred	1,821
	<hr/> <hr/>
Representing:	
Cash paid or payable to vendor	1,062
Contingent consideration	759
	<hr/>
	1,821
	<hr/> <hr/>

Contingent consideration

As part of the purchase agreement with Whatiph Business Consultants CC, a portion of the consideration was determined to be contingent, based on the performance of the acquired business. There will be additional cash payments to the acquired party of:

- a) \$192,000, being the retention amount for a period of 12 months for any breach of indemnity, warranty or terms of the sales agreement
- b) \$294,000, if the entity generates cash billing EBITDA greater than South African Rand 3,024,000 or \$147,000 if the entity generates cash billing EBITDA greater than South African Rand 2,721,600 and less than Rand 3,024,000 during the 9 month period ended 30 June 2015.
- c) \$294,000, if the entity generates cash billing EBITDA greater than South African Rand 3,628,000 or \$147,000, if the entity generates cash billing EBITDA greater than Rand 3,265,200 and less than Rand 3,628,000 during the financial year ended 30 June 2016.

At the acquisition date, the fair value of the contingent consideration was estimated to be \$759,000. The fair value is determined using the discounted cash flow method and based on historical exchange rates.

Note 16. Events after the reporting period

No matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 17. Earnings per share

	Consolidated	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Profit/(loss) after income tax	(3,031)	2,357
Non-controlling interest	(45)	247
Profit/(loss) after income tax attributable to the owners of 3P Learning Limited	<u>(3,076)</u>	<u>2,604</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>134,150,529</u>	<u>125,414,660</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>134,150,529</u>	<u>125,414,660</u>
	Cents	Cents
Basic earnings per share	(2.29)	2.08
Diluted earnings per share	(2.29)	2.08

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Samuel Weiss
Chairman

27 February 2015

To the members of 3P Learning Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of 3P Learning Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of 3P Learning Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

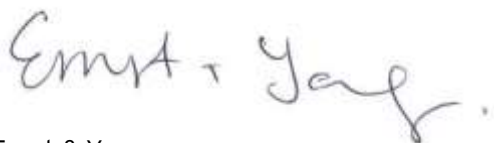
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of 3P Learning Limited is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
27 February 2015