



Appendix 4D and Half Year Financial Report

For the period ended 31 December 2015



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 2015
Previous period:	For the half-year ended 31 December 2014

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	24.7% to	22,889
Profit from ordinary activities after tax attributable to the owners of 3P Learning Limited	up	201.3% to	3,116
Profit for the half-year attributable to the owners of 3P Learning Limited	up	201.3% to	3,116

Dividends

Final dividend for the year ended 30 June 2015 of 1.8 cents per ordinary share, declared on 26 August 2015 and paid on 22 October 2015 to shareholders registered on 8 October 2015

Comments

The profit for the Group after providing for income tax and non-controlling interest amounted to \$3,116,000 (31 December 2014: loss of \$3,076,000).

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	13.20	9.53

4. 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 subject to dividend reinvestment plan (DRP) rules. The issue price of DRP will be set on volume weighted average price (VWAP) of the Company shares traded on ASX (ASX: 3PL). The length of VWAP period commence on the first trading day after the record date and ending after five business days.

5. Details of associates and joint venture entities

On 8 September 2015, the Group acquired a 23.07% interest in Learnosity Holdings Limited. Refer to note 7 to the Half Year Financial Report for further details.

6. 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.

7. Attachments

Details of attachments (if any):

The Half Year Financial Report of 3P Learning Limited for the half-year ended 31 December 2015 is attached.

8. Signed



Signed _____

Date: 19 February 2016

Samuel Weiss
Chairman
Sydney

3P Learning Limited

ABN 50 103 827 836

Half Year Financial Report - 31 December 2015

3P Learning Limited
Directors' report
31 December 2015

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 2015.

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)
Roger Amos
Claire Hatton
Timothy Power (resigned on 11 January 2016)

Principal activities

During the financial half-year the principal 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 profit for the Group after providing for income tax and non-controlling interest amounted to \$3,116,000 (31 December 2014: loss of \$3,076,000).

31 December 2014 loss before tax of \$4,950,000, included one-off Initial Public Offering costs amounting to \$10,095,000.

Total revenue for the half year ended 31 December 2015 was \$22,889,000 (31 December 2014: \$18,355,000). Licence numbers for the Group grew 14.3% from 4.9 million to 5.6 million.

Due to the buying seasonality of our customers, revenue for 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'.

Licence revenue in all segments grew strongly. Operational performance in the Americas and EMEA segments was 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.

The Group has net assets of \$38,875,000 (30 June 2015: \$33,142,000) which was a result of new equity issued and profits for the financial half-year.

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 \$5,123,000 (31 December 2014: \$3,725,000) in product development, \$630,000 in operational business systems and this level of investment is expected to continue to remain competitive. The current carrying value of product development assets is \$15,225,000 (30 June 2015: \$11,848,000).

Significant changes in the state of affairs

Investment in Associates

On 8 September 2015, the Group acquired a 23.07% interest in Learnosity Holdings Limited ('Learnosity') a provider of SaaS Assessment Tools, based in Dublin, Ireland for \$27,669,000 (US\$19,400,000). On this date the Group also entered into an option to purchase an additional 16.93% of Learnosity.

Long term borrowings

During the financial half year, the Group entered into new banking facilities agreement with HSBC Bank for \$22,000,000. As at 31 December 2015, the Group had net borrowings of \$4,500,000

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

Matters subsequent to the end of the financial half-year

Exercise of Learnosity options

On 19 January 2016, the Group exercised its option to acquire a further 16.93% interest in Learnosity Holdings Limited for \$20,329,000 (US\$14,218,000), taking its total investment in Learnosity to 40%. Of the consideration payable, \$16,705,000 is payable in cash and the remaining \$3,624,000 may be settled in cash or the Company's shares at the Group's discretion. If the Group elects to issue shares, 1,815,878 shares will be issued on or about 31 March 2016, with any shares then issued to be held in escrow for 12 months.

No other matter or circumstance has arisen since 31 December 2015 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.

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

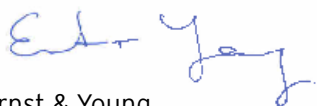
19 February 2016

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

As lead auditor for the review of 3P Learning Limited for the half-year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of 3P Learning Limited and the entities it controlled during the financial period.



Ernst & Young



Lisa Nijssen-Smith
Partner
19 February 2016

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3P Learning Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2015

		Consolidated	
	Note	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Revenue	4	22,889	18,355
Share of profits of associates accounted for using the equity method		314	-
Other income	5	511	775
Expenses			
Employee benefits expense		(9,860)	(8,643)
Depreciation and amortisation expense		(2,350)	(1,317)
Professional fees		(1,631)	(10,664)
Technology costs		(1,030)	(449)
Marketing expenses		(1,560)	(907)
Occupancy expenses		(1,090)	(897)
Administrative expenses		(1,608)	(1,203)
Finance costs		(309)	-
Profit/(loss) before income tax (expense)/benefit		4,276	(4,950)
Income tax (expense)/benefit		(1,107)	1,919
Profit/(loss) after income tax (expense)/benefit for the half-year		3,169	(3,031)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net change in the fair value of cash flow hedges taken to equity, net of tax		(156)	-
Foreign currency translation		(66)	(140)
Other comprehensive income for the half-year, net of tax		(222)	(140)
Total comprehensive income for the half-year		<u>2,947</u>	<u>(3,171)</u>
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		53	45
Owners of 3P Learning Limited		3,116	(3,076)
		<u>3,169</u>	<u>(3,031)</u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		53	45
Owners of 3P Learning Limited		2,894	(3,216)
		<u>2,947</u>	<u>(3,171)</u>
		Cents	Cents
Basic earnings per share	15	2.31	(2.29)
Diluted earnings per share	15	2.31	(2.29)

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

		Consolidated	
	Note	31 Dec 2015 \$'000	30 June 2015 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	3,110	30,886
Trade and other receivables		8,154	8,677
Income tax receivable		1,025	-
Other		37	630
Total current assets		12,326	40,193
Non-current assets			
Royalty receivable		108	145
Investments accounted for using the equity method	7	28,297	-
Available-for-sale financial assets		6,607	6,607
Property, plant and equipment		774	965
Intangibles	8	20,767	17,242
Deferred tax		3,697	7,600
Total non-current assets		60,250	32,559
Total assets		72,576	72,752
Liabilities			
Current liabilities			
Trade and other payables	9	8,141	7,392
Derivative financial instruments		209	-
Income tax		-	1,997
Provisions		1,078	2,324
Deferred revenue		16,449	23,924
Finance lease payable		35	38
Total current liabilities		25,912	35,675
Non-current liabilities			
Borrowings	10	4,500	-
Provisions		1,193	875
Deferred revenue		2,096	3,060
Total non-current liabilities		7,789	3,935
Total liabilities		33,701	39,610
Net assets		38,875	33,142
Equity			
Issued capital	11	30,327	25,113
Reserves		6,813	7,035
Retained earnings		1,644	956
Equity attributable to the owners of 3P Learning Limited		38,784	33,104
Non-controlling interest		91	38
Total equity		38,875	33,142

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

3P Learning Limited
Statement of changes in equity
For the half-year ended 31 December 2015

Consolidated	Issued capital \$'000	Reserves \$'000	Retained earnings \$'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 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	22,761	-	-	-	22,761
Balance at 31 December 2014	<u>25,113</u>	<u>7,814</u>	<u>(6,205)</u>	<u>132</u>	<u>26,854</u>
Consolidated	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2015	25,113	7,035	956	38	33,142
Profit after income tax expense for the half-year	-	-	3,116	53	3,169
Other comprehensive income for the half-year, net of tax	-	(222)	-	-	(222)
Total comprehensive income for the half-year	-	(222)	3,116	53	2,947
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	5,214	-	-	-	5,214
Dividends paid (note 12)	-	-	(2,428)	-	(2,428)
Balance at 31 December 2015	<u>30,327</u>	<u>6,813</u>	<u>1,644</u>	<u>91</u>	<u>38,875</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Note	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	17,691	15,862
Payments to suppliers and employees (inclusive of GST)	(22,139)	(17,704)
Interest received	128	305
Interest and other finance costs paid	(224)	-
Income taxes refunded (paid)	(226)	(485)
Net cash used in operating activities	(4,770)	(2,022)
Cash flows from investing activities		
Payment for purchase of business, net of cash acquired	-	(1,062)
Payment for previous year's business combinations	(429)	-
Payments for investments in associates	(19,149)	-
Payments for property, plant and equipment	(269)	(114)
Payments for intangibles	(5,753)	(3,865)
Proceeds from release of security deposits	501	252
Net cash used in investing activities	(25,099)	(4,789)
Cash flows from financing activities		
Proceeds from issue of shares	-	23,500
Proceeds from borrowings	7,000	-
Share issue transaction costs	-	(12,718)
Dividends paid	(2,404)	(12,500)
Repayment of borrowings	(2,503)	(103)
Net cash from/(used in) financing activities	2,093	(1,821)
Net decrease in cash and cash equivalents	(27,776)	(8,632)
Cash and cash equivalents at the beginning of the financial half-year	30,886	24,442
Cash and cash equivalents at the end of the financial half-year	3,110	15,810

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 (the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year. 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 19 February 2016. 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 2015 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 2015 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, except for the policies stated below.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Borrowings and finance costs

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Note 2. Significant accounting policies (continued)

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

Cash flow hedges

Cash flow hedges are used to cover the Group's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the hedging reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

Comparatives

Comparatives in the statement of profit or loss and other comprehensive income and notes to the financial statements have been realigned to current year presentation. There has been no effect on the loss for the period.

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 2015 and are not expected to have any significant impact for the full financial year ending 30 June 2016.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Net current asset deficiency

As at 31 December 2015, the Group was in a net current liability position of \$13,586,000 of which \$16,449,000 is deferred revenue and there is no future cash outflows. And accordingly, the financial statements continue to be prepared on a going concern basis.

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.

The CODM does not regularly review segment assets and segment liabilities. Refer to statement of financial position for assets and liabilities.

Intersegment transactions

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

3P Learning Limited
Notes to the financial statements
31 December 2015

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2015	ANZ \$'000	Americas \$'000	EMEA \$'000	Total \$'000
Revenue				
Sales to external customers	12,863	2,976	6,362	22,201
Other revenue	673	-	15	688
Total revenue	13,536	2,976	6,377	22,889
EBITDA*	7,388	(1,646)	751	6,493
Share of profit - associates				314
Depreciation and amortisation				(2,350)
Interest revenue				128
Finance costs				(309)
Profit before income tax expense				4,276
Income tax expense				(1,107)
Profit after income tax expense				3,169

* EBITDA is after inter-segment royalty expense incurred by Americas segment of \$1,185,000 and EMEA segment of \$2,372,000.

Consolidated - 31 Dec 2014	ANZ \$'000	Americas \$'000	EMEA \$'000	Total \$'000
Revenue				
Sales to external customers	11,297	1,865	4,227	17,389
Other revenue	965	1	-	966
Total revenue	12,262	1,866	4,227	18,355
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)

* EBITDA for ANZ segment includes IPO costs of \$10,095,000. EBITDA is after inter-segment royalty expense incurred by Americas segment of \$725,000 and EMEA segment of \$1,599,000.

Note 4. Revenue

	Consolidated 31 Dec 2015 \$'000	31 Dec 2014 \$'000
License fees	20,083	16,416
Sponsorship income	383	264
Sale of workbooks	-	129
Copyright license fees	-	323
Other	262	188
Net commission revenue	2,161	1,035
Revenue	22,889	18,355

Note 5. Other income

	Consolidated	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Net foreign exchange gain	383	470
Interest	128	305
Other income	511	775

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Cash at bank and in hand	3,082	10,215
Short-term deposits	28	20,671
	3,110	30,886

Note 7. Non-current assets - investments accounted for using the equity method

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Investment in Learnosity Holdings Limited	28,297	-

On 8 September 2015, the Group acquired a 23.07% interest in Learnosity Holdings Limited ('Learnosity') a provider of SaaS Assessment Tools, based in Dublin, Ireland for US\$19,400,000. This included \$4,940,000 of shares granted.

The Group increased its investments in Learnosity to 40% on 19 January 2016. Refer Note 14 for subsequent events.

Reconciliation of the Group's carrying amount:

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Investments during the period	27,983	-
Share of profit after income tax	314	-
Closing carrying amount	28,297	-

The net assets of Learnosity at 31 December 2015 was \$122,000.

Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Goodwill - at cost	4,377	4,654
Product development - at cost	19,729	14,605
Less: Accumulated amortisation	(4,504)	(2,757)
	15,225	11,848
Patents and trademarks - at cost	3,074	3,074
Less: Accumulated amortisation	(2,932)	(2,879)
	142	195
Customer contracts - at cost	308	370
Less: Accumulated amortisation	(206)	(172)
	102	198
Software - at cost	1,191	561
Less: Accumulated amortisation	(270)	(214)
	921	347
	20,767	17,242

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	Software	Total
	\$'000	development	trademarks	contracts	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	4,654	11,848	195	198	347	17,242
Additions	-	5,123	-	-	630	5,753
Exchange differences	(277)	-	-	(61)	-	(338)
Amortisation expense	-	(1,746)	(53)	(35)	(56)	(1,890)
Balance at 31 December 2015	4,377	15,225	142	102	921	20,767

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2015	30 June 2015
	\$'000	\$'000
Trade payables	1,280	1,209
Accrued expenses	1,607	3,559
Deferred consideration payable on investments	4,759	1,299
Interest payable	32	-
Goods and service tax	262	1,022
Other payables	201	303
	8,141	7,392

Note 10. Non-current liabilities - borrowings

Consolidated
31 Dec 2015 30 June 2015
\$'000 \$'000

Bank loans	4,500	-
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During the financial half-year, the Group entered into the following banking facilities with HSBC Bank:

- Working capital facility of \$20,000,000
- Bank guarantee and other ancillary facility for \$2,000,000

The facilities are subject to variable interest rate, which is based on bank bill swap rate ('BBSY'), plus a margin. The banking facilities mature on 4 September 2018. The banking facilities are secured by fixed and floating charge over the Group's assets.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Consolidated
31 Dec 2015 30 June 2015
\$'000 \$'000

Bank loans	4,500	-
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Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

Consolidated
31 Dec 2015 30 June 2015
\$'000 \$'000

Total facilities		
Bank loans -working capital facility	20,000	-
Bank guarantee and ancillary facility	2,000	-
	<u>22,000</u>	<u>-</u>
Used at the reporting date		
Bank loans -working capital facility	4,500	-
Bank guarantee and ancillary facility	1,213	-
	<u>5,713</u>	<u>-</u>
Unused at the reporting date		
Bank loans -working capital facility	15,500	-
Bank guarantee and ancillary facility	787	-
	<u>16,287</u>	<u>-</u>

Contingencies

The Group has given bank guarantees as at 31 December 2015 of \$1,213,000 (30 June 2015: \$1,315,000) for merchant facility and operating leases.

Note 11. Equity - issued capital

	31 Dec 2015 Shares	30 June 2015 Shares	Consolidated 31 Dec 2015 \$'000	30 June 2015 \$'000
Ordinary shares - fully paid	137,218,292	134,814,660	30,327	25,113

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2015	134,814,660	25,113
Issue of shares	1 October 2015	100,000	250
Issue of shares under Dividend Reinvestment Plan	22 October 2015	10,983	24
Issue of shares	7 December 2015	2,292,649	4,940
Balance	31 December 2015	137,218,292	30,327

Note 12. Equity - dividends

Dividends paid during the financial half-year were as follows:

	Consolidated 31 Dec 2015 \$'000	31 Dec 2014 \$'000
Final dividend for the year ended 30 June 2015 of 1.8 cents per ordinary share (2014: \$82.73 per pre-IPO ordinary share)	2,428,000	12,500,000

Previous period

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.

Note 13. Fair value measurement

Fair value hierarchy

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 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Ordinary shares available-for-sale	-	-	6,607	6,607
Total assets	-	-	6,607	6,607
Liabilities				
Contingent consideration	-	-	330	330
Forward foreign exchange contracts	-	209	-	209
Total liabilities	-	209	330	539

Note 13. Fair value measurement (continued)

Consolidated - 30 June 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Ordinary shares available-for-sale	-	-	6,607	6,607
Total assets	-	-	6,607	6,607
<i>Liabilities</i>				
Contingent consideration	-	-	789	789
Total liabilities	-	-	789	789

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

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The carrying value of the borrowings approximate their fair value.

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 liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Ordinary shares - available-for-sale

The fair values of the unquoted ordinary shares has been estimated using a discounted cash flow method. The valuations requires management to make certain assumptions about the inputs, including forecast cash flows, growth rate and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity instruments.

Contingent consideration arising on business combinations

The fair value is determined using the discounted cash flow method. Significant unobservable valuation inputs in relation to contingent consideration includes assumed cash billing earnings before interest, tax, depreciation and amortisation ('EBITDA') and discount rate.

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Level 3 assets and liabilities

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

Consolidated	Available- for-sale \$'000	Contingent consideration \$'000	Total \$'000
Balance at 1 July 2015	6,607	(789)	5,818
Payout	-	429	429
Exchange differences	-	30	30
Balance at 31 December 2015	6,607	(330)	6,277

Note 13. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Available-for-sale investment	Growth rate	3%	5% change would increase/decrease fair value by \$42,000
	Weighted average cost of capital	22.5%	0.50% change would increase/decrease fair value by \$213,000
Contingent consideration	EBITDA	South African Rand 3,265,000 to 3,628,000	5% increase in EBITDA would not result in any change in fair value. 5% decrease in EBITDA would decrease fair value by \$147,000
	Discount rate	3.82%	0.50% change would increase/decrease fair value by \$13,000

Note 14. Events after the reporting period

Exercise of Learnosity options

On 19 January 2016, the Group exercised its option to acquire a further 16.93% interest in Learnosity Holdings Limited for \$20,329,000 (US\$14,218,000), taking its total investment in Learnosity to 40%. Of the consideration payable, \$16,705,000 is payable in cash and the remaining \$3,624,000 may be settled in cash or the Company's shares at the Group's discretion. If the Group elects to issue shares, 1,815,878 shares will be issued on or about 31 March 2016, with any shares then issued to be held in escrow for 12 months.

No other matter or circumstance has arisen since 31 December 2015 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 15. Earnings per share

	Consolidated	
	31 Dec 2015 \$'000	31 Dec 2014 \$'000
Profit/(loss) after income tax	3,169	(3,031)
Non-controlling interest	(53)	(45)
Profit/(loss) after income tax attributable to the owners of 3P Learning Limited	<u>3,116</u>	<u>(3,076)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	135,180,400	134,150,529
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>135,180,400</u>	<u>134,150,529</u>
	Cents	Cents
Basic earnings per share	2.31	(2.29)
Diluted earnings per share	2.31	(2.29)

In the directors' opinion:

- the attached financial statements and notes 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 give a true and fair view of the Group's financial position as at 31 December 2015 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

19 February 2016

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 2015, 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 2015 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 2015 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
19 February 2016

Directors	Samuel Weiss - Independent Non-Executive Chairman Roger Amos - Independent Non-Executive Director Claire Hatton - Independent Non-Executive Director
Chief Executive Officer	Jonathan Kenny
Company secretary	Jonathan Kenny
Registered office	3P Learning Limited Level 18, 124 Walker Street North Sydney NSW 2060 Phone: 1300 850 331
Principal place of business	3P Learning Limited Level 18, 124 Walker Street North Sydney NSW 2060 Phone: 1300 850 331
Share register	The Registrar Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Phone: 1300 554 474
Auditor	Ernst & Young 680 George Street Sydney NSW 2000
Solicitors	King & Wood Mallesons Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Stock exchange listing	3P Learning Limited shares are listed on the Australian Securities Exchange (ASX code: 3PL)
Website	http://www.3plearning.com/



3P Learning Ltd

Level 18, 124 Walker Street
North Sydney, NSW 2060

T: 1300 850 331

F: 1300 762 165

customerservice@3plearning.com.au