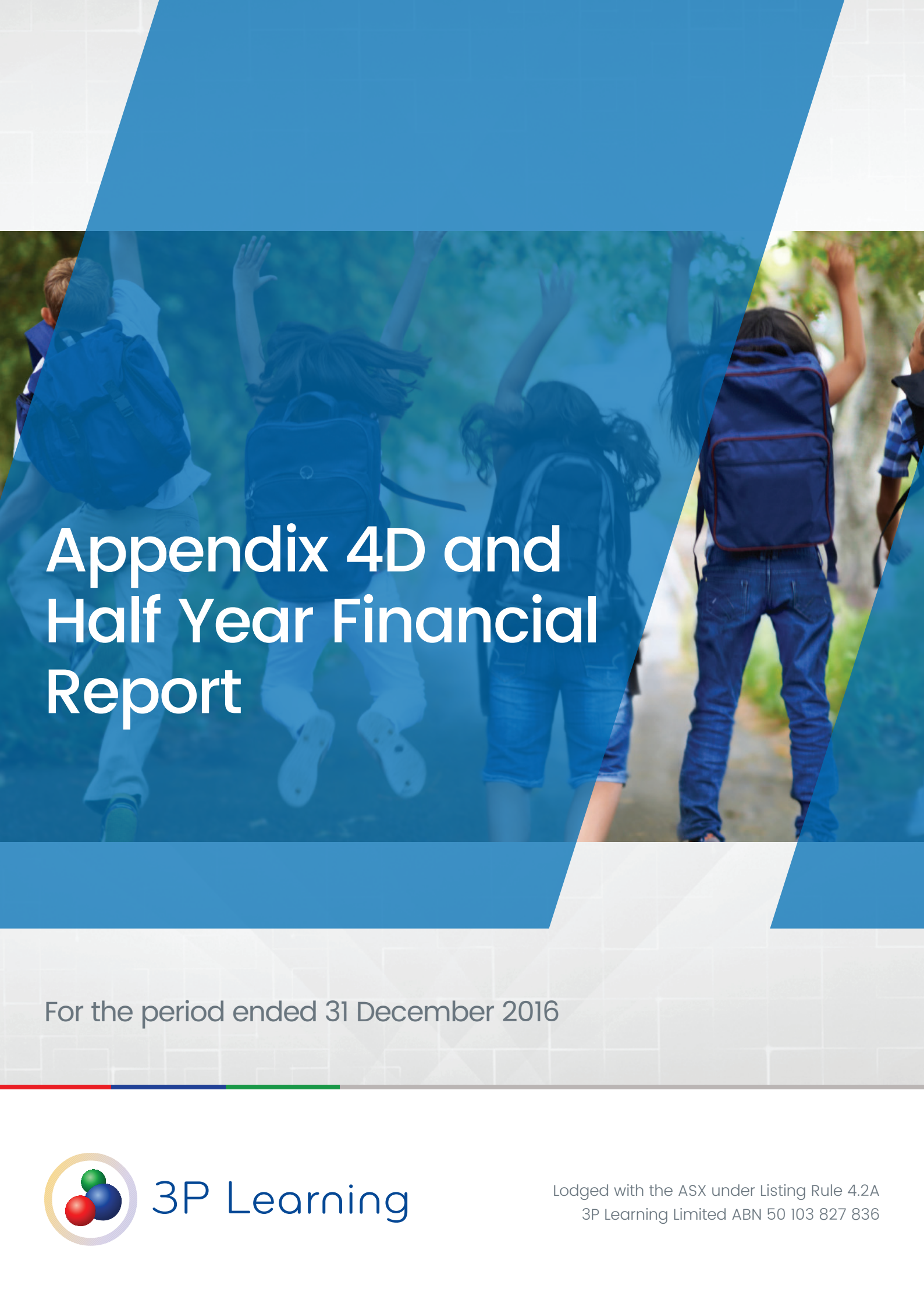


A photograph of several children jumping joyfully in a park-like setting. They are wearing backpacks and their arms are raised in the air. The image is partially covered by a large blue geometric overlay that frames the title text.

Appendix 4D and Half Year Financial Report

For the period ended 31 December 2016



3P Learning

Lodged with the ASX under Listing Rule 4.2A
3P Learning Limited ABN 50 103 827 836

3P Learning Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	3P Learning Limited
ABN:	50 103 827 836
Reporting period:	For the half-year ended 31 December 2016
Previous period:	For the half-year ended 31 December 2015

2. Results for announcement to the market

			\$'000
Revenues from ordinary activities	up	10.2% to	25,080
Operating profit before interest, tax, impairment and restructuring costs	up	12.8% to	5,172
Loss from ordinary activities after tax attributable to the owners of 3P Learning Limited	down	384.6% to	(8,868)
Loss for the half-year attributable to the owners of 3P Learning Limited	down	384.6% to	(8,868)

Dividends

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

Comments

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	14.86	13.20

4. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Learnosity Holdings Limited	40.00%	23.07%	187	314
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			187	314

5. 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.

6. Attachments

Details of attachments (if any):

The Half Year Financial Report of 3P Learning Limited for the half-year ended 31 December 2016 is attached.

7. Signed



Signed _____

Date: 23 February 2017

Samuel Weiss
Chairman
Sydney

3P Learning Limited

ABN 50 103 827 836

Half Year Financial Report - 31 December 2016

3P Learning Limited
Directors' report
31 December 2016

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 2016.

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)
Rebekah O'Flaherty
Roger Amos
Claire Hatton

Principal activities

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

Review of operations

Total revenue for the half year ended 31 December 2016 grew 10.2% to \$25,080,000 (31 December 2015: \$22,762,000). Operating profit increased by 12.8% to \$5,172,000 (31 December 2015: \$4,585,000).

Licence revenue grew 16% in Asia Pacific (formerly 'ANZ') and 13% in Americas segments, whilst EMEA licence revenue declined 6%, although growing strongly by 21% in base currency. The devaluation of Pound Sterling ('GBP') impacted Group results by \$1,724,000.

During the period, the Group implemented a new subscription billing process with auto renewals which changed the timing of invoicing to better meet customer's buying needs and requirements, improve working capital, and renewal rates. This resulted in the recognition of higher revenue for the Reading Eggs product in the first half of the financial year. In previous financial years, the timing of invoicing adopted by the Group resulted in higher revenue for the Reading Eggs product and operating profits in the second half of the financial year. This information is provided to give an appreciation of the results, however management have concluded that this is not a "highly seasonal" business as considered by AASB 134 'Interim Financial Reporting'.

Licence numbers for the Group increased 2% from 5.6 million to 5.7 million. Licence growth was impacted by a decline of 185,000 licenses associated with a Middle East contract which was not renewed in the period. Retention rates of the Group have remained strong over the period and improvements to the secondary interface have improved retention rates and new customer wins in the category.

Operational performance in all segments improved as the Group continues its strategy to move to a global operating model reducing costs through centralisation and digitisation. Operating expenses excluding depreciation and amortisation increased by \$441,000.

The new leadership team of the Group have undertaken a strategic review and set a new 3-year plan which resulted in non-recurring restructuring charges of \$849,000. The first priority of the plan was to strengthen the product portfolio with a focus on Maths and Literacy. As a result a decision was made to withdraw from further development and sales of IntoScience. This led to the redesign of the technological platform which underpins Mathletics and Spellodrome, and to convert content into the more contemporary technology of HTML5 from Adobe Flash. As a result an impairment of \$11,288,000 has been recorded during the half year ended 31 December 2016. The online K-12 education industry is a fast-moving industry and the rate of technological change and competition is increasing. The new strategic direction and development practices adopted will enable faster product development. Consequently effective from 1 January 2017, the useful life of product development assets will be reduced from five years to three years.

During the half year ended 31 December 2016, the Group invested \$4,397,000 into new product development assets, reflecting a more focused and centralized development approach. The net carrying value of product development assets after new investment, impairment and amortisation amounted to \$8,303,000 (30 June 2016: \$17,941,000).

3P Learning Limited
Directors' report
31 December 2016

At the reporting date, the Group assessed that the fair value of its investment in Desmos Inc. had significantly declined below its cost and as a result, an impairment of \$3,997,000 was recorded reducing the assets carrying value to \$2,610,000 (30 June 2016: \$6,607,000).

The Group writedowns are non-cash and non-recurring and not expected to impact on future operational performance or cash flows. The loss for the half-year after providing for income tax amounted to \$8,786,000 (31 December 2015: Profit of \$3,169,000).

Significant changes in the state of affairs

On 24 August 2016, the Group amended the HSBC bank loan facilities agreements from \$20,000,000 to \$30,000,000.

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

The Group has a 60% ownership interest in Mathletics LLP, an offshoring software development entity, located in Pune, India. These operations are to be discontinued with notice provided to the organisation on 24 January 2017. The costs of the closure is expected to be no more than \$500,000.

The Group has reassessed the useful life of product development assets and effective from 1 January 2017, the useful life has been reduced to three years from five years.

No other matter or circumstance has arisen since 31 December 2016 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 Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument 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 immediately after this directors' report.

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

23 February 2017

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 2016, 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
23 February 2017

3P Learning Limited
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31 December 2016

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3P Learning Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2016

		Consolidated	
	Note	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Revenue	4	25,080	22,762
Share of profits of associates accounted for using the equity method		187	314
Other income	5	21	276
Expenses			
Employee benefits expense		(11,739)	(10,121)
Depreciation and amortisation expense		(3,258)	(2,350)
Professional fees		(696)	(1,370)
Technology costs		(1,306)	(1,030)
Marketing expenses		(812)	(1,469)
Occupancy expenses		(1,340)	(1,090)
Administrative expenses		(965)	(1,337)
Operating profit		5,172	4,585
Finance costs		(632)	(309)
Impairment of assets		(15,285)	-
Restructuring costs		(849)	-
Profit/(loss) before income tax (expense)/benefit		(11,594)	4,276
Income tax (expense)/benefit		2,808	(1,107)
Profit/(loss) after income tax (expense)/benefit for the half-year		(8,786)	3,169
Other comprehensive income/(loss)			
<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		(85)	(156)
Foreign currency translation		95	(66)
Other comprehensive income/(loss) for the half-year, net of tax		10	(222)
Total comprehensive income/(loss) for the half-year		(8,776)	2,947
Profit/(loss) for the half-year is attributable to:			
Non-controlling interest		82	53
Owners of 3P Learning Limited		(8,868)	3,116
		(8,786)	3,169
Total comprehensive income/(loss) for the half-year is attributable to:			
Non-controlling interest		82	53
Owners of 3P Learning Limited		(8,858)	2,894
		(8,776)	2,947
		Cents	Cents
Basic earnings per share	14	(6.38)	2.31
Diluted earnings per share	14	(6.38)	2.31

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

3P Learning Limited
Statement of financial position
As at 31 December 2016

		Consolidated	
	Note	31 Dec 2016	30 Jun 2016
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		4,233	4,281
Trade and other receivables	6	23,889	7,980
Income tax receivable		-	48
Other		23	24
Total current assets		<u>28,145</u>	<u>12,333</u>
Non-current assets			
Royalty receivable		67	80
Investments accounted for using the equity method		49,071	48,884
Available-for-sale financial assets	7	2,610	6,607
Property, plant and equipment		1,120	1,216
Intangibles	8	14,401	23,917
Deferred tax		11,088	5,881
Total non-current assets		<u>78,357</u>	<u>86,585</u>
Total assets		<u>106,502</u>	<u>98,918</u>
Liabilities			
Current liabilities			
Trade and other payables	9	9,156	10,745
Derivative financial instruments		-	313
Income tax		1,385	-
Provisions		1,553	2,036
Deferred revenue		30,920	28,423
Finance lease payable		9	9
Total current liabilities		<u>43,023</u>	<u>41,526</u>
Non-current liabilities			
Borrowings	10	24,500	11,500
Provisions		412	549
Deferred revenue		3,457	1,754
Finance lease payable		35	40
Total non-current liabilities		<u>28,404</u>	<u>13,843</u>
Total liabilities		<u>71,427</u>	<u>55,369</u>
Net assets		<u>35,075</u>	<u>43,549</u>
Equity			
Issued capital	11	34,092	33,951
Reserves		7,553	7,382
Retained profits/(accumulated losses)		(6,708)	2,160
Equity attributable to the owners of 3P Learning Limited		<u>34,937</u>	<u>43,493</u>
Non-controlling interest		138	56
Total equity		<u>35,075</u>	<u>43,549</u>

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 2016

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'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/(loss) 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	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>

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits/(accumulated losses) \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	33,951	7,382	2,160	56	43,549
Profit/(loss) after income tax benefit for the half-year	-	-	(8,868)	82	(8,786)
Other comprehensive income for the half-year, net of tax	-	10	-	-	10
Total comprehensive income/(loss) for the half-year	-	10	(8,868)	82	(8,776)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	141	(141)	-	-	-
Share-based payments	-	302	-	-	302
Balance at 31 December 2016	<u>34,092</u>	<u>7,553</u>	<u>(6,708)</u>	<u>138</u>	<u>35,075</u>

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

3P Learning Limited
Statement of cash flows
For the half-year ended 31 December 2016

		Consolidated	
	Note	31 Dec 2016	31 Dec 2015
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,950	17,691
Payments to suppliers and employees (inclusive of GST)		(19,477)	(22,139)
Interest received		13	128
Interest and other finance costs paid		(480)	(224)
Income taxes paid		(750)	(226)
		<u> </u>	<u> </u>
Net cash used in operating activities		(4,744)	(4,770)
Cash flows from investing activities			
Payment for previous year's business combinations	13	(294)	(429)
Payments for investments in associates		(3,256)	(19,149)
Payments for property, plant and equipment		(145)	(269)
Payments for intangibles		(4,640)	(5,753)
Proceeds from disposal of property, plant and equipment		30	-
Proceeds from release of security deposits		1	501
		<u> </u>	<u> </u>
Net cash used in investing activities		(8,304)	(25,099)
Cash flows from financing activities			
Proceeds from borrowings		13,000	7,000
Dividends paid		-	(2,404)
Repayment of borrowings		-	(2,503)
		<u> </u>	<u> </u>
Net cash from financing activities		13,000	2,093
		<u> </u>	<u> </u>
Net decrease in cash and cash equivalents		(48)	(27,776)
Cash and cash equivalents at the beginning of the financial half-year		4,281	30,886
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>4,233</u></u>	<u><u>3,110</u></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 (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 23 February 2017. 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 2016 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 2016 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 or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended 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 2016 and are not expected to have any significant impact for the full financial year ending 30 June 2017.

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

Net current asset deficiency

As at 31 December 2016, the Group was in a net current liability position of \$14,878,000 (30 June 2016: \$29,193,000) of which \$30,920,000 (30 June 2016: \$28,423,000) is deferred revenue which will be recognised as income in the next 12 months with no further cash outflows to the Group. Further, there is \$5,500,000 of the working capital debt facility available. Accordingly, the financial statements continue to be prepared on a going concern basis.

Comparatives

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

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into geographic operating segments: Asia-Pacific ('APAC' formerly '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.

3P Learning Limited
Notes to the financial statements
31 December 2016

Note 3. Operating segments (continued)

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.

Operating segment information

Consolidated - 31 Dec 2016	APAC \$'000	Americas \$'000	EMEA \$'000	Total \$'000
Revenue				
Sales to external customers	15,696	3,336	5,956	24,988
Other revenue	14	71	7	92
Total sales revenue	15,710	3,407	5,963	25,080
Total revenue	15,710	3,407	5,963	25,080
Adjusted EBITDA*	8,612	(1,615)	1,233	8,230
Depreciation and amortisation				(3,258)
Share of profit - associates				187
Interest revenue				13
Finance costs				(632)
Other non-cash expenses - Restructuring and impairment expenses				(16,134)
Loss before income tax benefit				(11,594)
Income tax benefit				2,808
Loss after income tax benefit				(8,786)

* Adjusted EBITDA is after inter-segment royalty expense incurred by Americas segment of \$1,331,000 and EMEA segment of \$2,250,000.

Consolidated - 31 Dec 2015	APAC \$'000	Americas \$'000	EMEA \$'000	Total \$'000
Revenue				
Sales to external customers	12,863	2,976	6,362	22,201
Other revenue	546	-	15	561
Total revenue	13,409	2,976	6,377	22,762
Adjusted 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

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

3P Learning Limited
Notes to the financial statements
31 December 2016

Note 4. Revenue

	Consolidated	Consolidated
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
License fees	20,262	20,083
Sponsorship income	158	383
Sale of workbooks	13	-
Copyright license fees	8	-
Other	89	135
Net commission revenue	4,550	2,161
	<u>25,080</u>	<u>22,762</u>
Revenue	<u>25,080</u>	<u>22,762</u>

Note 5. Other income

	Consolidated	Consolidated
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Interest	13	128
Other	8	148
	<u>21</u>	<u>276</u>
Other income	<u>21</u>	<u>276</u>

Note 6. Current assets - trade and other receivables

	Consolidated	Consolidated
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Trade receivables	22,871	7,098
Less: Provision for impairment of receivables	(125)	(20)
	<u>22,746</u>	<u>7,078</u>
Other receivables	212	230
Prepayments	931	672
	<u>1,143</u>	<u>902</u>
	<u>23,889</u>	<u>7,980</u>

Note 7. Non-current assets - available-for-sale financial assets

	Consolidated	Consolidated
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Unlisted ordinary shares - 17.2% interest in Desmos Inc	<u>2,610</u>	<u>6,607</u>
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:		
Opening fair value	6,607	6,607
Impairment of assets	(3,997)	-
Closing fair value	<u>2,610</u>	<u>6,607</u>

Note 7. Non-current assets - available-for-sale financial assets (continued)

Refer to note 13 for further information on fair value measurement.

At the reporting date, the Group assessed that the fair value of its investment in Desmos Inc. had significantly declined below its cost since 30 June 2016. The decline in fair value was a result of lower growth projections due to a change in forecasted customer mix. As a result, an impairment of \$3,997,000 was recorded.

Note 8. Non-current assets - intangibles

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Goodwill - at cost	4,574	4,414
Product development - at cost	29,078	24,683
Less: Accumulated amortisation	(9,487)	(6,742)
Less: Impairment	(11,288)	-
	<u>8,303</u>	<u>17,941</u>
Patents and trademarks - at cost	3,074	3,074
Less: Accumulated amortisation	(3,032)	(2,982)
	<u>42</u>	<u>92</u>
Customer contracts - at cost	352	316
Less: Accumulated amortisation	(346)	(276)
	<u>6</u>	<u>40</u>
Software - at cost	2,104	1,861
Less: Accumulated amortisation	(628)	(431)
	<u>1,476</u>	<u>1,430</u>
	<u><u>14,401</u></u>	<u><u>23,917</u></u>

Reconciliations

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

	Goodwill	Product	Patents and	Customer	Software	Total
	\$'000	development	trademarks	contracts	\$'000	\$'000
Consolidated		\$'000	\$'000	\$'000		
Balance at 1 July 2016	4,414	17,941	92	40	1,430	23,917
Additions	-	4,397	52	-	191	4,640
Exchange differences	160	-	-	-	-	160
Impairment of assets	-	(11,288)	-	-	-	(11,288)
Amortisation expense	-	(2,747)	(102)	(34)	(145)	(3,028)
Balance at 31 December 2016	<u>4,574</u>	<u>8,303</u>	<u>42</u>	<u>6</u>	<u>1,476</u>	<u>14,401</u>

During the half year ended 31 December 2016, the new leadership team of the Group has undertaken a strategic review with the first priority of the plan to strengthen the product portfolio with a focus on Maths and Literacy. As a result, a decision was made to withdraw from further development and sales of IntoScience. This led to the redesign of the technological platform which underpins Mathletics and Spellodrome, and to convert content into the more contemporary technology of HTML5 from Adobe Flash.

As a result, an impairment of \$11,288,000 has been recorded during the half year ended 31 December 2016. The impairment loss represents the difference between the assets carrying amount and its recoverable amount.

Note 9. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Trade payables	1,200	1,281
Accrued expenses	4,018	2,640
Deferred consideration on investments	2,523	5,779
Goods and service tax	1,260	735
Other payables	155	310
	<u>9,156</u>	<u>10,745</u>

Note 10. Non-current liabilities - borrowings

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Bank loans	<u>24,500</u>	<u>11,500</u>

The Group has the following banking facilities with HSBC Bank:

- Facility A - Acquisition and general corporate facility of \$20,000,000, maturing on 24 August 2019;
- Facility B - General corporate facility of \$10,000,000, maturing on 28 February 2018; and
- Facility C - Bank guarantee and other ancillary facility for \$2,000,000, maturing on 24 August 2019.

The facilities are subject to variable interest rate, which is based on bank bill swap rate ('BBSY'), plus a margin. 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 2016	30 Jun 2016
	\$'000	\$'000
Bank loans	24,500	11,500
Lease liability	44	49
	<u>24,544</u>	<u>11,549</u>

3P Learning Limited
Notes to the financial statements
31 December 2016

Note 10. Non-current liabilities - borrowings (continued)

Financing arrangements

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

	Consolidated	
	31 Dec 2016	30 Jun 2016
	\$'000	\$'000
Total facilities		
Bank loans - acquisition and general corporate facility	30,000	20,000
Bank guarantee and ancillary facility	2,000	2,000
Lease liability	44	49
	<u>32,044</u>	<u>22,049</u>
Used at the reporting date		
Bank loans - acquisition and general corporate facility	24,500	11,500
Bank guarantee and ancillary facility	1,952	1,839
Lease liability	44	49
	<u>26,496</u>	<u>13,388</u>
Unused at the reporting date		
Bank loans - acquisition and general corporate facility	5,500	8,500
Bank guarantee and ancillary facility	48	161
Lease liability	-	-
	<u>5,548</u>	<u>8,661</u>

Note 11. Equity - issued capital

	Consolidated			
	31 Dec 2016	30 Jun 2016	31 Dec 2016	30 Jun 2016
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>139,134,170</u>	<u>139,034,170</u>	<u>34,092</u>	<u>33,951</u>

Movements in ordinary share capital

Details	Date	Shares	\$'000
Balance	1 July 2016	139,034,170	33,951
Issue of shares	15 September 2016	<u>100,000</u>	<u>141</u>
Balance	31 December 2016	<u>139,134,170</u>	<u>34,092</u>

Note 12. Equity - dividends

Current period

There were no dividends paid, recommended or declared during the current financial half-year.

Previous period

A final dividend was declared on 26 August 2015 for the year ended 30 June 2015 of 1.8 cents per ordinary share totalling \$2,428,000 and was paid on 22 October 2015 to shareholders registered on 8 October 2015.

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 2016	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Ordinary shares available-for-sale	-	-	2,610	2,610
Total assets	-	-	2,610	2,610
Consolidated - 30 Jun 2016	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	-	-	294	294
Forward foreign exchange contracts	-	313	-	313
Total liabilities	-	313	294	607

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

The carrying amounts of trade and other receivables and trade and other payables approximate their fair values due to their short-term nature. The carrying value of borrowings also approximates fair value since they are subject to variable interest rate and credit risk of the Group. 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 value of the unquoted ordinary shares has been estimated using a discounted cash flow method. The valuation requires management to make certain assumptions about the inputs, including forecast cash flows, growth rate and discount rate.

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 2016	6,607	(294)	6,313
Losses recognised in profit or loss	(3,997)	-	(3,997)
Payout	-	294	294
Balance at 31 December 2016	2,610	-	2,610

3P Learning Limited
Notes to the financial statements
31 December 2016

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%	A change in the growth rate by 0.25% results in a change in the fair value by \$25,000.
	Weighted average cost of capital (WACC)	19.6%	A change in the WACC by 0.50% results in a change in the fair value by \$77,000.

Note 14. Earnings per share

	Consolidated	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Profit/(loss) after income tax	(8,786)	3,169
Non-controlling interest	(82)	(53)
Profit/(loss) after income tax attributable to the owners of 3P Learning Limited	<u>(8,868)</u>	<u>3,116</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>139,092,865</u>	<u>135,180,400</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>139,092,865</u>	<u>135,180,400</u>
	Cents	Cents
Basic earnings per share	(6.38)	2.31
Diluted earnings per share	(6.38)	2.31

Note 15. Events after the reporting period

The Group has a 60% ownership interest in Mathletics LLP, an offshoring software development entity, located in Pune, India. These operations are to be discontinued with notice provided to the organisation on 24 January 2017. The costs of the closure is expected to be no more than \$500,000.

The Group has reassessed the useful life of product development assets and effective from 1 January 2017, the useful life has been reduced to three years from five years.

No other matter or circumstance has arisen since 31 December 2016 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.

3P Learning Limited
Directors' declaration
31 December 2016

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 2016 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

23 February 2017

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 2016, 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 2016 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 2016 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
23 February 2017

3P Learning Limited
Corporate directory
31 December 2016

Directors	Samuel Weiss - Independent Non-Executive Chairman Rebekah O'Flaherty - Chief Executive Officer Roger Amos - Independent Non-Executive Director Claire Hatton - Independent Non-Executive Director
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 The EY Centre Level 34, 200 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

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