Appendix 4D and Half-Year Financial Report

For the half-year ended 31 December 2019

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:	The half-year ended 31 December 2019
Previous period:	The half-year ended 31 December 2018

2. Results for announcement to the market

		$'000
Revenues from ordinary activities	down 3.6% to	23,161
Loss from ordinary activities after tax attributable to the owners of 3P Learning Limited	down 193.6% to	1,878
Loss for the half-year attributable to the owners of 3P Learning Limited	down 193.6% to	1,878

The Group has adopted Accounting Standard AASB 16 'Leases' and AASB Interpretation 23 'Uncertainty over Income Tax Treatments' for the half-year ended 31 December 2019. The Accounting Standard was adopted using the modified retrospective approach. Refer to note 2 for further details.

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

Comments
The loss for the Group after providing for income tax amounted to $1,878,000 (31 December 2018: profit of $2,007,000).

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

3. Net tangible assets

	31 Dec 2019 Cents	31 Dec 2018 Cents
Net tangible assets per ordinary security*	(0.54)	1.60

*The Group has adopted the Accounting Standard AASB 16 'Leases' for the half-year ended 31 December 2019. The Accounting Standard was adopted using the modified retrospective approach. Refer to note 2 of the financial report for further details. In accordance with ASIC guidance '19-341MR Financial reporting focuses for 31 December 2019', as at 31 December 2019 right-of-use assets of$3,385,000 arising upon adoption in the current half-year of Accounting Standard AASB 16 'Leases' have been excluded from the calculation of net tangible assets, however lease receivables of $1,984,000 and lease liabilities of $5,585,000 arising in a similar way have been included. Excluding right-of-use assets, lease receivables and lease liabilities arising upon adoption of Accounting Standard AASB 16 'Leases', net tangible assets per ordinary security as at 31 December 2019 are 1.99 cents.

4. 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.

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5. Attachments

Details of attachments (if any):
The Half-Year Financial Report of 3P Learning Limited for the half-year ended 31 December 2019 is attached.

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6. Signed

Signed ____________________________ Date: 14 February 2020

Samuel Weiss
Chairman
Sydney

3P Learning Limited

ABN 50 103 827 836

Half-Year Financial Report - 31 December 2019

3P Learning Limited
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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 2019.

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 (Chief Executive Officer)
Roger Amos
Claire Hatton
Mark Lamont

Principal activities

The Group operates within the education technology sector. During the financial half-year, the principal continuing activities of the Group consisted of the development, sales and marketing of educational software to schools and to parents of school-aged students, delivered via a software-as-a-service subscription model.

Review of operations

The loss for the Group after providing for income tax amounted to $1,878,000 (31 December 2018: profit of $2,007,000).

Total revenue for the half-year ended 31 December 2019 was $23,010,000 (31 December 2018: $23,877,000). APAC revenue decreased from the prior corresponding half-year due to increased churn in FY19, offset by improvements in retention and new business from continuing products this half-year. EMEA revenue declined as a result of uncertain market conditions due to political instability from the withdrawal of the United Kingdom from the European Union and government school funding cuts. Revenue in the Americas segment was up 20% on the prior year due to accelerated sales growth and the expanded distribution rights of Mathseeds.

Operating loss was $1,941,000 (31 December 2018: profit of $2,433,000). The reduction is due to the decrease in revenue and higher operating expenses relating to increases in sales and marketing staff in the Americas, online marketing costs and foreign exchange losses, partially offset by a reduction in occupancy expenses as a result of the adoption of AASB 16 'Leases'. The adoption of AASB 16 'Leases' has decreased occupancy expenses, and increased the depreciation and amortisation expense and finance costs following the recognition of right-of-use assets and increase in lease liabilities.

Management have concluded that this is not a "highly seasonal" business as considered by AASB 134 'Interim Financial Reporting'.

Significant changes in the state of affairs

There were no 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

No matter or circumstance has arisen since 31 December 2019 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

14 February 2020

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

As lead auditor for the review of the half-year financial report of 3P Learning Limited for the half-year ended 31 December 2019, 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

Ernst & Young

RRobinson

Renay C Robinson
Partner
14 February 2020

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $'000	Consolidated 31 Dec 2018 $'000
Revenue	4	**23,010**	23,877
Other income		**68**	127
Interest revenue calculated using the effective interest method		**151**	138
Expenses			
Employee benefits expense		**(14,095)**	(12,511)
Depreciation and amortisation expense		**(5,578)**	(4,639)
Professional fees		**(701)**	(376)
Technology costs		**(1,754)**	(1,641)
Marketing expenses		**(1,020)**	(655)
Occupancy expenses		**(627)**	(1,269)
Administrative expenses and foreign exchange	5	**(1,395)**	(618)
Operating (loss)/profit		**(1,941)**	2,433
Finance costs		**(148)**	(88)
(Loss)/profit before income tax benefit/(expense)		**(2,089)**	2,345
Income tax benefit/(expense)		**211**	(338)
(Loss)/profit after income tax benefit/(expense) for the half-year attributable to owners of 3P Learning Limited		**(1,878)**	2,007
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation		**128**	(93)
Other comprehensive income/(loss) for the half-year, net of tax		**128**	(93)
Total comprehensive (loss)/income for the half-year attributable to owners of 3P Learning Limited		**(1,750)**	1,914
		Cents	Cents
Basic earnings per share	13	**(1.35)**	1.44
Diluted earnings per share	13	**(1.35)**	1.44

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 2019

Assets	Note	Consolidated 31 Dec 2019 $'000	30 June 2019 $'000
Current assets			
Cash and cash equivalents		**12,464**	25,766
Trade and other receivables	6	**10,147**	9,000
Lease receivables		**535**	-
Income tax receivables		**199**	-
Other current assets		**1,880**	1,812
Total current assets		**25,225**	36,578
Non-current assets			
Plant and equipment		**774**	1,042
Intangibles	7	**20,396**	19,551
Right-of-use assets		**3,385**	-
Lease receivables		**1,449**	-
Deferred tax asset		**5,375**	5,031
Other non-current assets		**34**	17
Total non-current assets		**31,413**	25,641
Total assets		**56,638**	62,219
Liabilities			
Current liabilities			
Trade and other payables	8	**4,374**	7,288
Contract liabilities		**19,312**	24,310
Lease liabilities		**1,537**	14
Income tax payables		**74**	389
Provisions		**1,237**	1,479
Total current liabilities		**26,534**	33,480
Non-current liabilities			
Contract liabilities		**2,343**	3,356
Lease liabilities		**4,048**	4
Provisions		**679**	755
Total non-current liabilities		**7,070**	4,115
Total liabilities		**33,604**	37,595
Net assets		**23,034**	24,624
Equity			
Issued capital	10	**34,443**	34,374
Reserves		**8,200**	8,049
Accumulated losses		**(19,609)**	(17,799)
Total equity		**23,034**	24,624

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 2019

	Issued capital $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Total equity $'000
Consolidated 2019				
Balance at 1 July 2019	**34,374**	**8,049**	**(17,799)**	**24,624**
Opening balance adjustment on initial application of AASB 16 'Leases' (note 2)	-	-	68	68
Loss after income tax benefit for the half-year	-	-	(1,878)	(1,878)
Other comprehensive income for the half-year, net of tax	-	128	-	128
Total comprehensive income/(loss) for the half-year	-	128	(1,810)	(1,682)
Transactions with owners in their capacity as owners:				
Share-based payments	-	92	-	92
Contributions of equity, net of transaction costs (note 9)	69	(69)	-	-
Balance at 31 December 2019	**34,443**	**8,200**	**(19,609)**	**23,034**

	Issued capital $'000	Reserves $'000	Retained profits/ (accumulated losses) $'000	Total equity $'000
Consolidated 2018				
Balance at 1 July 2018	34,233	8,485	(23,710)	19,008
Profit after income tax expense for the half-year	-	-	2,007	2,007
Other comprehensive loss for the half-year, net of tax	-	(93)	-	(93)
Total comprehensive (loss)/income for the half-year	-	(93)	2,007	1,914
Transactions with owners in their capacity as owners:				
Shared-based payments	-	141	-	141
Contributions of equity, net of transaction costs	141	(141)	-	-
Balance at 31 December 2018	34,374	8,392	(21,703)	21,063

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 2019

	Consolidated	
	31 Dec 2019	31 Dec 2018
Cash flows from operating activities	**$'000**	$'000
Receipts from customers	**19,355**	15,639
Payments to suppliers and employees	**(26,488)**	(22,876)
Interest received	**131**	130
Interest and other finance costs paid	**(148)**	(88)
Income taxes paid	**(798)**	(1,086)
Net cash outflow from operating activities	**(7,948)**	(8,281)
Cash flows from investing activities		
Receipts from sub-leases	**254**	-
Payments for plant and equipment	**(85)**	(304)
Payments for intangibles	**(4,925)**	(4,233)
Net cash outflow from investing activities	**(4,756)**	(4,537)
Cash flows from financing activities		
Repayment of lease liabilities	**(671)**	-
Repayment of borrowings	**-**	**(6)**
Net cash outflow financing activities	**(671)**	**(6)**
Net decrease in cash and cash equivalents	**(13,375)**	(12,824)
Cash and cash equivalents at the beginning of the financial half-year	**25,766**	23,014
Effects of exchange rate changes on cash and cash equivalents	**73**	(120)
Cash and cash equivalents at the end of the financial half-year	**12,464**	10,070

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 14 February 2020. 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 2019 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 2019 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.

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 following Accounting Standard and Interpretation are most relevant to the Group.

AASB Interpretation 23 'Uncertainty over Income Tax Treatments'
The Group has adopted AASB Interpretation 23 from 1 July 2019. In the past, the Group has only recognised claims against tax authorities when considered virtually certain. Following transition, claims are recognised when probable. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to the Research and Development Tax Incentive in Australia. The Group has determined, based on its past claims, it is probable that the current estimated tax treatment will be accepted by Australian Taxation Office and the tax provision is calculated in line with tax filings.

Note 2. Significant accounting policies (continued)

AASB 16 'Leases'

The Group has adopted AASB 16 from 1 July 2019. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires all leases to be accounted for under a single on-balance sheet model. As a lessee, the Group recognises right-of-use assets representing its rights to use the underlying assets, and lease liabilities, for all leases with a term of more than twelve months, exempting those leases where the underlying assets are deemed to be a low value. As a lessor, the Group classifies the leases either as operating leases or finance leases. This is described further in the accounting policies below.

AASB 16 was adopted using the modified retrospective approach and as such comparatives have not been restated. The impact on transition is summarised below:

	1 July 2019 $'000
Recognition of lease receivables	2,231
Recognition of right-of-use assets	3,886
Recognition of lease liabilities	(6,291)
Derecognition of other current assets	(28)
Derecognition of plant and equipment	(145)
Derecognition of trade and other payables	230
Derecognition of provisions	126
Net impact on retained earnings before tax	9
Recognition of net deferred tax asset	59
Net impact on retained earnings after tax	68

Lessee accounting

The Group holds various office premises leases and office equipment leases across the world. These leasing contracts are typically made for fixed periods of two to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

At transition, for leases classified as operating leases under AASB 117 'Leases', lease liabilities were measured at the present value of the remaining lease payments, discounted using the determined incremental borrowing rate, as appropriate for each identified lease arrangement, as at 1 July 2019. Right-of-use assets were measured at their carrying amount as if AASB 16 had been applied since the lease commencement date, and were discounted using the lease's incremental borrowing rate at the date of initial application.

The Group continues to recognise leases that were classified as finance leases under AASB 117 on the balance sheet under AASB 16. The carrying amount of the right-of-use assets and lease liabilities at 1 July 2019 were determined to be the carrying amount of the lease assets and lease liabilities under AASB 117 immediately before that date.

The Group has elected to apply the transition practical expedients of accounting for leases where the lease term ends within twelve months of the date of initial application in the same way as short-term leases, use of hindsight with regards to determination of the lease term where the contract contains options to extend or terminate the lease, and excluding initial direct costs from the measurement of the right-of-use assets at the date of initial application.

Note 2. Significant accounting policies (continued)

The following is a reconciliation of total operating lease commitments as at 30 June 2019 to lease liabilities as at 1 July 2019:

	$'000
Operating lease obligations as at 30 June 2019	6,433
Lease payments under AASB 16 that were not considered as lease payments under AASB 117	253
Minimum lease payments (notional amount) on finance lease liabilities as at 30 June 2019	20
Other adjustments	33
Gross lease liabilities as at 1 July 2019	6,739
Present value discounting adjustment at weighted average rate of 3.36%	(430)
Lease liabilities as at 1 July 2019	6,309
Present value of finance lease liabilities as at 30 June 2019	(18)
Additional lease liabilities as a result of the initial application of AASB 16 as at 1 July 2019	6,291

Lessor accounting
As a lessor, the Group classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset and classified as an operating lease if it does not.

The Group earns rental income from the sub-lease of an office premise. The agreement was classified as an operating lease under AASB 117, and is now classified as a finance lease under AASB 16, as the risks and rewards incidental to the ownership of the right-of-use asset arising from the head lease have been substantially transferred to the lessee. Accordingly, at 1 July 2019, the Group recognised a total of $2,231,000 lease receivable as a finance lease in accordance with AASB 16. The lease receivable represents the present value of the remaining sub-lease term and applied the relevant incremental borrowing rate. Subsequent to initial measurement, the lease receivable is decreased by the sub-lease payment received and increased by interest revenue (unwinding of discounting).

Leases

The determination of whether a contract or part of a contract is or contains a lease is based on the substance of the arrangement at inception date. It will be considered as a lease if it conveys the right to use an asset (the underlying asset) for a period in exchange for consideration.

Group as a lessee
Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment testing.

Lease liabilities are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed payments or a change in the assessment to purchase the underlying asset.

For leases where short term lease exemption or low value lease exemption applies, lease payments are recognised as an expense on a straight-line basis over the lease term.

Note 2. Significant accounting policies (continued)

Group as a lessor
Leases in which the Group transfers substantially all the risks and rewards incidental to the ownership of an asset are classified as finance leases. Leases in which the Group as a lessor effectively retains substantially all the risks and benefits incidental to the ownership of an asset are classified as operating leases.

Assets held under a finance lease are presented as a receivable at an amount equal to the net investment in the lease. Interest revenue is recognised over the lease term, based on a pattern reflecting the implicit rate of return on a lessor's net investment in the lease.

Significant judgement in determining the lease term of contracts with renewal options
The Group has the option, under some of its leases, to lease the assets for additional periods. The Group applies judgement in evaluating whether it is reasonably certain to be exercised. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew.

Net current asset deficiency

As at 31 December 2019, the Group was in a net current liability position of $1,309,000 (30 June 2019: net current asset position of $3,098,000) of which $19,312,000 (30 June 2019: $24,310,000) represent contract liabilities which are expected to be recognised as revenue in the next twelve months with no further cash outflows to the Group. Further, there is $10,000,000 (30 June 2019: $10,000,000) 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, and the statement of financial position, and the statement of cash flows have been realigned to current year presentation. There has been no effect on the profit for the comparative period.

Note 3. Operating segment

Identification of reportable operating segments
The Group is organised into geographic operating segments: Asia-Pacific ('APAC'), the United States of 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, and depreciation and amortisation) and adjusted EBITDA (earnings before interest, tax, depreciation and amortisation, and intersegment royalty expense). 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 2019	APAC $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	12,533	4,935	5,542	23,010
Interest revenue	99	40	12	151
Total revenue	12,632	4,975	5,554	23,161
EBITDA	**3,828**	**(1,001)**	**659**	**3,486**
Intersegment royalty	(3,152)	1,228	1,924	-
Adjusted EBITDA	**676**	**227**	**2,583**	**3,486**
Depreciation and amortisation				(5,578)
Interest revenue				151
Finance costs				(148)
Loss before income tax benefit				**(2,089)**
Income tax benefit				211
Loss after income tax benefit				**(1,878)**

Note 3. Operating segment (continued)

Consolidated 2018	APAC $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	13,740	4,110	6,027	23,877
Interest revenue	138	-	-	138
Total revenue	13,878	4,110	6,027	24,015
EBITDA	6,460	(993)	1,467	6,934
Intersegment royalty	(3,556)	1,371	2,185	-
Adjusted EBITDA	2,904	378	3,652	6,934
Depreciation and amortisation				(4,639)
Interest revenue				138
Finance costs				(88)
Profit before income tax expense				2,345
Income tax expense				(338)
Profit after income tax expense				2,007

Note 4. Revenue

Disaggregation of revenue
Revenue from contracts with customers is disaggregated into the following categories:

	Consolidated	
	31 Dec 2019 $'000	31 Dec 2018 $'000
Revenue from contracts with customers		
Licence fees	**18,598**	20,777
Net commission revenue	**4,167**	2,695
Other revenue	**230**	400
Copyright licence fees	**12**	4
Sales of workbooks	**3**	1
Total revenue	**23,010**	23,877

Note 4. Revenue (continued)

Revenue from external customers by geographic regions is set out in note 3 operating segments. The relationship between the disaggregated revenue information set out above and the segment information set out in note 3 operating segments is explained below.

The Group's main revenue-generating activity is the worldwide sale of online educational programs via licence fees and net commission revenue. The Group generates revenue from both these categories in all operating segments (geographic regions). Sales of workbooks, copyright licence fees, and sponsorship income are ancillary revenue streams and are generated only in the APAC operating segment.

Licence fees are recognised over time. All other revenue streams are recognised at a point in time.

The revenue recognised in the reporting period that was included in the contract liabilities balance at the beginning of the period was $17,092,000 (31 December 2018: $18,607,000). Contract liabilities are generally incurred at the beginning of the contract period.

Note 5. Administrative expenses and foreign exchange

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$'000	$'000
Administrative expenses	**1,107**	1,127
Net foreign exchange loss/(gain)	**288**	(509)
Total administrative expenses and foreign exchange	**1,395**	618

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$'000	$'000
Trade receivables	**9,957**	8,959
Less: Allowance for expected credit losses	**(80)**	(115)
Net trade receivables	**9,877**	8,844
Other receivables	**270**	156
Total trade and other receivables	**10,147**	9,000

Note 7. Non-current assets - intangibles

	Consolidated 31 Dec 2019 $'000	30 Jun 2019 $'000
Goodwill - at cost	**4,584**	4,576
Product development - at cost	**39,162**	49,746
Less: Accumulated amortisation	**(25,527)**	(36,767)
Product development carrying amount	**13,635**	12,979
Patents and trademarks - at cost	**1,892**	1,886
Less: Accumulated amortisation	**(1,810)**	(1,802)
Patents and trademarks carrying amount	**82**	84
Customer contracts - at cost	**1,755**	1,371
Less: Accumulated amortisation	**(1,279)**	(1,106)
Customer contract carrying amount	**476**	265
Software - at cost	**5,178**	4,708
Less: Accumulated amortisation	**(3,559)**	(3,061)
Software carrying amount	**1,619**	1,647
Total intangibles	**20,396**	19,551

In the period ending 31 December 2019, the Group has disposed $15,033,000 of fully amortised product development.

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

Consolidated	Goodwill $'000	Product development $'000	Patents and trademarks $'000	Customer contracts $'000	Software $'000	Total $'000
Balance at 1 July 2019	4,576	12,979	84	265	1,647	19,551
Additions	-	4,449	6	764	470	5,689
Exchange difference	8	-	-	7	-	15
Amortisation expense	-	(3,793)	(8)	(560)	(498)	(4,859)
Balance at 31 December 2019	**4,584**	**13,635**	**82**	**476**	**1,619**	**20,396**

Note 8. Current liabilities - trade and other payables

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$'000	$'000
Trade payables	**922**	1,942
Accrued expenses	**2,383**	4,098
Good and services tax	**838**	975
Other payables	**231**	273
Total trade and other payables	**4,374**	7,288

Note 9. Borrowing facilities

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

	Consolidated	
	31 Dec 2019	30 Jun 2019
	$'000	$'000
Total facilities:		
Bank loans	**10,000**	10,000
Bank guarantee and ancillary facility	**2,000**	2,000
Total facilities	**12,000**	12,000
Used at the reporting date:		
Bank loans	**-**	-
Bank guarantee and ancillary facility	**1,836**	1,798
Total used at the reporting date	**1,836**	1,798
Unused at the reporting date:		
Bank loans	**10,000**	10,000
Bank guarantee and ancillary facility	**164**	202
Total unused at the reporting date	**10,164**	10,202

Note 10. Equity - issued capital

	Consolidated			
	31 Dec 2019	30 Jun 2019	**31 Dec 2019**	30 Jun 2019
	Shares	Shares	**$'000**	$'000
Ordinary shares - fully paid	**139,434,170**	139,334,170	**34,443**	34,374

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2019	139,334,170	34,374
Issue of shares	2 September 2019	100,000	69
Balance	**31 December 2019**	**139,434,170**	**34,443**

Note 11. Equity - dividends

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

Note 12. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables 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 liabilities.

Note 13. Earnings per share

	Consolidated	
	31 Dec 2019	31 Dec 2018
	$'000	$'000
(Loss)/profit after income tax	**(1,878)**	2,007
(Loss)/profit after income tax attributable to the owners of 3P Learning Limited	**(1,878)**	2,007
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	**139,299,555**	139,291,779
Adjustments for calculation of diluted earnings per share:		
Options/rights over ordinary shares	**-**	134,638
Weighted average number of ordinary shares used in calculating diluted earnings per share	**139,299,555**	139,426,417

Note 13. Earnings per share (continued)

	Consolidated	
	31 Dec 2019	31 Dec 2018
	Cents	Cents
Basic earnings per share	**(1.35)**	1.44
Diluted earnings per share	**(1.35)**	1.44

Note 14. Events after the reporting period

No matter or circumstance has arisen since 31 December 2019 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 2019

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 2019 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

14 February 2020

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Independent Auditor's Review Report to the Members of 3P Learning Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of 3P Learning Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial 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*.

Directors' Responsibility for the 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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial 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 the Group, 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.

Building a better working world

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R Robinson

Renay C Robinson
Partner
Sydney
14 February 2020

the award-winning team behind

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3P Learning