3P LEARNING PTY LIMITED

ABN 50 103 827 836

SPECIAL PURPOSE FINANCIAL REPORT
For the year ended 30 June 2013

Contents

Directors' report

The directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of 3P Learning Pty Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2013.

DIRECTORS

The names of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period.

Sandblom, Matthew
Power, Timothy
Handen, Lawrence
Palmero, Jose
Pike, Katherine
Harvey, Alexander
Smith, Grant
Cooney, Belinda - alternate director to Harvey, Alexander

DIVIDENDS

The directors declared a dividend of $2,450,000 (2012: $Nil) for the year ended 30 June 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year was developing, sales and marketing of online educational program to schools and parents of school-aged students. There have been no significant changes in the nature of these activities during the year.

Operating results for the year

The net profit after tax of the Group for the year ended 30 June 2013 was $3,892,475 (2012: $5,012,342).

The net loss after tax of the Company for the year ended 30 June 2013 was $34,382 (2012: net profit of $1,815,844).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There has been no item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

SHARE OPTIONS

No additional shares were issued in the current financial year under the share-based payment plan.

Directors' report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has purchased insurance premiums during the year for directors and officers.

Other than the above, no indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been an officer of the Company.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 4 of the report.

NON-AUDIT SERVICES

During the year Ernst & Young, the Company's auditor, has performed certain other services in addition to their statutory duties.

The directors has considered the non-audit services provided during the year by the auditor and are satisfied that the provision of those non-audit services during the year is compatible with, and not compromise, the auditor independence requirements of the Corporation Act 2001 as the non-audit services provided do not undermine the general principles relating to auditor independence as set out in Professional Statement F1 Professional Independence, as they do not involve reviewing or auditing the auditor's own work, acting in management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Detail of the amount paid to the auditor of the Company, Ernst & Young and its related practices for non-audit services provided during the year are set out below:

	2013 **$**	2012 $
Research & Development consultation services	**70,025**	54,000
Other grant consultation services	-	40,560

Signed in accordance with a resolution of the directors.

Power, Timothy
Director

Sydney, 11 November 2013

Building a better working world

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

In relation to our audit of the financial report of 3P Learning Pty Ltd for the financial year ended 30 June 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
11 November 2013

Statement of comprehensive income

For the year ended 30 June 2013

	Notes	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $	PARENT 2013 $	PARENT 2012 $
Operating revenue	4(a)	**36,963,244**	33,058,946	**11,503,823**	12,213,798
Other income	4(b)	**893,013**	815,842	**387,631**	483,483
Marketing expenses		**(1,957,660)**	(1,859,172)	**(315,629)**	(239,211)
Occupancy expenses		**(1,687,899)**	(1,316,777)	**(619,618)**	(589,136)
Administrative expenses		**(29,926,902)**	(24,413,833)	**(11,986,595)**	(11,414,985)
Other expenses	4(c)	**(80,202)**	(19,383)	**(99,998)**	(2)
Profit/(loss) before tax		**4,203,594**	6,265,623	**(1,130,386)**	453,947
Income tax (expense)/benefit	5	**(311,119)**	(1,253,281)	**1,096,004**	1,361,897
Profit/(loss) for the year		**3,892,475**	5,012,342	**(34,382)**	1,815,844
Profit/(loss) for the year attributable to:					
Non-controlling interest		**(661,491)**	(826,161)	**-**	-
Equity holders of the Parent		**4,553,966**	5,838,503	**(34,382)**	1,815,844
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation gain		**106,348**	21,593	**-**	-
Other comprehensive income for the year		**106,348**	21,593	**-**	-
Total comprehensive income/(loss) for the year		**3,998,823**	5,033,935	**(34,382)**	1,815,844
Net profit/(loss) for the year attributable to:					
Non-controlling interest		**(661,491)**	(826,161)	**-**	-
Equity holders of the Parent		**4,660,314**	5,860,096	**(34,382)**	1,815,844

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

As at 30 June 2013

	Notes	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $	PARENT 2013 $	PARENT 2012 $
Assets					
Current assets					
Cash and cash equivalents	7	**14,782,314**	17,771,763	**4,724,140**	2,891,915
Trade and other receivables	8	**6,630,352**	4,295,074	**8,370,011**	5,543,923
Income tax receivables		**1,171,698**	-	**2,787,238**	520,032
Other current assets	9	**2,153,090**	155,704	**213,135**	30,727
Total current assets		**24,737,454**	22,222,541	**16,094,524**	8,986,597
Non-current assets					
Receivables	10	**417,120**	1,046,819	**417,120**	1,046,819
Investments in subsidiaries		-	-	**6,883,592**	7,007,797
Property, plant and equipment	11	**1,624,234**	1,652,431	**1,024,932**	1,294,093
Deferred tax assets	5	**738,078**	20,332	-	-
Intangible assets and goodwill	12	**3,701,469**	4,425,834	**230,001**	525,103
Total non-current assets		**6,480,901**	7,145,416	**8,555,645**	9,873,812
Total assets		**31,218,355**	29,367,957	**24,650,169**	18,860,409
Liabilities					
Current liabilities					
Trade and other payables	13	**5,875,414**	5,272,237	**16,104,613**	9,178,018
Income tax payable		**(341,919)**	140,403	**1,888,382**	-
Other liabilities	15	**549,107**	378,042	**255,689**	226,647
Total current liabilities		**6,082,602**	5,790,682	**18,248,684**	9,404,665
Non-current liabilities					
Provisions	14	**363,199**	-	**232,417**	-
Deferred tax liabilities	5	-	-	**193,168**	375,223
Other liabilities	15	**377,852**	551,599	**308,812**	506,996
Total non-current liabilities		**741,051**	551,599	**734,397**	882,219
Total liabilities		**6,823,653**	6,342,281	**18,983,081**	10,286,884
Net assets		**24,394,702**	23,025,676	**5,667,088**	8,573,525
Equity					
Contributed equity	16	**2,351,645**	2,351,645	**2,351,645**	2,351,645
Retained earnings/(accumulated losses)		**14,563,945**	12,459,979	**(3,137,788)**	(457,914)
FCTR reserve	17	**377,100**	270,752	-	-
Share based payment reserve	17	**6,453,231**	6,332,028	**6,453,231**	6,679,794
Equity attributable to equity holders of the Parent		**23,745,921**	21,414,404	**5,667,088**	8,573,525
Non-controlling interests		**648,781**	1,611,272	-	-
Total equity		**24,394,702**	23,025,676	**5,667,088**	8,573,525

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

Statement of changes in equity

For the year ended 30 June 2013

CONSOLIDATED	Contributed equity $	Retained earnings $	Foreign currency translation reserve $	Employee equity benefits reserve $	Total $	Non-controlling interest $	Total $
At 1 July 2012	**2,351,645**	**12,459,979**	**270,752**	**6,332,028**	**21,414,404**	**1,611,272**	**23,025,676**
Profit/(loss) for the year	-	4,553,966	-	-	4,553,966	(661,491)	3,892,475
Other comprehensive income	-	-	106,348	-	106,348	-	106,348
Total comprehensive income/(loss) for the year	-	4,553,966	106,348	-	4,660,314	(661,491)	3,998,823
Share-based payment	-	-	-	121,203	121,203	-	121,203
Transactions with non-controlling interest	-	-	-	-	-	(301,000)	(301,000)
Dividends paid	-	(2,450,000)	-	-	(2,450,000)	-	(2,450,000)
At 30 June 2013	**2,351,645**	**14,563,945**	**377,100**	**6,453,231**	**23,745,921**	**648,781**	**24,394,702**
At 1 July 2011	2,351,645	6,621,476	249,159	4,944,186	14,166,466	2,437,433	16,603,899
Profit/(loss) for the year	-	5,838,503	-	-	5,838,503	(826,161)	5,012,342
Other comprehensive income	-	-	21,593		21,593	-	21,593
Total comprehensive income/(loss) for the year	-	5,838,503	21,593	-	5,860,096	(826,161)	5,033,935
Share-based payment	-	-	-	1,387,842	1,387,842	-	1,387,842
At 30 June 2012	2,351,645	12,459,979	270,752	6,332,028	21,414,404	1,611,272	23,025,676

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

Statement of changes in equity (continued)

For the year ended 30 June 2013

PARENT	*Contributed equity* $	*Accumulated losses* $	*Foreign currency translation reserve* $	*Employee equity benefits reserve* $	*Total* $
At 1 July 2012	**2,351,645**	**(457,914)**	**-**	**6,679,794**	**8,573,525**
Adjustment to opening retained earnings due to change in parent company	-	(195,492)	-	-	(195,492)
Adjusted at 1 July 2012	**2,351,645**	**(653,406)**	**-**	**6,679,794**	**8,378,033**
Loss for the year	-	(34,382)	-	-	(34,382)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	(34,382)	-	-	(34,382)
Share-based payment	-	-	-	(226,563)	(226,563)
Dividends paid	-	(2,450,000)	-	-	(2,450,000)
At 30 June 2013	**2,351,645**	**(3,137,788)**	**-**	**6,453,231**	**5,667,088**
At 1 July 2011	2,351,645	(2,273,758)	-	5,574,270	5,652,157
Profit for the year	-	1,815,844	-	-	1,815,844
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	1,815,844	-	-	1,815,844
Share-based payment	-	-	-	1,105,524	1,105,524
At 30 June 2012	2,351,645	(457,914)	-	6,679,794	8,573,525

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

Statement of cash flows

For the year ended 30 June 2013

	Notes	CONSOLIDATED 2013 $	CONSOLIDATED 2012 $	PARENT 2013 $	PARENT 2012 $
Operating activities					
Receipts from customers		**38,929,568**	36,211,205	**11,512,013**	12,872,720
Payments to suppliers and employees		**(34,507,797)**	(28,119,161)	**(12,741,425)**	(12,009,888)
Interest received		**323,132**	346,735	**81,271**	195,934
Income tax paid		**(2,682,885)**	(4,721,987)	**535,125**	(733,116)
Tax grant received		**-**	1,692,002	**-**	1,692,002
Transactions with related parties		**-**	-	**5,343,671**	(4,222,597)
Net cash flows from/(used in) operating activities	18	**2,062,018**	5,408,794	**4,730,655**	(2,204,945)
Investing activities					
Purchase of property, plant and equipment		**(575,014)**	(423,893)	**(130,233)**	(75,344)
Purchase of intangible assets		**(17,198)**	(1,080,179)	**(17,197)**	(610,025)
Investment in subsidiaries		**-**	-	**(301,000)**	(206,474)
Net cash flows used in investing activities		**(592,212)**	(1,504,072)	**(448,430)**	(891,843)
Financing activities					
Short term deposits		**(2,009,255)**		**-**	-
Payment of dividends on ordinary shares	6	**(2,450,000)**	-	**(2,450,000)**	-
Net cash flows used in financing activities		**(4,459,255)**	-	**(2,450,000)**	-
Net (decrease)/increase in cash and cash equivalents		**(2,989,449)**	3,904,722	**1,832,225**	(3,096,788)
Cash and cash equivalents at 1 July		**17,771,763**	13,867,041	**2,891,915**	5,988,703
Cash and cash equivalents at 30 June	7	**14,782,314**	17,771,763	**4,724,140**	2,891,915

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

Notes to the financial statements

For the year ended 30 June 2013

1 CORPORATE INFORMATION

The financial report of 3P Learning Pty Limited (the "Company") and its consolidated entities (the "Group") for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the directors on 11 November 2013.

3P Learning Pty Limited (the "parent") is a company limited by shares incorporated and domiciled in Australia.

The registered office of the Company is Level 2, 128-134 Crown Street, Wollongong, NSW 2500.

The principal place of business of the Company is Level 18, 124 Walker Street, North Sydney, NSW 2060.

The nature of the operations and principal activities of the Group are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

This special purpose financial report has been prepared for distribution to the members to fulfill the directors' financial reporting requirements under the Corporations Act 2001. The accounting policies used in the preparation of this financial report as described below, are consistent with the financial reporting requirements of the Corporations Act 2001 and with the previous years, and are, in the opinion of the directors, appropriate to meet the needs of members:

(i) The financial report has been prepared on an accrual basis of accounting including the historical cost convention and the going concern assumption.

(ii) The Company and the consolidated group are not reporting entities because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs.

Accordingly, the financial report has been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all Accounting Standards and Interpretations and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality and AASB 1048 Interpretation of Standards' which apply to all entities required to prepare financial reports under the Corporations Act 2001.

The financial report is presented in Australian dollars($).

(b) New accounting standards and interpretations

Accounting standards and interpretations issued but not yet effective.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 30 June 2013. The directors have not early adopted any of these new or amended standards or interpretations. The directors have not yet fully assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of 3P Learning Pty Limited and its subsidiaries, as at and for the year ended 30 June each year (the Group). Interest in associates are equity accounted and are not part of the consolidated Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Company are accounted for at cost in the separate financial statements of the parent entity less any impairment charges.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

(d) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currency translation

(i) Functional and presentation currency

Both the functional and presentation currency of 3P Learning Pty Limited is Australian dollars ($). The financial statements of New Zealand, United Kingdom, USA, Canada and Indian subsidaries and Hong Kong branch are converted into Australian dollars for the purpose of consolidation.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Translation of Group Companies functional currency to presentation currency

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at average exchange rates for the year.

Foreign currency differences are recognised directly in foreign currency translation reserve in equity. When a foreign operation is disposed of, in part of in full, the relevant amount in the reserve would be transferred out of equity and recognised in the statement of comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

(h) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Office equipment - over 3 to 5 years
Computers - over 3 to 5 years
Furniture & fittings - over 3 to 7 years

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(j) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Amortisation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- Patents and trademarks - 3 years

(l) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Interest-bearing loans and borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on a fixed interest rate.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of comprehensive income net of any reimbursement.

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Share-based payment transactions

Equity settled transactions:

The Company provides benefits to its employees in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date).

At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

(i) The grant date fair value of the award;
(ii) The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and
(iii) The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Share-based payment transactions (continued)

Equity-settled awards granted by 3P Learning Pty Limited to employees of subsidiaries are recognised in the parent's separate financial statements as an additional investment in the subsidiary with a corresponding credit to equity. As a result, the expense recognised by 3P Learning Pty Limited in relation to equity-settled awards only represents the expense associated with grants to employees of the parent. The expense recognised by the Group is the total expense associated with all such awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

(p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Licence fee

The Company recognises the majority of its revenue pursuant to software licence agreements. Revenue is recognised as follows:

- for licence agreements contracted for one year, the revenue is recognised upfront, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.
- for licence agreements contracted for over one year, the revenue is recognised over the life of the contract, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.
- for license agreements entered into in the Middle East, the revenue is recognised upon cash receipt due to issues with collectability in the region.

(ii) Sponsorship income

Revenue is recognised in relation to sponsorship amounts provided by various external parties when the Company becomes entitled to the benefit and all of its obligations have been fulfilled.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition (continued)

(iii) Translation fee

Revenue is recognised in relation to translation of educational programs to the local language of the customer base, upon completion of the translation.

(iv) Sale of workbooks

Revenue is recognised in relation to workbook materials sold to schools and students, on sale of the items.

(v) Copyright license fee

Revenue is recognised in relation to copyright agency fee when the Group's materials and resources are reproduced by third parties.

(vi) Interest income

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(v) Deferred revenue

Deferred revenue is recognised on customer contracts greater than 3 years when revenue is received in advance.

(r) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

► When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

► When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

▶ When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

▶ When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

3P Learning Pty Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2006.

The head entity, 3P Learning Pty Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, 3P Learning Pty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the tax consolidated group have not entered into a tax funding agreement. Hence no compensation is receivable or payable for any deferred tax assets or current tax payable (receivable) assumed by the head entity. Deferred tax liabilities (or assets) assumed by the head entity are recognised as equity transactions.

The distribution to the head entity and distribution from the subsidiary arising with the tax consolidated entities are recognised as equity transactions in the group.

Research and development rebates

Research and development grants are credited against tax payable and are not treated as revenue.

Notes to the financial statements (continued)

For the year ended 30 June 2013

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST/VAT except:

- When the GST/VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST/VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST/VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST/VAT recoverable from, or payable to, the taxation authority.

3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

Notes to the financial statements (continued)

For the year ended 30 June 2013

3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

Taxes (continued)

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 19. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Notes to the financial statements (continued)

For the year ended 30 June 2013

4 REVENUE AND EXPENSES

		CONSOLIDATED		PARENT	
		2013	*2012*	*2013*	*2012*
		$	*$*	*$*	*$*
(a)	**Operating revenue**				
	License fee	**34,739,083**	31,151,452	**10,859,981**	11,716,096
	Sponsorship income	**832,313**	909,796	**525,000**	400,000
	Translation fee	**-**	90,018	**-**	90,018
	Sale of workbooks	**134,191**	286,809	**-**	-
	Copyright license fee	**975,145**	471,841	**-**	-
	Other	**282,512**	149,030	**118,842**	7,684
		36,963,244	33,058,946	**11,503,823**	12,213,798
(b)	**Other income**				
	Interest	**323,132**	346,735	**81,271**	195,934
	Net foreign currency gains	**388,809**	111,074	**255,228**	116,208
	Other income	**181,072**	358,033	**51,132**	171,341
		893,013	815,842	**387,631**	483,483
(c)	**Other expenses**				
	Other expenses	**80,202**	19,383	**99,998**	2
		80,202	19,383	**99,998**	2
(d)	**Depreciation and amortisation expense (included in administration expenses)**				
	Depreciation of non-current assets				
	Office equipment	**16,572**	15,440	**9,392**	10,020
	Computers	**467,920**	380,433	**364,384**	327,533
	Furniture and fittings	**118,719**	69,476	**25,618**	37,299
	Total depreciation of non-current assets	**603,211**	465,349	**399,394**	374,852
	Amortisation of non-current assets				
	Patents and trademarks	**741,563**	840,241	**312,299**	446,804
	Total amortisation of non-current assets	**741,563**	840,241	**312,299**	446,804
	Total depreciation and amortisation expense	**1,344,774**	1,305,590	**711,693**	821,656
(e)	**Employee benefits expense (included in administration expenses)**				
	Wages and salaries	**15,600,792**	11,962,169	**6,401,083**	5,643,014
	Defined contribution	**1,593,110**	1,246,871	**613,969**	566,227
	Other employee benefit expense	**3,639,977**	3,300,369	**1,255,402**	1,074,033
	Share-based payments	**121,203**	1,387,842	**79,542**	1,018,155
	Total employee benefits expense	**20,955,082**	17,897,251	**8,349,996**	8,301,429

Notes to the financial statements (continued)

For the year ended 30 June 2013

5 INCOME TAX

		CONSOLIDATED		PARENT	
		2013	2012	**2013**	2012
		$	$	**$**	$
(a)	**Income tax expense/(benefit)** The major components of income tax expense/(benefit) are:				
	Statement of comprehensive				
	Current income tax				
	Current income tax charge	**2,149,265**	1,273,613	**(236,082)**	(1,437,973)
	Deferred income tax				
	Relating to origination and reversal of temporary differences	**(717,746)**	(20,332)	**(178,055)**	76,076
	Differences arising due to prior year reconciliation	**(1,120,400)**	-	**(677,867)**	-
	Income tax expense/(benefit) reported in the statement of comprehensive income	**311,119**	1,253,281	**(1,092,004)**	(1,361,897)

(b) Numerical reconciliation between aggregate tax expense/(benefit) recognised in the statement of comprehensive income and tax expense/(benefit) calculated per the statutory income tax rate

A reconciliation between tax expense/(benefit) and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

	2013	2012	**2013**	2012
Accounting profit/(loss) before income tax	**4,203,594**	6,265,623	**(1,130,386)**	453,947
At Group's statutory income tax rate of 30% (2012: 30%)	**1,261,078**	1,879,687	**(339,116)**	136,184
Non-deductible expenses	**24,642**	302,388	**23,950**	152,810
Deferred tax movements in current year	**-**	(20,332)	**-**	76,076
Over/(under) from prior year	**(285,785)**	-	**(144,520)**	-
Other items (net)	**-**	-	**-**	(34,965)
Research and development	**(632,318)**	(1,692,002)	**(632,318)**	(1,692,002)
Tax losses not recognised	**-**	796,861	**-**	-
Effect of difference in tax rates	**(56,498)**	(13,321)	**-**	-
Aggregate income tax expense/(benefit)	**311,119**	1,253,281	**(1,092,004)**	(1,361,897)

Notes to the financial statements (continued)

For the year ended 30 June 2013

6 DIVIDENDS PAID AND PROPOSED

	CONSOLIDATED		PARENT	
	2013	2012	**2013**	2012
	$	$	**$**	$
(a) Recognised amounts				
Dividends on ordinary shares:				
Dividend paid	**2,450,000**	-	**2,450,000**	-
	2,450,000	-	**2,450,000**	-

(b) Tax rates

The tax rate at which paid dividends have been franked is 30% (2012: 30%).

Dividends proposed will be franked at the rate of 30% (2012: 30%).

7 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

	CONSOLIDATED		PARENT	
	2013	2012	**2013**	2012
	$	$	**$**	$
Cash at bank and in hand	**6,847,870**	6,688,273	**3,621,288**	1,767,655
Short-term deposits	**7,934,444**	11,083,490	**1,102,852**	1,124,260
	14,782,314	17,771,763	**4,724,140**	2,891,915

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

8 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2013	2012	**2013**	2012
	$	$	**$**	$
Trade receivables	**5,303,886**	3,345,380	**769,783**	723,176
Sundry debtors	**475,816**	687,989	**395,663**	627,901
Advertising consideration	**850,650**	261,705	**850,650**	261,705
Goods and services tax	**-**	-	**-**	6,860
Related party receivables:				
3P Learning Limited (NZ)	**-**	-	**948,141**	603,276
3P Learning Limited (UK)	**-**	-	**3,178,075**	2,766,597
Other related parties	**-**	-	**2,227,699**	554,408
	-	-	**6,353,915**	3,924,281
Carrying amount of trade and other receivables	**6,630,352**	4,295,074	**8,370,011**	5,543,923

Notes to the financial statements (continued)

For the year ended 30 June 2013

9 OTHER CURRENT ASSETS

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Deposits	143,836	155,704	213,135	30,727
Term deposits	2,009,255	-	-	-
	2,153,090	155,704	213,135	30,727

10 RECEIVABLES (NON-CURRENT)

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Advertising consideration	417,120	1,046,819	417,120	1,046,819
	417,120	1,046,819	417,120	1,046,819

11 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Office equipment				
At cost	131,851	117,355	82,351	82,351
Accumulated depreciation	(82,899)	(65,136)	(61,245)	(51,853)
Net carrying amount	48,952	52,219	21,106	30,498
Computers				
At cost	2,995,219	2,714,255	2,605,235	2,468,465
Accumulated depreciation	(1,973,005)	(1,500,736)	(1,748,131)	(1,388,034)
Computers written off	(2,978)			
Net carrying amount	1,019,236	1,213,519	857,104	1,080,431
Furniture and fittings				
At cost	834,109	530,604	221,539	258,585
Accumulated depreciation	(278,063)	(143,911)	(74,817)	(75,421)
Net carrying amount	556,046	386,693	146,722	183,164
Total property, plant and equipment				
At cost	3,961,179	3,362,214	2,909,125	2,809,401
Accumulated depreciation	(2,333,967)	(1,709,783)	(1,884,193)	(1,515,308)
Written off	(2,978)			
Net carrying amount	1,624,234	1,652,431	1,024,932	1,294,093

12 INTANGIBLE ASSETS AND GOODWILL

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Patents and trademarks				
Cost (gross carrying amount)	2,773,831	2,756,633	1,492,038	1,474,841

Notes to the financial statements (continued)

For the year ended 30 June 2013

Accumulated amortisation and impairment	(2,084,658)	(1,343,095)	(1,262,037)	(949,738)
Net carrying amount	689,173	1,413,538	230,001	525,103

12 INTANGIBLE ASSETS AND GOODWILL (continued)

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Goodwill				
Cost (gross carrying amount)	3,012,296	3,012,296	-	-
Net carrying amount	3,012,296	3,012,296	-	-
Total Intangibles				
Cost (gross carrying amount)	5,786,127	5,768,929	1,492,038	1,474,841
Accumulated amortisation and impairment	(2,084,658)	(1,343,095)	(1,262,037)	(949,738)
Net carrying amount	3,701,469	4,425,834	230,001	525,103

13 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Trade payables	3,067,529	2,510,110	1,664,805	1,686,637
Other payables	530,694	768,084	112,068	291,331
Accrued expenses	821,302	618,618	243,587	244,063
Goods and services tax	564,396	422,204	46,372	-
Accrued annual leave and long service leave	891,493	953,221	507,783	569,595
	5,875,414	5,272,237	2,574,615	2,791,626
Related party payables:				
3P Learning Australia Pty Ltd	-	-	14,219,878	4,961,167
Into Science Pty Ltd	-	-	(689,880)	1,425,225
	-	-	13,529,998	6,386,392
	5,875,414	5,272,237	16,104,613	9,178,018

14 PROVISIONS (NON-CURRENT)

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Non-current				
Annual leave	363,199	-	232,417	-
	363,199	-	232,417	-

15 OTHER LIABILITIES

	CONSOLIDATED		PARENT	
	2013	2012	2013	2012
	$	$	$	$
Current				
Deferred revenue	293,418	159,748	-	8,353

Notes to the financial statements (continued)

For the year ended 30 June 2013

Finance lease payable	**255,689**	218,294	**255,689**	218,294
	549,107	378,042	**255,689**	226,647

15 OTHER LIABILITIES (continued)

Non-current				
Deferred revenue	**68,902**	44,603	**-**	-
Finance lease payable	**308,950**	506,996	**308,812**	506,996
	377,852	551,599	**308,812**	506,996

16 CONTRIBUTED EQUITY

	CONSOLIDATED		*PARENT*	
	2013	*2012*	***2013***	*2012*
	$	*$*	***$***	*$*
Ordinary shares				
Issued and fully paid	**2,351,645**	2,351,645	**2,351,645**	2,351,645

Fully paid ordinary class A shares carry one vote per share and carry the right to dividends.

Fully paid ordinary class B shares have the following additional rights:
- on the occurence of a liquidity event, class B shares will have a priority distribution of capital
- on the sale of the assets of the Company, class B shares will have a priority distribution of capital
- If there is no qualified public offering of shares in the Company or no other sales of the shares within 5 years of the effective date, the shareholders are entitled to request the company to procure the sales of their shares. If the Company is unable to procure a sale, the shareholders may appoint a banker on behalf of the Company to sell the Company (whether by merger, sale of shares or otherwise).

	No. of Class A shares	*No. of Class B shares*	*$*
Movement in ordinary shares on			
At 1 July 2011	83,785	67,317	2,351,645
Less: Treasury shares	(10,398)	-	-
At 1 July 2012	**73,387**	**67,317**	**2,351,645**
At 30 June 2013	**73,387**	**67,317**	**2,351,645**

17 RESERVES

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries in New Zealand, United Kingdom, India and USA and a branch in Hong Kong.

It is also used to record gains and losses on hedges of the net investments in foreign operations.

Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note .

Notes to the financial statements (continued)

For the year ended 30 June 2013

18 STATEMENT OF CASH FLOWS RECONCILIATION

	2013	*2012*	*2013*	*2012*
	$	*$*	*$*	*$*
Reconciliation of net profit/(loss) after tax to net cash flows from operations				
Profit/(loss) for the year	**3,892,475**	5,012,342	**(34,382)**	1,815,844
Adjustments for:				
Depreciation	**603,211**	465,349	**399,394**	374,852
Amortisation	**741,563**	840,241	**312,299**	446,804
Net gain on foreign exchange	**(388,809)**	(89,481)	**(255,228)**	(116,208)
Share-based payment expense	**121,203**	1,387,842	**(226,563)**	1,105,524
Changes in assets and liabilities				
Increase in trade and other receivables	**(1,316,770)**	(507,984)	**(2,136,653)**	(1,628,948)
Decrease/(Increase) in other assets	**11,869**	(88,318)	**(182,408)**	5,755
Decrease in deferred tax assets	**(717,746)**	32,571	**-**	-
Increase/(Decrease) in trade and other payables	**234,778**	162,696	**7,351,800**	(3,617,658)
Decrease in current tax liability	**(1,654,020)**	(1,809,275)	**(378,824)**	(778,234)
(Decrease)/Increase in provisions	**363,199**	-	**232,417**	-
Increase/(Decrease) in other liabilities	**171,065**	2,811	**(169,142)**	(187,899)
Increase/(Decrease) in deferred tax liabilities	**-**	-	**(182,055)**	375,223
Net cash flows from/(used in) operating activities	**2,062,018**	5,408,794	**4,730,655**	(2,204,945)

19 SHARE-BASED PAYMENT PLANS

On 26 April 2010, the directors approved an employee share plan established via a unit trust, 3P E S Pty Ltd. The directors may at their discretion, grant the award of units to any qualifying employee. The plan is designed to align participants' interest with those of shareholders.

No additional shares were issued in the current financial year under this plan. All shares issued under the plan are subject to a trading restriction whereby they cannot be transferred, assigned or disposed of for a period ranging from 12 to 30 months from the date of issue depending on the class of shares. When a qualifying employee ceases employment prior to the end of the trading restriction, the trustee upon notification by the directors, will cancel the shares immediately. In the event that a person or entity attain ownership of 50% or more of the Company, the trading restriction are nullified.

Notes to the financial statements (continued)

For the year ended 30 June 2013

20 COMMITMENTS

Leasing commitments

Operating lease commitments – Group as lessee

The Group has entered into commercial leases. These leases have an average life of between three and eight years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2013	*2012*	***2013***	*2012*
	$	*$*	***$***	*$*
Within one year	**743,276**	805,735	**594,117**	720,299
After one year but not more than five years	**954,478**	1,383,784	**741,458**	1,276,164
Total minimum lease payments	**1,697,754**	2,189,519	**1,335,575**	1,996,463

21 CONTINGENCIES

There have been no contingent liabilities or assets as at reporting date which would have a material effect on the Group's financial statements as at 30 June 2013 (2012: none).

22 EVENTS AFTER REPORTING DATE

There has been no item, transaction or event of a material or unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

23 AUDITOR'S REMUNERATION

The auditor of 3P Learning Pty Limited is Ernst & Young (Australia).

	CONSOLIDATED		*PARENT*	
	2013	*2012*	***2013***	*2012*
	$	*$*	***$***	*$*
Amounts received or due and receivable by Ernst & Young (Australia) for:				
• An audit of the financial report of the entity and any other entity in the consolidated group	**73,000**	67,750	**73,000**	22,000
• Other assurance services in relation to the entity and any other entity in the consolidated group				
- Preparation of financial statements	**17,000**	16,000	**17,000**	7,000
• Non-audit services				
- Research and development tax	**70,025**	54,000	**70,025**	54,000
- Other grant consultation services	**-**	40,560	**-**	40,560
	160,025	178,310	**160,025**	123,560

Directors' declaration

In accordance with a resolution of the directors of 3P Learning Pty Limited, I state that:

In the opinion of the directors:

(a) the Company and consolidated group are not reporting entities as defined in the Australian Accounting Standards;

(b) the financial statements and notes of the Company and of the consolidated group are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial positions as at 30 June 2013 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards to the extent described in note 2 to the financial statements and complying with the Corporations Regulations 2001;

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Power, Timothy
Director

Sydney, 11 November 2013

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Independent auditor's report to the members of 3P Learning Pty Limited

We have audited the accompanying special purpose financial report of 3P Learning Pty Limited, which comprises the consolidated statement of financial position as at 30 June 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 2 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the *Corporations Act 2001* and are appropriate to meet the needs of the members. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to the members for the purpose of fulfilling the directors' financial reporting requirements under the *Corporations Act 2001*. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Auditor's Opinion

In our opinion the financial report of 3P Learning Pty Limited is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the financial position of 3P Learning Pty Limited and the consolidated entity as at 30 June 2013 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and

b) complying with Australian Accounting Standards to the extent described in Note 2 to the financial statements and complying with the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Douglas

Douglas Bain
Partner
Sydney
11 November 2013