



3P Learning

A place for schools and families to love learning.

Tel: +61 2 9019 2800

Fax: +61 2 8214 5869

ABN: 50 103 827 836

October 20, 2014

Company Announcements Office
Australian Securities Exchange Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir / Madam,

Notice of Annual General Meeting, Proxy Form and Annual Report

Please find attached 3P Learning Limited's Notice of Annual General Meeting, Proxy Form and Annual Report.

The Annual General Meeting for 2014 will be held on Friday 21st November, 2014 commencing at 2.00PM (AEDT) at the following venue:

The offices of: King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Yours faithfully

Jonathan Kenny
Company Secretary

Encl.

For additional information

Contact by Email at: jonathan.kenny@3plearning.com

3P Learning Limited
Level 18, 124 Walker Street
North Sydney NSW 2060 Australia

customerservice@3plearning.com.au www.3plearning.com

Auckland • Bristol • Calgary • Dublin • Hong Kong • Johannesburg • Lahore • New York • Pune • Singapore • Sydney

20 October 2014

Dear Shareholder,

On behalf of the Board of Directors, I have pleasure in enclosing the Notice of Meeting for 3P Learning 2014 Annual General Meeting to be held at the offices of King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on Friday, 21 November 2014 commencing at 2:00pm (Sydney time).

At the Meeting, Tim Power and I will comment on the Company's performance during the year to 30 June 2014 prior to consideration of the business as detailed in the Notice of Meeting. A copy of each presentation will be posted on 3P Learnings website.

If you are able to attend the Meeting, please bring the proxy form with you as the bar coding on this form will enable shareholders to be easily registered. Registration will be available from 1:30pm.

If you are unable to attend the Meeting, I encourage you to vote either by using the attached proxy form or lodging your vote on line at www.linkmarketservices.com.au.

A person intending to attend the Meeting and vote on shares held in the name of a company must bring an authority from the company, signed by the company in favour of the person attending.

Directors and management look forward to your attendance at the Meeting.

Yours sincerely,



Samuel Weiss

Chairman

Chairman

The Annual General Meeting of 3P Learning Limited will be held on Friday, 21 November 2014, commencing at 2.00PM (Sydney time) in Room 1, King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000.

Items of business

1. Reports

To receive and consider the Financial Report and the Reports of the Directors and Auditor for the year ended 30 June 2014.

No resolution is required for this item of business.

2. Appointment of Auditor

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

‘That Ernst and Young having consented to do so, be appointed as the Auditor of the Company.’

The Directors unanimously recommend the appointment of Ernst and Young as Auditor of the Company.

3. Remuneration Report

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

‘To adopt the Remuneration Report for the year ended 30 June 2014.’

Note:

- The vote on this resolution is advisory only and does not bind the Directors of the Company.
- A voting exclusion applies to this resolution.

The Directors unanimously recommend that shareholders vote in favour of this resolution.

4. Re-election of Director – Samuel Weiss

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

‘That Mr Samuel Weiss, being a Director who is retiring in accordance with the Company’s constitution, and being eligible, offers himself for re-election, is re-elected as a director of the Company.’

The re-election of Mr Samuel Weiss is unanimously recommended by the Board.

5. Re-election of Director – Roger Amos

To consider and, if thought fit, to pass the following as an ordinary resolution of the Company:

‘That Mr Roger Amos, being a Director who is retiring in accordance with the Company’s constitution, and being eligible, offers himself for re-election, is re-elected as a director of the Company.’

The re-election of Mr Roger Amos is unanimously recommended by the Board.

6. Re-election of Director – Claire Hatton

To consider and, if thought fit, to pass the following as ordinary resolution of the Company:

‘That Ms Claire Hatton, being a Director who is retiring in accordance with the Company’s constitution, and being eligible, offers herself for re-election, is re-elected as a director of the Company.’

The re-election of Ms Claire Hatton is unanimously recommended by the Board.

Jonathan Kenny

Company Secretary

20th October 2014

Item 1: Financial Report and Reports of Directors and Auditor

In accordance with section 317 of the Corporations Act 2001, the Financial Report, Directors' Reports and Auditor's Report for the year ended 30 June 2014 will be put before the AGM. These Reports are in 3P Learning Limited's Annual Report and can be assessed on our website at: <http://cdn.3plearning.com/wp-content/uploads/2014/06/3P-Learning-Limited-Annual-Report-30062014-FINAL-SIGNED.pdf>

This item does not require a formal resolution and accordingly, no vote will be held on this item. Shareholders will, however, be given a reasonable opportunity to ask questions about these Reports during discussion time on this item.

Item 2: Appointment of Auditor

Pursuant to section 327A and 327B Corporations Act 2001, the directors of a public company can only appoint an auditor of the company for the period until the company's first annual general meeting. In accordance with 327A and 327B the resolution proposes that Ernst and Young be appointed as the auditor of 3P Learning Limited from the date of the Annual General Meeting. As required by section 328A, Ernst and Young has consented to act as Auditor of the Company (and has not subsequently withdrawn that consent).

In accordance with section 328B of Corporations Act 2001, notice in writing nominating Ernst and Young has been given to the Company by a shareholder. A copy of this notice is attached to the Notice of Meeting.

The Directors unanimously recommend the appointment of Ernst and Young as Auditor of the Company.

Item 3: Remuneration Report

Shareholders are asked to adopt the Remuneration Report for the year ended 30 June 2014. The Remuneration Report is in the Directors Report in 3P Learning Limited's 2014 Annual Report and can be assessed on the Company's website at: <http://cdn.3plearning.com/wp-content/uploads/2014/06/3P-Learning-Limited-Annual-Report-30062014-FINAL-SIGNED.pdf>

The Directors trust that the Remuneration Report assists you to understand of the remuneration structure and compensation objectives that exist at 3P Learning.

Under the Corporations Act 2001, the vote on this resolution is advisory only and does not bind the Board. However the Board will take into account the outcome of the vote and any comments made by shareholders when reviewing the Company's remuneration policies.

Shareholders should note that if 25% or more of votes cast on this resolution are against adoption of the Remuneration Report, the first element in the Board spill provisions

Explanatory Memorandum Cont'd

introduced in 2011 (known generally as the 'two strikes rule') will be triggered. This will require a resolution on whether to hold a further meeting to spill the board (a 'spill resolution') to be put to shareholders at the 2015 Annual General Meeting if a 'second strike' occurs at the 2015 Annual General Meeting.

Voting exclusions apply to this resolution, as set out in the Notice of Meeting.

The Directors unanimously recommend that shareholders vote in favour of the adoption of the Remuneration Report.

The Chairman of the AGM intends to vote all available and undirected proxies in favour of this resolution.

Item 4: Re-election of Director – Samuel Weiss

Mr Samuel Weiss was appointed to the Board on 2 June 2014.

Background biographical details of Mr Samuel Weiss are as follows:

Title: Independent Non-Executive Chairperson

Qualifications: AB, MS

Experience and expertise: Over 20 years of experience in senior management and directorship roles. Broad experience in education, technology and retail companies in Australia, North America, Europe and Asia.

Other current directorships: Chairman of Altium Limited (ASX: ALU). Independent director of Oroton Group Limited (ASX: ORL), Breville Group Limited (ASX: BRG) and iBuy Limited (ASX: IBY).

Former directorships (last 3 years): Non-Executive Director of iProperty Group Limited (ASX: IPP)

Special responsibilities: Chairman of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee

Interests in shares: 130,400 ordinary shares

The re-election of Mr Samuel Weiss is unanimously recommended by the Board.

Item 5: Re-election of Director – Roger Amos

Mr Roger Amos was appointed to the Board on 2 June 2014.

Background biographical details of Mr Roger Amos are as follows:

Title: Independent Non-Executive Director

Qualifications: FCA, FAICD

Explanatory Memorandum Cont'd

Experience and expertise: Over 25 years of experience in finance, business and accounting. Previously a partner at the international accounting firm KPMG for 25 years.

Other current directorships: Non-executive director of REA Group Limited (ASX: REA), Chairman of Tyrian Diagnostics Limited (ASX:TDX) and Deputy Chairman of Enero Group Limited (ASX:EGG).

Former directorships (last 3 years): Non-executive director of Austar United Communication Limited (ASX: AUN)

Special responsibilities: Member of the Nomination and Remuneration Committee and Chairman of the Audit and Risk Committee

Interests in shares: 8,000 ordinary shares

The re-election of Mr Roger Amos is unanimously recommended by the Board.

Item 6: Re-election of Director – Claire Hatton

Ms Claire Hatton was appointed to the Board on 2 June 2014.

Background biographical details of Ms Claire Hatton are as follows:

Title: Independent Non-Executive Director

Qualifications: BSc, MBA

Experience and expertise: Over 20 years of global experience in strategy, sales, marketing and operations.

Significant experience in the digital and technology market. Previously held senior roles at Google, Travelport and Zuji.com.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of the Audit and Risk Committee and the Nomination and Remuneration Committee

Interests in shares: 20,000 ordinary shares

The re-election of Ms Claire Hatton is unanimously recommended by the Board.

Quorum and voting

The constitution of the Company provides that at least 3 shareholders present in person or by proxy constitute a quorum. The quorum must be present at all times during the meeting. If a quorum is not present within 15 minutes after the scheduled time for the meeting, the meeting will be adjourned. The Directors of the Company have decided that the adjourned meeting will be held immediately after the adjournment. Members present (being at least two) in person or by proxy 30 minutes after the commencement of the adjourned meetings will constitute a quorum. On a show of hands each shareholder present in person or by proxy has one vote. On a poll:

- each shareholder present in person has one vote for each share held by them; and
- each person present as proxy, attorney or representative of a shareholder has one vote for each share held by the shareholder that the person represents; and
- each shareholder who has duly lodged a valid direct vote in respect of the relevant resolution has one vote for each share held by them.

The ordinary resolutions of the Company must be passed by more than 50% of the total votes cast on the resolution by shareholders present in person or by proxy and entitled to vote.

Individuals

If you plan to attend the meeting, we ask that you arrive at the meeting venue at least 30 minutes prior to the designated time so we record your attendance and provide you with your voting/admission card.

Corporations

In order to vote on a show of hands at the meetings, a shareholder who is a corporation must appoint a person to act as its representative or appoint a proxy. The appointment of a corporate representative must comply with Sections 250D and 253B of the Corporations Act. The representative should bring to the meetings evidence of his or her appointment including any authority under which it is signed.

Voting exclusions - Resolution 3

The Company will disregard any votes cast (in any capacity) on Item 3 by and on behalf of:

- a member of the key management personnel of the Company (including the Directors) as disclosed in the 2014 Remuneration Report (“**KMP**”); and
- a closely related party of a KMP (such as a close family member members and any companies the person controls), whether as a shareholder or as a proxy.

Background Information Cont'd

However, a vote may be cast on Resolution 3 by a KMP, or a closely related party of a KMP, if:

- the vote is cast as a proxy;
- appointed in writing that specifies how the proxy is to vote on Resolution 3;
- appointed by a person who is not also a KMP or a closely related party of a KMP; or the KMP is the chair of the meeting casting the vote as a proxy and their appointment expressly authorises the chair to exercise the proxy even though Resolution 3 is connected directly or indirectly with the remuneration of a member of the KMP of the Company.

Voting by Proxy

Your personalised proxy form and a reply-paid envelope accompany this Notice.

A registered member entitled to attend and vote at the Meeting is entitled to appoint one or two proxies, to attend and vote on their behalf at the Meeting. A proxy need not be a registered holder.

Where two proxies are appointed, neither proxy may vote on a show of hands and each proxy should be appointed to represent a specified proportion of the member's voting rights. If the proxy appointments do not specify the proportion of the member's voting rights that each proxy may exercise, each proxy may exercise half of the member's votes.

To be effective, proxy forms must be received online or by using the reply paid envelope (included with this Notice) or by post, facsimile or delivery at the offices of the Company's Share Registrar, as follows:

Online: Login to the Link website using the holder details as shown on the Voting Form. Select "Voting" and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their Holder Identifier (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).
You will be taken to have signed your proxy form if you lodge it in accordance with the instructions given on the website.

By Post: IPE Limited
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia;

By Facsimile: 61 2 9287 0309; or

Delivery to: Link Market Services Limited
1A Homebush Bay Drive,

Background Information Cont'd

Rhodes NSW 2138

by 2:00p.m. EST on Wednesday, 19 November 2014. Proxy forms received after this time will be invalid.

The proxy form enables a shareholder to vote for or against, or abstain from voting on a resolution. A shareholder may direct the proxy holder how to vote in respect of each resolution.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Voting Entitlement

Pursuant to Corporations Regulations 7.11.37 and 7.11.38, and the ASX Settlement Operating Rules, the Board has determined that, subject to the voting exclusion above, the holding of each shareholder for the purposes of ascertaining the voting entitlements for the AGM will be the entitlement of that person set out in the Company register as at 7.00 pm (Sydney time) on Wednesday, 19 November 2014. Share transfers registered after that time will be disregarded in determining entitlements to vote at the AGM.

Discussions and asking questions

Discussions at the meeting will take place on all items of business set out in the Notice of Meeting. Shareholders will have the opportunity to ask questions at the meeting of the Company and also of the Auditor.

To ensure that as many Shareholders as possible have the opportunity to speak, we ask you to observe the following courtesies:

- It would be appreciated if questions are kept as short as possible; and
- Speakers are requested to restrict themselves to two questions or comments initially. Others may have waited some time to speak. If time permits, anyone wishing to speak more than once will be given a subsequent opportunity.

Shareholders who are unable to attend the meeting or who prefer to register questions in advance are invited to do so. All questions must be sent to and received by the Company no later than five (5) business days before the date of the meetings. Any questions should be directed to <http://www.3plearning.com/investors/shareholders/>. The most frequently asked questions, together with answers, will be made available online <http://www.3plearning.com/investors/shareholders/>.



3P Learning

3P Learning Limited

ABN 50 103 827 836

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



By mail:

3P Learning Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: +61 1300 554 474



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VOTING FORM

STEP 1

Please mark either Box A or Box B

I/We being a member(s) of 3P Learning Limited and entitled to attend and vote hereby:

A

VOTE DIRECTLY

☐

elect to lodge my/our
vote(s) directly (*mark box*)



in relation to the Annual General Meeting of the Company to be held at **2:00pm on Friday, 21 November 2014**, and at any adjournment or postponement of the Meeting. You should mark either "for" or "against" for each item. Do not mark the "abstain" box.

OR

B

APPOINT A PROXY

☐

the Chairman
of the Meeting
(*mark box*)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **2:00pm on Friday, 21 November 2014 in Room 1, King & Wood Mallesons, Level 61, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000** (the Meeting) and at any postponement or adjournment of the Meeting. I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Voting Directions will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

	For	Against	Proxy Only Abstain*		For	Against	Proxy Only Abstain*
Resolution 2 Appointment of Auditor	☐	☐	☐	Resolution 5 Re-election of Director: Roger Amos	☐	☐	☐
Resolution 3 Remuneration Report	☐	☐	☐	Resolution 6 Re-election of Director: Claire Hatton	☐	☐	☐
Resolution 4 Re-election of Director: Samuel Weiss	☐	☐	☐				

i * If you are voting under Box B and mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

3PL PRX403R



HOW TO COMPLETE THIS VOTING FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Voting under Box A

If you ticked the box under Box A you are indicating that you wish to vote directly. Please only mark either **"for"** or **"against"** for each item. Do not mark the **"abstain"** box. If you mark the **"abstain"** box for an item, your vote for that item will be invalid.

If no direction is given on all of the items, or if you complete both Box A and Box B, your vote may be passed to the Chairman of the Meeting as your proxy.

Custodians and nominees may, with the Share Registrar's consent, identify on the Voting Form the total number of votes in each of the categories **"for"** and **"against"** and their votes will be valid.

If you have lodged a direct vote, and then you attend the Meeting, your attendance will cancel your direct vote.

The Chairman's decision as to whether a direct vote is valid is conclusive.

Voting under Box B - Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Box B. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Box B. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You should direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

(a) on each of the first Voting Form and the second Voting Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and

(b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Voting Form

This Voting Form (and any Power of Attorney under which it is signed) must be received at an address given below by **2:00pm on Wednesday, 19 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Voting Form received after that time will not be valid for the scheduled Meeting.

Voting Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Voting Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Voting Form).



by mail:

3P Learning Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138 or Level 12, 680 George Street, Sydney NSW 2000.



by mobile device:

Our voting website is designed specifically for voting online. You can now lodge your proxy by scanning the QR code adjacent or enter the voting link www.linkmarketservices.com.au into your mobile device. Log in using the Holder Identifier and postcode for your shareholding.

To scan the code you will need a QR code reader application which can be down-loaded for free on your mobile device.

QR Code



If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.



ABN 50 103 827 836

Email: registrars@linkmarketservices.com.au
Website: www.linkmarketservices.com.au



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Go Online and Go Green to Help the Environment

As part of 3P Learning's sustainability initiatives we encourage all shareholders to receive notification of the Company's investor communications electronically.

Why go online?

We believe everyone benefits from electronic communication, and as an investor, you will receive prompt information and have the convenience and security associated with electronic delivery.

There are also significant cost savings associated with this method of communication, and above all this is a responsible and environment friendly option.

As an e-Investor you will receive all investor communications (including annual reports, market updates, Annual General Meeting materials) by email.

Go Green, Go Online

To receive your investor communications electronically please write your email address below and return this form in the envelope provided, or follow the step-by-step instructions below.

Personal Information Collection Notification Statement: Link Group advises that personal information it holds about you (including your name, address, date of birth and details of the financial assets) is collected by Link Group organisations to administer your investment. Personal information is held on the public register in accordance with Chapter 2C of the *Corporations Act 2001*. Some or all of your personal information may be disclosed to contracted third parties, or related Link Group companies in Australia and overseas. Your information may also be disclosed to Australian government agencies, law enforcement agencies and regulators, or as required under other Australian law, contract, and court or tribunal order. For further details about our personal information handling practices, including how you may access and correct your personal information and raise privacy concerns, visit our website at www.linkmarketservices.com.au for a copy of the Link Group condensed privacy statement, or contact us by phone on +61 1800 502 355 (free call within Australia) 9am–5pm (Sydney time) Monday to Friday (excluding public holidays) to request a copy of our complete privacy policy.

My email address is:

[illegible]

3PLARE493



How to manage my 3P Learning holding online

Manage my 3P Learning holding online

1. Go to **www.linkmarketservices.com.au** or scan the QR code.
2. Under Investor Centre select Investor & Employee Login.
3. Under Single Holding type in issuer name: 3P Learning Limited.
4. Enter your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), your postcode and the security code. Your SRN/HIN is:

[XXX]



5. Click on **Go Electronic Now** on the right hand side box, select all communications electronically, enter your email address click next and confirm.

For your information the menu options above are also available if you would like to see holding balance, transaction history or update your details.

For any questions please contact Link Market Services on +61 1300 554 474 or email registrars@linkmarketservices.com.au should you require any further information.

October 13th, 2014

Mr Jonathan Kenny
Company Secretary
3P Learning Limited
Level 18
124 Walker Street

Dear Jonathan,

Nomination of auditor

I, Tim Power, being a member of 3P Learning Limited, nominate Ernst and Young for appointment as auditors of the Company at the next Annual General Meeting to be held on Friday, 21 November, 2014 (or any adjournment of that meeting).

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Tim Power', with a stylized flourish at the end.

Tim Power



Annual Report

For the year ended 30 June 2014



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



Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present to you the 3P Learning Limited (3PL) Annual Report for the financial year ended 30 June 2014. The year was significant for the company as it was highlighted by the successful Initial Public Offer of the Company and listing on the ASX and our continued expansion in global markets with student licenses growing 21% to 4.7 million. Group revenue increased 13.9% to \$36.1 million and profit after tax by 70.1% to \$5.1 million.

This year marks the tenth anniversary of 3P Learning's presence in online education. Over the ten years of our history, the company has expanded successfully both its range of products as well as our geographic presence – a trend that has continued throughout the 2013/4 financial year. We have increased our community of students and schools using 3PL products right across the world.

The online education industry is growing rapidly, driven by the migration from printed textbooks and workbooks to online and technology-based education resources. The quality of 3P's products, global sales force, scalable information technology infrastructure and track record of innovation mean 3PL is well positioned to capture market share in this expanding industry.

3PL has emerged as one of the best known and most highly respected brands in K to 12 online education. We got here by pursuing a clear strategic vision; maintaining a disciplined, long term viewpoint; and instilling enduring values in a team that has no equal in talent, professionalism and excellence. 3PL is extremely well positioned to deliver strong results for investors and to grow our businesses and global opportunities. An extraordinary team committed to excellence and innovation provides the expertise and wisdom to guide our decisions.

On behalf of the Board I extend my thanks to the thousands of schools and hundreds of thousands of students who use our products and services every day, to our investors for their confidence in us and finally to everyone on the 3PLearning team for committing their talent and tenacity to our success. We look forward to reporting continued strong performance forwarding the years ahead.

Samuel Weiss
Chairman, 3P Learning



Dear Shareholders,

What an incredibly eventful year. It gives me great pleasure to know that you and many others are now a part of this journey with us – a testament to the work and tenacity of the entire 3P Learning team.

3P Learning is a group of people committed to helping a generation of students love learning. Over the last decade the hard work and creativity of the 3P team has created an award-winning learning resource in Mathletics, delivering a proven advantage in testing around the world, relative to every other learning resource. This is a huge and very meaningful contribution to a generation of children, based upon a decade of research with the leading schools around the world and the reason why the company is growing rapidly. Put simply, if you are a school without Mathletics you start with a disadvantage in the government testing your students will undertake. That's a hugely powerful statement.

In 2014, we introduced the next generation in learning with IntoScience. Students, through open inquiry and discovery-based learning, are exploring and mastering difficult concepts many years ahead of when they would be traditionally taught. They are in control of their learning, immersed in the purpose of what they are doing, as they create solar systems, classify animals, photograph the phases of a virtual moon and explore the world's oldest caves system to discover how it was formed.

3P's contribution to learning is unique, inspiring and something that all teachers and parents can believe in.

From a commercial perspective, Mathletics has deservedly become the number one resource in primary schools in Australia, New Zealand, South Africa and the United Kingdom. It is now rapidly growing in Canada and the United States, delivering an advantage to those schools already.

We look forward to another great decade, as we work with UNICEF and other similarly committed organisations, helping students have the knowledge and reasoning ability to solve the world's problems.

A handwritten signature in black ink, appearing to read 'Tim Power'.

Tim Power
CEO, 3P Learning

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 year ended 30 June 2014.

Directors

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

Samuel Weiss (Chairman) (appointed on 2 June 2014)
Timothy Power
Roger Amos (appointed on 2 June 2014)
Claire Hatton (appointed on 2 June 2014)
Matthew Sandblom (resigned on 2 June 2014)
Lawrence Handen (resigned on 2 June 2014)
Jose Palmero (resigned on 2 June 2014)
Katherine Pike (resigned on 2 June 2014)
Alexander Harvey (resigned on 2 June 2014)
Grant Smith (resigned on 2 June 2014)
Belinda Cooney (alternate director to Alexander Harvey) (resigned on 2 June 2014)
Susan Ho (alternate director to Grant Smith) (appointed on 15 April 2014 and resigned on 2 June 2014)

Principal activities

During the financial year the principal activities of the Group consisted of developing, sales and marketing of online educational programs to schools and parents of school-aged students. There was no significant change in the nature of these activities during the year.

Dividends

Final dividend for the year ended 30 June 2014 of \$12,500,000 representing \$82.73 per ordinary share (30 June 2013: \$2,450,000 representing \$16.21 per ordinary share).

As detailed in the prospectus and as part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of \$12.5 million which was declared on 2 June 2014 and paid on 9 July 2014. The 'prospectus' refers to the document lodged by the Company and 3P Learning SaleCo Limited with Australian Securities and Investment Commission on 19 June 2014.

Operating and financial review

The profit for the Group after providing for income tax and non-controlling interest amounted to \$5,052,000 (30 June 2013: \$2,970,000).

The Group operates in the online education segment of the global education industry, across multiple territories, with a focus on students in grades Kindergarten to grade 12 (K-12).

The Group derives income from the sale of Student Licences and Home Licences, typically with a one year term. Licences are sold on a per student basis. Sales are made largely through the Group's global sales and marketing team and websites. The Group also engages distributors to sell its products in some peripheral territories.

The Group generates approximately 90% of revenue from Student Licences sold through schools. The Group also generates revenue from Home Licences, copyright fees and sponsorships.

While underlying business growth remains strong the results were impacted by costs associated with listing of the Company on the Australian Stock Exchange (ASX) in July 2014 ('listing'). The Initial Public Offering impacted statutory profit with costs of \$3,346,000 recognised in the period.

Total revenue for the Group for the financial year ended 30 June 2014 was \$36,161,000 (2013: \$31,746,000).

All three of the Group's segments improved their financial performance driven by strong licence growth in all regions.

Licence numbers for the Group grew 20.5% from 3.9 million to 4.7 million with average revenue per licence of \$8.41. The EMEA and the Americas were particularly strong with growth in licences of 56% and 41% respectively.

Product revenue growth was driven by Mathletics and Reading Eggs which grew at 14% and 44% respectively. The launch of a new product, Into Science is showing promising early signs with 37,000 licences sold in the year.

The financial position of the Group is very strong, driven by sustained positive cash flow conversion from operations.

Net assets decreased by \$7,220,000 due primarily to the Company declaring dividend of \$12,500,000 and incurring IPO costs of \$3,346,000.

There is a deficiency of current assets over current liabilities of \$9,274,000. Current liabilities include deferred revenue of \$18,748,000 for which there are no future cash outflows and accordingly, the financial statements continue to be prepared on a going concern basis.

The online K-12 education industry is a fast moving industry and the rate of technological change and competition is increasing. The risk associated with the market requires Management to continually focus on innovation and change to keep pace with competitors and new entrants to the market. The Group invested \$6,438,000 in product development and this level of investment is expected to continue to remain competitive. The current carrying value of intangible software assets is \$5,775,000.

The material business risks faced by the Group that are likely to have an effect on the financial prospects of the Group are outlined below:

Competition risks: The Group operates in a highly competitive industry and there are a large number of participants targeting the K-12 segment, many with significant resources and capital. The Group's existing and potential competitors may place pricing pressure on the product offering and may impact on the Group's ability to retain existing customers as well as its ability to attract new business.

Distribution rights to Reading Eggs Product risks: The Group does not own the intellectual property rights to Reading Eggs and Reading Eggspress. The Group has a sales agency agreement to sell these products to schools in Australia and many international markets. The loss of this agreement (which could reduce the product offering of the Group and its attractiveness to school and home users), or the renewal of this agreement on less favourable terms, could adversely affect the Group's revenue and profitability.

Technology and intellectual property risks: The Group's technology platforms and systems may be disrupted which could affect the Group's reputation, ability to generate income and financial performance.

Cash and cash equivalents

The Group has used cash and cash equivalents that are held at the time of listing in a way consistent with its stated business objectives.

Significant changes in the state of affairs

On 24 April 2014, the Company changed its status from a proprietary company to a public company.

On 23 May 2014, 3P Learning Limited acquired the remaining 35% of the ordinary shares of Into Science Pty Limited for the total consideration of \$1,415,000.

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

Matters subsequent to the end of the financial year

Capital restructure and capital raising

As part of the process of listing the Company, and as detailed in the Company's prospectus, the following events were finalised subsequent to balance date:

Closure of 3P Employee Share Trust

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

Dividend payment

On 2 June 2014, the directors declared a pre IPO dividend of \$12,500,000 to be paid on 9 July 2014 to existing Shareholders and Selling Shareholders in respect of the operation of the business prior to Listing.

Capital raising

The Company successfully raised \$282.7 million pursuant to the prospectus dated 19 June 2014. The retail offer closed on 4 July 2014, and shares commenced trading on a conditional and deferred settlement basis on 9 July 2014. Share settlement occurred on 11 July 2014. New shares issued by the Company on 14 July 2014 amounted to 9.4 million. Funds raised from the IPO amounting to \$259.2 million were utilised by 3P Learning SaleCo Limited (a special purpose vehicle established to sell Shares acquired from existing shareholders of the Company prior to IPO) to pay selling shareholders to acquire 103.7 million shares. These share were transferred to new shareholders on 14 July 2014. These shares commenced trading on a normal settlement basis as from 16 July 2014.

Conversion of Class B Shares and subsequent share split

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

Binding agreement

The Group and Whatiph Business Consultants CC have entered into binding transaction for the acquisition of the South African distributor business of Whatiph. It is estimated that the acquisition will complete on 1 October 2014.

Lead manager fee

Macquarie Capital (Australia) Limited has acted as Lead Manager to the IPO and an underwriting fee equal to 3.5% of the funds raised was paid to Macquarie Capital (Australia) Limited upon listing on 9 July 2014. Macquarie Group Limited and its related bodies corporate had a significant influence in the Group until the sale of shares in relation to the IPO.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group's growth is expected to be supported by the shift from printed resources to online learning resources in schools and in homes and by governments through the introduction of curriculum frameworks that encourage the integration of information and communications technology.

The Group's strategy is focused on organic growth in Student Licences and Home Licences in both existing and potential new territories. At the core of the strategy is Group's focus on continuing to deliver quality education software in order to retain existing users and attract new users. The Group expects to continue to increase the functionality of the products, add additional content and invest in the development of new applications to enhance the user experience.

The principal elements of the Group's strategic plan to increase the number of Student Licences are outlined below:

- Increase the number of school customers
- Add students within the existing school customer base
- Cross-sell other products to new and existing customers
- Improve average revenue per licence.

Environmental regulation

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	Samuel Weiss (appointed on 2 June 2014)
Title:	Independent Non-Executive Chairperson
Qualifications:	AB, MS
Experience and expertise:	Over 20 years of experience in senior management and directorship roles. Broad experience in education, technology and retail companies in Australia, North America, Europe and Asia.
Other current directorships:	Chairman of Altium Limited (ASX: ALU). Independent director of Oroton Group Limited (ASX: ORL), Breville Group Limited (ASX: BRG) and iBuy Limited (ASX: IBY).
Former directorships (last 3 years):	Non-Executive Director of iProperty Group Limited (ASX: IPP)
Special responsibilities:	Chairman of the Nomination and Remuneration Committee and Member of the Audit and Risk Committee
Interests in shares:	130,400 ordinary shares
Name:	Timothy Power
Title:	Chief Executive Officer
Qualifications:	LLB, BA
Experience and expertise:	15 years of experience in educational technology development. Executive Director and early stage involvement in the Company since 2004 and CEO since 2007. Timothy was the co-founder of World Education Games, Into Science Pty Ltd, ClickView Pty Ltd and Coraggio Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	3,036,472 ordinary shares
Name:	Roger Amos (appointed on 2 June 2014)
Title:	Independent Non-Executive Director
Qualifications:	FCA, FAICD
Experience and expertise:	Over 25 years of experience in finance, business and accounting. Previously a partner at the international accounting firm KPMG for 25 years.
Other current directorships:	Non-executive director of REA Group Limited (ASX: REA), Chairman of Tyrian Diagnostics Limited (ASX:TDX) and Deputy Chairman of Eneo Group Limited (ASX:EGG).
Former directorships (last 3 years):	Non-executive director of Austar United Communication Limited (ASX: AUN)
Special responsibilities:	Member of the Nomination and Remuneration Committee and Chairman of the Audit and Risk Committee
Interests in shares:	8,000 ordinary shares
Name:	Claire Hatton (appointed on 2 June 2014)
Title:	Independent Non-Executive Director
Qualifications:	BSc, MBA
Experience and expertise:	Over 20 years of global experience in strategy, sales, marketing and operations. Significant experience in the digital and technology market. Previously held senior roles at Google, Travelport and Zuji.com.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of the Audit and Risk Committee and the Nomination and Remuneration Committee
Interests in shares:	20,000 ordinary shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Mr. Jonathan Kenny (AICD, MBA, BEcon) has over 20 years of experience in finance and operations roles for ASX listed and multinational corporations. Broad industry experience including publishing, software, property development, data and analytics. Prior to joining the Group, Jonathan was Chief Financial Officer of ASX listed RP Data Limited and Bravura Solutions Pty Ltd. Jonathan was appointed Group company secretary on 28 March 2014.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Nomination and Remuneration Committee		Audit and Risk Committee	
	Attended	Held	Attended	Held	Attended	Held
Samuel Weiss (#)	2	2	-	-	-	-
Timothy Power	12	12	-	-	-	-
Roger Amos (#)	1	2	-	-	-	-
Claire Hatton (#)	2	2	-	-	-	-
Matthew Sandblom	10	10	-	-	-	-
Lawrence Handen	10	10	-	-	-	-
Jose Palmero	10	10	-	-	-	-
Katherine Pike	10	10	-	-	-	-
Alexander Harvey	8	10	-	-	-	-
Grant Smith	7	10	-	-	-	-
Belinda Cooney (as alternate to Alexander Harvey)	2	2	-	-	-	-
Susan Ho (as alternate to Grant Smith)	3	3	-	-	-	-

Held: represents the number of meetings held during the time the director held office.

Directors were appointed on 2 June 2014.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the Key Management Personnel ('KMP') remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms to the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel. This Committee was set up on 2 June 2014.

The Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Group.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, through payments of dividends, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives

Alignment to program participants' interests:

- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors' remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors may receive shares as part of their remuneration.

ASX listing rules require the aggregate non-executive director's remuneration be determined periodically by a general meeting. The most recent determination was at the Board Meeting held on 2 June 2014, where the Board approved an aggregate remuneration of \$650,000. The aggregate non-executive directors' remuneration was initially outlined in the prospectus dated 19 June 2014.

Executive remuneration

The Group aims to reward executives with a level and mix of remuneration based on their position and level of responsibility, which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other statutory components such as superannuation and long service leave

The combination of these comprises the executive's total available remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, will be reviewed annually by the Nomination and Remuneration Committee, based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs for the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the targets of those executives responsible for meeting those targets. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's relate to qualitative and quantitative leadership performance and Group finance performance.

The long-term incentives ('LTI') include long service leave, share-based payments and any annual leave not taken during the period. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders' value relative to the entire market and the increase compared to the Group's direct competitors. The Nomination and Remuneration Committee are responsible for reviewing the long-term equity-linked performance incentives specifically for executives. No LTI were granted during the year.

Group performance and link to remuneration

Remuneration for certain individuals is directly linked to performance of the Group. A portion of bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is of the opinion that results can be improved through the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Use of remuneration consultants

During the financial year ended 30 June 2014, the Group did not use any remuneration consultants.

Details of remuneration

Amounts of remuneration

Details of the remuneration of the key management personnel of the Group are set out in the following tables. In line with Regulation 2M.3.03 of Corporation Regulations 2001, the Company has elected not to disclose comparatives.

The key management personnel of the Group consisted of the directors of 3P Learning Limited and the following persons:

- Jonathan Kenny - chief financial officer and company secretary

	Short-term benefits			Post-employment benefits	Long-term benefits*	Share-based payments	
	Cash salary and fees	Bonus	Non-monetary	Super-annuation	Leave	Equity-settled	Total
2014	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Samuel Weiss	15,000	-	-	1,388	-	-	16,388
Roger Amos	8,750	-	-	809	-	-	9,559
Claire Hatton	7,917	-	-	732	-	-	8,649
<i>Executive Directors:</i>							
Timothy Power	385,900	-	-	25,820	77,540	-	489,260
<i>Other Key Management Personnel:</i>							
Jonathan Kenny	85,044	-	-	6,474	-	-	91,518
	502,611	-	-	35,223	77,540	-	615,374

* This includes annual leave not taken within 12 months

Remuneration above is from the date of KMP appointment with the exception of Timothy Power who was employed for the complete financial year.

The Directors who are not listed in the table above did not receive any remuneration during the financial year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2014	At risk - STI 2014	At risk - LTI 2014
<i>Non-Executive Directors:</i>			
Samuel Weiss	100%	-%	-%
Roger Amos	100%	-%	-%
Claire Hatton	100%	-%	-%
<i>Executive Directors:</i>			
Timothy Power	100%	-%	-%
<i>Other Key Management Personnel:</i>			
Jonathan Kenny	100%	-%	-%

Service agreements

Non-executive and executive directors

Non-executive directors do not have fixed term contracts with the Company. On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. Non-executive directors retire by whichever is the longer period: the third annual general meeting following their appointment, or the third anniversary date of appointment, but may then be eligible for re-election.

Remuneration and other terms of employment for Group Executives are formalised in employment agreements. The Chief Executive Officer and Chief Financial Officer do not have a fixed term contract with the Company. Details of the employment agreements are as follows:

Name: Timothy Power
 Title: Chief Executive Officer
 Agreement commenced: 20 March 2014
 Term of agreement: Open ended
 Details: The Chief Executive Officer, Timothy Power, is employed by the Group under an employment agreement. Timothy will receive a fixed annual remuneration of \$400,000, plus superannuation at a rate in line with legislative requirements. Timothy will be eligible to receive a cash bonus of up to \$100,000 or such other amount as determined by the Board for each financial year ending after 30 June 2015. Payment of the cash bonus will depend on the Group's performance and Timothy's achievement of certain key performance indicators (which generally relate to qualitative and quantitative leadership performance and Group financial performance), or as otherwise decided by the Board, regardless of whether Timothy meets these performance indicators. As part of a long term incentive package, Timothy may be entitled to receive Shares (Performance Shares) up to the value of \$100,000 (valued at the Offer Price). The Performance Shares will vest on or shortly after the Company's financial results for the financial year ending 30 June 2015 are approved by the Board. Timothy is entitled to up to 100% of the Performance Shares if the Company exceeds the pro forma Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). No Performance Shares will vest or be issued if the Company does not achieve the pro forma EBITDA. The Board may, at its absolute discretion, elect to issue some or all of these shares, regardless of whether the long term performance indicators are met. Timothy's current long term incentive package will be for one year only, and it is proposed that Performance Shares to be granted under any future long term incentive plan will have a three year minimum vesting period. Either party may terminate the employment contract by giving six months' notice in writing. The Group may terminate by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Group may terminate Timothy's employment contract immediately by notice in writing and without payment in lieu of notice. Upon the termination of Timothy's employment contract, he will be subject to a restraint of trade period of 24 months. The Group may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Name: Jonathan Kenny
 Title: Chief Financial Officer
 Agreement commenced: 1 July 2014
 Term of agreement: Open ended
 Details: Jonathan Kenny is employed in the position of Chief Financial Officer and has entered into an employment contract with the Group. Jonathan will receive annual fixed remuneration of \$330,000 plus superannuation at a rate in line with legislative requirements. Jonathan will also be eligible to receive an annual cash bonus of up to \$75,000 or such other amount as determined by the Board. Payment of a cash bonus will depend on Jonathan's achievement of certain key performance indicators (which generally relate to qualitative and quantitative leadership performance and Group financial performance). Either party may terminate the employment contract by giving six months' notice in writing. The Group may terminate by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Group may terminate Jonathan's employment contract immediately by written notice and without payment in lieu of notice. Jonathan's employment contract also contains a post-employment restraint of trade period of 18 months. The Group may elect to reduce the restraint of trade period, or eliminate the period in its entirety. The enforceability of the restraint clause is subject to all usual legal requirements.

Key management personnel have no entitlement to termination payments in the event of serious misconduct or other specific circumstances warranting summary dismissal.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Timothy Power	4,573	-	-	-	4,573
Matthew Sandblom	55,000	-	-	-	55,000
Katherine Pike	9,000	-	-	-	9,000
Jonathan Kenny	-	-	70	-	70
	68,573	-	70	-	68,643

Ordinary shares in the table above refer to ordinary shares class A.

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of 3P Learning Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of 3P Learning Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 31 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 31 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Officers of the Company who are former audit partners of Ernst & Young

There are no officers of the Company who are former audit partners of Ernst & Young.

Rounding of amounts

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

Auditor's independence declaration

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

Auditor

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

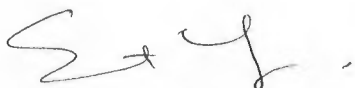


Samuel Weiss
Chairman

25 August 2014
Sydney

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

In relation to our audit of the financial report of 3P Learning Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Lisa Nijssen-Smith
Partner
25 August 2014

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3P Learning Limited
(Formerly known as 3P Learning Pty. Ltd.)
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014



	Note	Consolidated 2014 \$'000	2013 \$'000 (Restated)
Revenue	6	36,161	31,746
Other income	7	904	978
Expenses			
Employee benefits expense		(15,759)	(21,662)
Depreciation and amortisation expense	8	(1,947)	(1,345)
Professional fees	8	(4,151)	(934)
Technology costs		(1,239)	(1,213)
Marketing expenses		(3,146)	(1,958)
Occupancy expenses		(2,289)	(1,682)
Administrative expenses		(1,736)	(1,998)
Profit before income tax (expense)/benefit		6,798	1,932
Income tax (expense)/benefit	9	(1,691)	377
Profit after income tax expense for the year		5,107	2,309
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		117	106
Other comprehensive income for the year, net of tax		117	106
Total comprehensive income for the year		<u>5,224</u>	<u>2,415</u>
Profit for the year is attributable to:			
Non-controlling interest		55	(661)
Owners of 3P Learning Limited	25	5,052	2,970
		<u>5,107</u>	<u>2,309</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest		55	(661)
Owners of 3P Learning Limited		5,169	3,076
		<u>5,224</u>	<u>2,415</u>
		Cents	Cents
Basic earnings per share	39	3,343.44	1,965.56
Diluted earnings per share	39	3,343.44	1,965.56

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

3P Learning Limited
(Formerly known as 3P Learning Pty. Ltd.)
Statement of financial position
As at 30 June 2014



	Note	Consolidated 2014 \$'000	2013 \$'000 (Restated)
Assets			
Current assets			
Cash and cash equivalents	10	24,442	14,782
Trade and other receivables	11	5,895	6,630
Income tax	12	-	1,514
Other	13	2,369	2,153
Total current assets		32,706	25,079
Non-current assets			
Receivables	14	-	417
Plant and equipment	15	1,322	1,624
Intangibles	16	9,124	3,701
Deferred tax	17	7,415	4,990
Total non-current assets		17,861	10,732
Total assets		50,567	35,811
Liabilities			
Current liabilities			
Trade and other payables	18	7,979	4,984
Income tax	19	1,017	-
Provisions	20	13,975	891
Deferred revenue	21	18,748	14,430
Finance lease payable		262	256
Total current liabilities		41,981	20,561
Non-current liabilities			
Provisions	22	473	363
Deferred revenue		813	93
Finance lease payable		36	309
Total non-current liabilities		1,322	765
Total liabilities		43,303	21,326
Net assets		7,264	14,485
Equity			
Issued capital	23	2,352	2,352
Reserves	24	7,954	7,165
Retained profits/(accumulated losses)	25	(3,129)	4,319
Equity attributable to the owners of 3P Learning Limited		7,177	13,836
Non-controlling interest	26	87	649
Total equity		7,264	14,485

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

3P Learning Limited
(Formerly known as 3P Learning Pty. Ltd.)
Statement of changes in equity
For the year ended 30 June 2014



Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2012	2,352	6,603	12,460	1,611	23,026
Adjustment for change in accounting policy (note 4)	-	335	(8,661)	-	(8,326)
Balance at 1 July 2012 - restated	2,352	6,938	3,799	1,611	14,700
Profit/(loss) after income tax (expense)/benefit for the year	-	-	2,970	(661)	2,309
Other comprehensive income for the year, net of tax	-	106	-	-	106
Total comprehensive income for the year	-	106	2,970	(661)	2,415
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	121	-	-	121
Transaction with non-controlling interest	-	-	-	(301)	(301)
Dividends paid (note 27)	-	-	(2,450)	-	(2,450)
Balance at 30 June 2013	<u>2,352</u>	<u>7,165</u>	<u>4,319</u>	<u>649</u>	<u>14,485</u>

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits/ Accumulated losses \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2013	2,352	7,165	4,319	649	14,485
Profit after income tax (expense)/benefit for the year	-	-	5,052	55	5,107
Other comprehensive income for the year, net of tax	-	117	-	-	117
Total comprehensive income for the year	-	117	5,052	55	5,224
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	-	1,470	-	-	1,470
Acquisition of non-controlling interest in subsidiary	-	(798)	-	(617)	(1,415)
Dividends paid (note 27)	-	-	(12,500)	-	(12,500)
Balance at 30 June 2014	<u>2,352</u>	<u>7,954</u>	<u>(3,129)</u>	<u>87</u>	<u>7,264</u>

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

3P Learning Limited
(Formerly known as 3P Learning Pty. Ltd.)
Statement of cash flows
For the year ended 30 June 2014



		Consolidated	
	Note	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		46,316	38,930
Payments to suppliers and employees (inclusive of GST)		(27,309)	(34,508)
		19,007	4,422
Interest received		411	323
Interest and other finance costs paid		(114)	-
Income taxes refunded		2,177	-
Income taxes paid		(3,300)	(2,683)
Net cash from operating activities	38	18,181	2,062
Cash flows from investing activities			
Payments for plant and equipment		(332)	(575)
Payments for intangibles		(6,408)	(17)
Payments for short term deposits		(216)	(2,009)
Net cash used in investing activities		(6,956)	(2,601)
Cash flows from financing activities			
Repayment of leases		(267)	-
Acquisition of non-controlling interest		(1,415)	-
Dividends paid	27	-	(2,450)
Net cash used in financing activities		(1,682)	(2,450)
Net increase/(decrease) in cash and cash equivalents		9,543	(2,989)
Cash and cash equivalents at the beginning of the financial year		14,782	17,771
Effects of exchange rate changes on cash and cash equivalents		117	-
Cash and cash equivalents at the end of the financial year	10	24,442	14,782

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

Note 1. General information

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

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

Level 18, 124 Walker Street
North Sydney NSW 2060

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

On 24 April 2014, the Company changed its status from a proprietary company to a public company.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted

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

Except for the early adoption of AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets', no other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 10 Consolidated Financial Statements

The Group has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights that give it the current ability to direct the activities that significantly affect the investee's returns.

AASB 12 Disclosure of Interests in Other Entities

The Group has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the previous disclosures.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The Group has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

Note 2. Significant accounting policies (continued)

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The Group has applied AASB 119 and its consequential amendments from 1 July 2013. The standard changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

AASB 127 Separate Financial Statements (Revised), AASB 128 Investments in Associates and Joint Ventures (Reissued) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards

The Group has applied AASB 127, AASB 128 and AASB 2011-7 from 1 July 2013. AASB 127 and AASB 128 have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12 and AASB 2011-7 makes numerous consequential changes to a range of Australian Accounting Standards and Interpretations. AASB 128 has also been amended to include the application of the equity method to investments in joint ventures.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities

The Group has applied AASB 2012-2 from 1 July 2013. The amendments enhance AASB 7 'Financial Instruments: Disclosures' and requires disclosure of information about rights of set-off and related arrangements, such as collateral agreements.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle

The Group has applied AASB 2012-5 from 1 July 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 'Income Taxes'; and clarification of the financial reporting requirements in AASB 134 'Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments

The Group has applied AASB 2012-10 amendments from 1 July 2013, which amends AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.

Net current asset deficiency

As at 30 June 2014, the Group and the Company were in a net current liability position of \$9,274,000 and \$4,092,000 respectively for which there are no future cash outflows and accordingly, the financial statements continue to be prepared on a going concern basis.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Note 2. Significant accounting policies (continued)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 35.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited ('Company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. 3P Learning Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is 3P Learning Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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. A number of recognition criteria must also be met before revenue is recognised.

Mathletics, Spellodrome and IntoScience licence revenues

The Group recognises the majority of its revenue pursuant to software licence agreements and it provides its customers with access to the Group's intellectual property as it exists at any given time. Revenue is therefore recognised over the duration of the agreement or for as long as the customer has been provided access, when persuasive evidence of an arrangement exists, delivery has occurred, the fee is fixed or determinable and collectability is probable.

Reading eggs products licence revenue

The Group recognises commission revenue pursuant to a distribution agreement when it sells a third party's online products to customers which provides these customers with access to the third party's intellectual property as it exists at any given time. Revenue from the sale of Reading Eggs Products is recorded on a net basis when the online product is sold, consistent with an agency relationship.

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.

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.

Sale of workbooks

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

Copyright licence fee

Revenue is recognised in relation to copyright agency fees upon becoming entitled to compensation being at a time when the Group's materials and resources are reproduced by third parties.

Interest

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.

Deferred revenue

Deferred revenue is recognised on all customer contracts where appropriate as revenue is recorded over the contract duration.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

3P Learning Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Research and development rebate

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Note 2. Significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities 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.

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.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

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

An item of 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 plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

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.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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.

Note 2. Significant accounting policies (continued)

Intangible assets

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 an indefinite useful life 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.

Internally generated intangible assets

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in depreciation and amortisation.

The estimated useful lives are as follows:

- Patents and trademarks – 3 years
- Development costs – 5 years

Note 2. Significant accounting policies (continued)

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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Provisions

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Note 2. Significant accounting policies (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months is 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 currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, which are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Binomial model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

Note 2. Significant accounting policies (continued)

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

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.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired 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 in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of 3P Learning Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Rounding of amounts

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2014. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. The Group will adopt this standard and the amendments from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the Group.

Note 2. Significant accounting policies (continued)

Annual Improvements to IFRSs 2010-2012 Cycle

These amendments affects several Accounting Standards as follows: Amends the definition of 'vesting conditions' and 'market condition' and adds definitions for 'performance condition' and 'service condition' in AASB 2 'Share-based Payment'; Amends AASB 3 'Business Combinations' to clarify that contingent consideration that is classified as an asset or liability shall be measured at fair value at each reporting date; Amends AASB 8 'Operating Segments' to require entities to disclose the judgements made by management in applying the aggregation criteria; Clarifies that AASB 8 only requires a reconciliation of the total reportable segments assets to the entity's assets, if the segment assets are reported regularly; Clarifies that the issuance of AASB 13 'Fair Value Measurement' and the amending of AASB 139 'Financial Instruments: Recognition and Measurement' and AASB 9 'Financial Instruments' did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amount, if the effect of discounting is immaterial; Clarifies that in AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets', when an asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount (i.e. proportional restatement of accumulated amortisation); and Amends AASB 124 'Related Party Disclosures' to clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a 'related party' of the reporting entity. The adoption of these amendments will not have a material impact on the Group.

Annual Improvements to IFRSs 2011-2013 Cycle

These amendments affect four Accounting Standards as follows: Clarifies the 'meaning of effective IFRSs' in AASB 1 'First-time Adoption of Australian Accounting Standards'; Clarifies that AASB 3 'Business Combination' excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself; Clarifies that the scope of the portfolio exemption in AASB 13 'Fair Value Measurement' includes all contracts accounted for within the scope of AASB 139 'Financial Instruments: Recognition and Measurement' or AASB 9 'Financial Instruments', regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132 'Financial Instruments: Presentation'; and Clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in AASB 3 'Business Combinations' and investment property as defined in AASB 140 'Investment Property' requires the separate application of both standards independently of each other. The adoption of these amendments will not have a material impact on the Group.

IFRS 15 Revenue from Contracts with Customers

This standard is expected to be applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The adoption of these amendments will not have a material impact on the Group.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

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

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 4. Restatement of comparatives

Change in accounting policy - revenue recognition

In accordance with AASB 118 'Revenue', the Group previously recognised revenue in relation to licences for periods up to one year for owned products (Mathletics, Spellodrome and Into Science) as well as products sold under a distribution agreement (Reading Eggs) at the point of sale of the licence. Revenue from the sale of Reading Eggs licences was recognised on a gross basis with the associated royalty payment to Blake eLearning Pty Ltd included as an expense. With the release of IFRS 15 'Revenue from contracts with customers', the Group has considered the appropriateness of this policy.

As a result, the current period's financial statements contain a revised policy where the revenue from the sale of licences relating to owned products are spread evenly over the term of the licence. Revenue from the sale of Reading Eggs licences is still recognised at the point of sale of the licence, but the revenue is presented as the net amount received by the Group. The revised policy, refer to note 2, remains in accordance with AASB 118 and is also expected to comply with IFRS 15.

The change in accounting policy is required to be accounted for in accordance with AASB 108 'Accounting policies, changes to estimates and errors' and as such the change must be applied as if it had always been in place.

Note 4. Restatement of comparatives (continued)

The impact of the change in accounting policy is as follows:

The impact on the statement of financial position as at 30 June 2012 was:

- Increase the liability representing the deferred revenue by \$11,903,000
- Increase deferred tax asset by \$3,577,000
- Increase foreign currency translation reserve by \$335,000
- Net adjustment to retained earnings by \$8,661,000

The impact on the statement of financial position as at 30 June 2013 was:

- Increase the liability representing the deferred revenue by \$14,161,000
- Increase deferred tax asset by \$4,251,000
- Increase foreign currency translation reserve by \$335,000
- Net adjustment to retained earnings by \$10,245,000

The impact on the statement of profit or loss and other comprehensive income for the year ending 30 June 2013 was:

- Decrease in revenue representing the deferred revenue by \$5,217,000
- Increase in income tax benefit of \$688,000
- Basic and diluted earnings per share has decreased by 1,047.64 cents per share.

Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

Note 5. Operating segments

Identification of reportable operating segments

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

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

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

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

Intersegment transactions

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

Intersegment receivables, payables and loans

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

Note 5. Operating segments (continued)

Operating segment information

	ANZ	Americas	EMEA	Intersegment eliminations	Total
Consolidated - 2014	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	24,365	3,136	8,243	-	35,744
Intersegment sales	11,644	-	-	(11,644)	-
Total sales revenue	36,009	3,136	8,243	(11,644)	35,744
Other revenue	399	6	12	-	417
Total revenue	36,408	3,142	8,255	(11,644)	36,161
EBITDA	8,672	(1,056)	832	-	8,448
Depreciation and amortisation					(1,947)
Interest revenue					411
Finance costs					(114)
Profit before income tax expense					6,798
Income tax expense					(1,691)
Profit after income tax expense					5,107

	ANZ	Americas	EMEA	Intersegment eliminations	Total
Consolidated - 2013	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue					
Sales to external customers	24,038	2,257	5,211	-	31,506
Intersegment sales	9,720	-	-	(9,720)	-
Total sales revenue	33,758	2,257	5,211	(9,720)	31,506
Other revenue	217	9	14	-	240
Total revenue	33,975	2,266	5,225	(9,720)	31,746
EBITDA	4,839	(1,732)	(72)	(48)	2,987
Depreciation and amortisation					(1,345)
Interest revenue					323
Finance costs					(33)
Profit before income tax benefit					1,932
Income tax benefit					377
Profit after income tax benefit					2,309

Note 6. Revenue

	Consolidated 2014 \$'000	2013 \$'000 (Restated)
Licence fees	30,238	26,753
Sponsorship income	168	832
Translation fees	127	-
Sale of workbooks	262	176
Copyright licence fees	986	975
Other	417	240
Net commission revenue	3,963	2,770
Revenue	36,161	31,746

Note 7. Other income

	Consolidated 2014 \$'000	2013 \$'000
Net foreign exchange gain	67	474
Interest	411	323
Other income	426	181
Other income	904	978

Note 8. Expenses

	Consolidated	
	2014	2013
	\$'000	\$'000
Profit before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Fixtures and fittings	135	119
Office equipment	18	16
Computers	479	468
Total depreciation	632	603
<i>Amortisation</i>		
Patents and trademarks	652	742
Product development	663	-
Total amortisation	1,315	742
Total depreciation and amortisation	1,947	1,345
<i>Finance costs</i>		
Interest and finance charges paid/payable	114	33
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,869	1,175
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,191	1,593
<i>Research costs</i>		
Research costs	26	22
<i>Professional fees included the following:</i>		
Professional fees for initial public offering	3,346	-

Note 9. Income tax expense/(benefit)

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
<i>Income tax expense/(benefit)</i>		
Current tax	2,917	1,322
Deferred tax - origination and reversal of temporary differences	(1,336)	(1,413)
Adjustment recognised for prior periods	110	(286)
	<u>1,691</u>	<u>(377)</u>
Aggregate income tax expense/(benefit)		
Deferred tax included in income tax expense/(benefit) comprises:		
Increase in deferred tax assets (note 17)	<u>(1,336)</u>	<u>(1,413)</u>
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit before income tax (expense)/benefit	<u>6,798</u>	<u>1,932</u>
Tax at the statutory tax rate of 30%	2,039	580
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	128	-
Entertainment expenses	2	-
Non-deductible expenses	82	25
Research and development	-	(632)
Effect of corporate tax rate change	<u>105</u>	<u>-</u>
	2,356	(27)
Adjustment recognised for prior periods	110	(286)
Prior year temporary differences not recognised now recognised	(797)	-
Difference in overseas tax rates	(53)	(56)
Other	<u>75</u>	<u>(8)</u>
Income tax expense/(benefit)	<u>1,691</u>	<u>(377)</u>
	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>-</u>	<u>789</u>
Potential tax benefit @ 30%	<u>-</u>	<u>237</u>

Note 10. Current assets - cash and cash equivalents

	Consolidated	
	2014	2013
	\$'000	\$'000
Cash at bank and in hand	15,439	6,848
Short-term deposits	9,003	7,934
	<u>24,442</u>	<u>14,782</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short term deposit rates.

Bank guarantee for merchant facility and operating lease of \$1,311,000 (2013: \$1,311,000).

Note 11. Current assets - trade and other receivables

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade receivables	4,856	5,303
Other receivables	463	189
Prepayments	576	287
	<u>1,039</u>	<u>476</u>
Advertising services receivable	-	851
	<u>5,895</u>	<u>6,630</u>

Past due but not impaired

Customers with balances past due but without provision for impairment of receivables amount to \$1,109,000 as at 30 June 2014 (\$2,020,000 as at 30 June 2013).

The ageing of the past due but not impaired receivables are as follows:

	Consolidated	
	2014	2013
	\$'000	\$'000
1 to 12 months overdue	<u>1,109</u>	<u>2,020</u>

Note 12. Current assets - Income tax

	Consolidated	
	2014	2013
	\$'000	\$'000
Income tax refund receivable	<u>-</u>	<u>1,514</u>

Note 13. Current assets - other

	Consolidated	
	2014	2013
	\$'000	\$'000
Term deposits	2,218	2,009
Other deposits	151	144
	<u>2,369</u>	<u>2,153</u>

Note 14. Non-current assets - receivables

	Consolidated	
	2014	2013
	\$'000	\$'000
Advertising services receivable	-	417

Note 15. Non-current assets - plant and equipment

	Consolidated	
	2014	2013
	\$'000	\$'000
Fixtures and fittings - at cost	904	834
Less: Accumulated depreciation	(413)	(279)
	<u>491</u>	<u>555</u>
Computer equipment - at cost	3,236	2,995
Less: Accumulated depreciation	(2,452)	(1,975)
	<u>784</u>	<u>1,020</u>
Office equipment - at cost	148	132
Less: Accumulated depreciation	(101)	(83)
	<u>47</u>	<u>49</u>
	<u>1,322</u>	<u>1,624</u>

Note 15. Non-current assets - plant and equipment (continued)

Reconciliations

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

Consolidated	Furniture and fittings \$'000	Computers \$'000	Office equipment \$'000	Total \$'000
Balance at 1 July 2012	385	1,214	52	1,651
Additions	304	281	14	599
Disposals	(15)	(4)	(1)	(20)
Write off of assets	-	(3)	-	(3)
Depreciation expense	(119)	(468)	(16)	(603)
Balance at 30 June 2013	555	1,020	49	1,624
Additions	71	245	16	332
Write off of assets	-	(2)	-	(2)
Depreciation expense	(135)	(479)	(18)	(632)
Balance at 30 June 2014	491	784	47	1,322

Plant and equipment secured under finance leases

Refer to note 33 for further information on plant and equipment secured under finance leases.

Note 16. Non-current assets - intangibles

	Consolidated	
	2014 \$'000	2013 \$'000
Goodwill - at cost	3,012	3,012
Product development - at cost	6,438	-
Less: Accumulated amortisation	(663)	-
	5,775	-
Patents and trademarks - at cost	3,074	2,774
Less: Accumulated amortisation	(2,737)	(2,085)
	337	689
	9,124	3,701

Note 16. Non-current assets - intangibles (continued)

Reconciliations

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

Consolidated	Goodwill \$'000	Product development \$'000	Patents and trademarks \$'000	Total \$'000
Balance at 1 July 2012	3,012	-	1,414	4,426
Additions	-	-	17	17
Amortisation expense	-	-	(742)	(742)
Balance at 30 June 2013	3,012	-	689	3,701
Additions	-	6,438	300	6,738
Amortisation expense	-	(663)	(652)	(1,315)
Balance at 30 June 2014	3,012	5,775	337	9,124

Impairment testing for goodwill

For the purpose of impairment testing, goodwill and indefinite life intangibles are allocated to the Group's operating divisions, which represents the lowest level within the Group at which the goodwill and indefinite life intangibles are monitored for internal management purposes.

The impairment test was based on a value-in-use approach for the IntoScience and PEG Learning operating divisions.

Value-in-use for these operating divisions were determined by discounting the future cash flows generated from the continuing use of the business and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5 year business plan. Cash flow beyond year 5 was projected at a growth rate of 2%;
- Revenue was forecast based on the forecast financials prepared for the IPO;
- Other income streams were forecast in proportion to what the business has achieved historically;
- Direct costs were forecast based on the margins historically achieved by the business;
- Overheads were forecast based on current levels adjusted for inflationary increases; and
- A pre-tax discount rate of 15.6% was applied in determining the recoverable amount. The discount rate was estimated using the Capital Asset Pricing model.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal data sources.

Sensitivity analysis

Management estimates that any reasonable changes in the key assumptions would not have a significant impact on the value-in-use of intangible assets and goodwill that would require the assets to be impaired.

Note 17. Non-current assets - deferred tax

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Tax losses	1,254	131
Accrued expenses	796	461
Deferred Revenue	5,214	4,089
IPO costs	714	-
Research and development offset	1,431	604
Royalty asset	186	50
Intangibles	(1,614)	(21)
Unrealised foreign exchange fluctuation	(517)	(329)
Plant and equipment	(81)	(101)
Other	32	106
Deferred tax asset	<u>7,415</u>	<u>4,990</u>
<i>Movements:</i>		
Opening balance	4,990	3,577
Credited to profit or loss (note 9)	1,336	1,413
Other	1,089	-
Closing balance	<u>7,415</u>	<u>4,990</u>

Note 18. Current liabilities - trade and other payables

	Consolidated	
	2014	2013
	\$'000	\$'000
Trade payables	2,143	3,068
Accrued expenses	1,464	821
Accrued expense for IPO	3,004	-
Goods and service tax	719	564
Other payables	649	531
	<u>7,979</u>	<u>4,984</u>

Refer to note 28 for further information on financial instruments.

Refer to note 34 for details of related party balances.

Note 19. Current liabilities - income tax

	Consolidated	
	2014	2013
	\$'000	\$'000
Provision for income tax	<u>1,017</u>	<u>-</u>

Note 20. Current liabilities - provisions

	Consolidated	
	2014	2013
	\$'000	\$'000
Operating and employee benefits	1,475	891
Dividend payable	12,500	-
	<u>13,975</u>	<u>891</u>

Operating and employee benefits

Operating and employee benefits comprise of provisions for annual leave, long service leave and make good. Where an obligation is presented as current, the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months.

Dividends

The provision represents dividends declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year but not distributed at the reporting date.

Note 21. Current liabilities - Deferred revenue

	Consolidated	
	2014	2013
	\$'000	\$'000
		(Restated)
Deferred revenue	<u>18,748</u>	<u>14,430</u>

Note 22. Non-current liabilities - provisions

	Consolidated	
	2014	2013
	\$'000	\$'000
Employee benefits	<u>473</u>	<u>363</u>

Employee benefits

Employee benefits represents provision for long service leave.

Note 23. Equity - issued capital

	2014	2013	2014	2013
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid - class A	83,785	83,785	2,352	2,352
Ordinary shares - fully paid - class B	67,317	67,317	-	-
	<u>151,102</u>	<u>151,102</u>	<u>2,352</u>	<u>2,352</u>

Ordinary shares class A

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

Note 23. Equity - issued capital (continued)

Ordinary shares class B

Fully paid ordinary class B shares have the following additional rights:

- on the occurrence 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).

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

Note 24. Equity - reserves

	Consolidated	
	2014	2013
	\$'000	\$'000
Foreign currency reserve	829	712
Acquisition reserve	(798)	-
Share-based payment reserve	7,923	6,453
	<u>7,954</u>	<u>7,165</u>

Foreign currency reserve

The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Acquisition reserve

The reserve resulted from the acquisition of non-controlling interests in a subsidiary. The acquisition of non-controlling interest is not a business combination but is an equity transaction between owners. Accordingly, the difference between consideration paid and fair value of identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 24. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve \$'000	Acquisition reserve \$'000	Share based payment reserve \$'000	Total \$'000
Balance at 1 July 2012	271	-	6,332	6,603
Adjustment for change in accounting policy (note 4)	335	-	-	335
Foreign currency translation	106	-	-	106
Share based payments	-	-	121	121
Balance at 30 June 2013	712	-	6,453	7,165
Foreign currency translation	117	-	-	117
Share based payments	-	-	1,470	1,470
Acquisition reserve on account of acquisition on non-controlling interest in subsidiary	-	(798)	-	(798)
Balance at 30 June 2014	829	(798)	7,923	7,954

Note 25. Equity - retained profits/(accumulated losses)

	Consolidated 2014 \$'000	2013 \$'000
Retained profits at the beginning of the financial year	4,319	12,460
Profit after income tax expense for the year	5,052	2,970
Dividends payable (note 27)	(12,500)	(2,450)
Adjustment for change in accounting policy	-	(8,661)
Retained profits/(accumulated losses) at the end of the financial year	(3,129)	4,319

Note 26. Equity - non-controlling interest

	Consolidated 2014 \$'000	2013 \$'000
Reserves	-	1,310
Retained profits/(accumulated losses)	87	(661)
	87	649

The non-controlling interest represents the 40% interest in Mathletics LLP.

Note 27. Equity - dividends

Dividends

Final dividend for the year ended 30 June 2014 of \$12,500,000 representing \$82.73 per ordinary share (30 June 2013: \$2,450,000 representing \$16.21 per ordinary share).

Note 27. Equity - dividends (continued)

As detailed in the prospectus and as part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of \$12.5 million which was declared on 2 June 2014 and paid on 9 July 2014. The 'prospectus' refers to the document lodged by the Company and 3P Learning SaleCo Limited with Australian Securities and Investment Commission on 19 June 2014.

Franking credits

	Consolidated	
	2014	2013
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	7,123	6,135

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Note 28. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

The Board of directors have overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit and Risk Committee, which is responsible for managing risk. The committee reports to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Committee, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Note 28. Financial instruments (continued)

The carrying amount of the Group's foreign currency denominated financial assets and financial liabilities at the reporting date was as follows:

Consolidated	Assets		Liabilities	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
US dollars	422	783	-	272
Euros	405	372	-	-
Pound Sterling	124	1,146	-	4
Canadian dollars	650	377	-	-
Other currencies	277	609	59	24
	<u>1,878</u>	<u>3,287</u>	<u>59</u>	<u>300</u>

The Group had net assets denominated in foreign currencies of \$1,819,000 (assets \$1,878,000 less liabilities \$59,000) as at 30 June 2014 (2013: \$2,987,000 (assets \$3,287,000 less liabilities \$300,000)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2013: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been \$182,000 higher/\$182,000 lower (2013: \$299,000 lower/\$ 299,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group's exposure to interest rate risk is limited to cash at bank and short term deposits.

An official increase/decrease in interest rates of 50 (2013:50) basis points would have an adverse/favourable effect on profit before tax of \$126,000 (2013:\$74,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Group does not hold any collateral.

Majority of schools pay upfront and the nature of the customer base has a low impact on the Group's credit risk exposure.

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 30. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2014	2013
	\$	\$
Short-term employee benefits	502,611	367,999
Post-employment benefits	35,223	32,120
Long-term benefits	77,540	75,634
	<u>615,374</u>	<u>475,753</u>

No share-based payment expenses or termination benefits incurred during the year (2013: Nil)

Note 31. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the Company:

	Consolidated	
	2014	2013
	\$	\$
<i>Audit services - Ernst & Young</i>		
Audit or review of the financial statements	<u>99,500</u>	<u>88,885</u>
<i>Other services - Ernst & Young</i>		
Financial reporting due diligence in relation to the IPO	565,000	-
Tax due diligence in relation to the IPO	85,000	-
IT due diligence in relation to the IPO	16,409	-
Tax advice	25,000	-
Preparation of financial statements	-	17,000
Tax and advisory	-	70,025
	<u>691,409</u>	<u>87,025</u>
	<u>790,909</u>	<u>175,910</u>

Note 32. 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 2014 (2013: nil)

Note 30. Key management personnel disclosures

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The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2014	2013
	\$	\$
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	2014	2013
	\$	\$
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Audit or review of the financial statements	<u>99,500</u>	<u>88,885</u>
<i>Other services - Ernst & Young</i>		
Financial reporting due diligence in relation to the IPO	565,000	-
Tax due diligence in relation to the IPO	85,000	-
IT due diligence in relation to the IPO	16,409	-
Tax advice	25,000	-
Preparation of financial statements	-	17,000
Tax and advisory	-	70,025
	<u>691,409</u>	<u>87,025</u>
	<u>790,909</u>	<u>175,910</u>

Note 32. 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 2014 (2013: nil)

Note 33. Commitments

	Consolidated	
	2014	2013
	\$'000	\$'000
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	738	743
One to five years	77	954
	<u>815</u>	<u>1,697</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	271	279
One to five years	36	317
	<u>307</u>	<u>596</u>
Total commitment	(9)	(31)
Less: Future finance charges		
	<u>298</u>	<u>565</u>
Net commitment recognised as liabilities		

Operating lease commitments includes contracted amounts for commercial leases under non-cancellable operating leases expiring within 1 to 3 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Finance lease commitments includes contracted amounts for various plant and equipment under finance leases expiring within 1 to 2 years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

Note 34. Related party transactions

Parent entity

3P Learning Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 36.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report in the directors' report.

Note 34. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated 2014 \$	2013 \$
Other income:		
Other income (software development income) from Blake eLearning Pty Ltd, a director related entity	270,980	86,800
Payment for goods and services:		
Payment for business development services from Insight Venture Partners, a director related entity	30,853	20,000
Payment for other expenses:		
Reading eggs royalty paid to Blake eLearning Pty Ltd, a director related entity	2,943,536	2,148,713
Annual strategy meeting and membership fees paid to Coraggio Pty Ltd, a director related entity	43,537	21,024

ClickView technology was provided by ClickView Pty Limited, a director related entity for no consideration.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2014 \$	2013 \$
Current payables:		
Trade payables to Blake eLearning Pty Ltd, a director related entity	1,334,880	780,662
Trade payables to Coraggio Pty Ltd, a director related entity	43,717	39,493

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 35. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2014 \$'000	2013 \$'000 (Restated)
Profit/(loss) after income tax	19,912	(594)
Total comprehensive income	19,912	(594)

Note 35. Parent entity information (continued)

Statement of financial position

	Parent	
	2014 \$'000	2013 \$'000 (Restated)
Total current assets	20,878	13,355
Total assets	36,161	24,044
Total current liabilities	24,970	21,259
Total liabilities	25,059	21,824
Equity		
Issued capital	2,352	2,352
Share-based payment reserve	7,923	6,453
Retained profits/(accumulated losses)	827	(6,585)
Total equity	11,102	2,220

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to its subsidiaries as at 30 June 2014 and 30 June 2013.

As detailed in Note 4, the comparative figures for 2013 have also been restated. The comprehensive income/(loss) has changed from (34,000) to (594,000) with a corresponding impact on retained profits and reserves. The net asset has changed from \$5,667,000 to \$2,220,000.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2014.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 36. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2014 %	2013 %
3P Learning Australia Pty Limited	Australia	100.00%	100.00%
PEG Learning Pty Limited	Australia	100.00%	100.00%
Into Science Pty Ltd	Australia	100.00%	65.00%
3P International Holdings Pty Ltd	Australia	100.00%	100.00%
3P Learning Pty Limited	New Zealand	100.00%	100.00%
3P Learning Limited	United Kingdom	100.00%	100.00%
3P Learning Inc	United States	100.00%	100.00%
3P Learning Canada	Canada	100.00%	100.00%
Mathletics LLP	India	60.00%	60.00%

Note 37. Events after the reporting period

Capital restructure and capital raising

As part of the process of listing the Company, and as detailed in the Company's prospectus, the following events were finalised subsequent to balance date:

Closure of 3P Employee Share Trust

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

Dividend payment

On 2 June 2014, the directors declared a pre IPO dividend of \$12,500,000 to be paid on 9 July 2014 to existing Shareholders and Selling Shareholders in respect of the operation of the business prior to Listing.

Capital raising

The Company successfully raised \$282.7 million pursuant to the prospectus dated 19 June 2014. The retail offer closed on 4 July 2014, and shares commenced trading on a conditional and deferred settlement basis on 9 July 2014. Share settlement occurred on 11 July 2014. New shares issued by the Company on 14 July 2014 amounted to 9.4 million. Funds raised from the IPO amounting to \$259.2 million were utilised by 3P Learning SaleCo Limited (a special purpose vehicle established to sell Shares acquired from existing shareholders of the Company prior to IPO) to pay selling shareholders to acquire 103.7 million shares. These shares were transferred to new shareholders on 14 July 2014. These shares commenced trading on a normal settlement basis as from 16 July 2014.

Conversion of Class B Shares and subsequent share split

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

Binding agreement

The Group and Whatiph Business Consultants CC have entered into binding transaction for the acquisition of the South African distributor business of Whatiph. It is estimated that the acquisition will complete on 1 October 2014.

Lead manager fee

Macquarie Capital (Australia) Limited has acted as Lead Manager to the IPO and an underwriting fee equal to 3.5% of the funds raised was paid to Macquarie Capital (Australia) Limited upon listing on 9 July 2014. Macquarie Group Limited and its related bodies corporate had a significant influence in the Group until the sale of shares in relation to the IPO.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 38. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated	
	2014	2013
	\$'000	\$'000
Profit after income tax expense for the year	5,107	2,309
Adjustments for:		
Depreciation and amortisation	1,947	1,345
Write off of investments	2	-
Share-based payments	-	121
Foreign exchange differences	(293)	(389)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	594	(1,303)
Decrease in income tax refund due	1,514	-
Decrease/(increase) in deferred tax assets	(2,425)	864
Decrease in other operating assets	851	-
Increase/(decrease) in trade and other payables	(984)	235
Increase/(decrease) in provision for income tax	1,017	(1,654)
Decrease in employee benefits	(781)	-
Increase/(decrease) in other provisions	(93)	363
Increase in other operating liabilities	11,725	171
Net cash from operating activities	<u>18,181</u>	<u>2,062</u>

Note 39. Earnings per share

	Consolidated	
	2014	2013
	\$'000	\$'000
Profit after income tax	5,107	2,309
Non-controlling interest	(55)	661
Profit after income tax attributable to the owners of 3P Learning Limited	<u>5,052</u>	<u>2,970</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	151,102	151,102
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>151,102</u>	<u>151,102</u>
	Cents	Cents
Basic earnings per share	3,343.44	1,965.56
Diluted earnings per share	3,343.44	1,965.56

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "AA Weiss".

Samuel Weiss
Chairman

25 August 2014
Sydney

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

Report on the financial report

We have audited the accompanying financial report of 3P Learning Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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.

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 complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of 3P Learning Limited is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of 3P Learning Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Lisa Nijssen-Smith
Partner
Sydney
25 August 2014

The shareholder information set out below was applicable as at 13 August 2014.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	137	-
1,001 to 5,000	141	-
5,001 to 10,000	87	-
10,001 to 100,000	188	-
100,001 and over	54	-
	<u>607</u>	<u>-</u>
Holding less than a marketable parcel	<u>-</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares Number held	% of total shares issued
National Nominees Limited	26,435,440	19.62
JP Morgan Nominees Australia Limited	25,590,357	18.99
Citicorp Nominees Pty Limited	17,593,272	13.06
Pascal Educational Services Pty Ltd	13,695,000	10.16
RBC Investors Services Australia Nominees Pty Limited	9,040,239	6.71
Brispot Nominees Pty Ltd	3,987,888	2.96
Citicorp Nominees Pty Limited	3,910,221	2.90
Timothy Power	3,036,472	2.25
HSBC Custody Nominees (Australia) Limited	2,658,172	1.97
UBS Nominees Pty Ltd	2,503,600	1.86
Katherine Pike	2,381,376	1.77
BNP Paribas Noms Pty Ltd	2,079,004	1.54
RBC Investors Services Australia Nominees Pty Limited	1,822,900	1.35
Bond Street Custodians Limited (MACQ High Conv Fund)	1,460,531	1.08
BNP Paribas Nominees Pty Ltd	990,697	0.74
Bond Street Custodians Limited	802,103	0.60
Argo Investments Limited	700,000	0.52
Bond Street Custodians Limited	635,315	0.47
National Nominees Limited	605,000	0.45
Wendy Beckett	519,248	0.39
	<u>120,446,835</u>	<u>89.39</u>

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
National Nominees Limited	26,435,440	19.62
JP Morgan Nominees Australia Limited	25,590,357	18.99
Citicorp Nominees Pty Limited	17,593,272	13.06
Pascal Educational Services Pty Ltd	13,695,000	10.16
RBC Investors Services Australia Nominees Pty Limited	9,040,239	6.71

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Ordinary shares	The first trading day after the announcement to the ASX of 3P Learning Limited's audited financial results for the financial year ending on 30 June 2015	21,892,459

Directors	Samuel Weiss - Independent Non-Executive Chairman Timothy Power - Chief Executive Officer Roger Amos - Independent Non-Executive Director Claire Hatton - Independent Non-Executive Director
Company secretary	Jonathan Kenny
Notice of annual general meeting	The details of the annual general meeting of 3P Learning Limited are: Date: 21 November 2014 3P Learning Ltd Level 18, 124 Walker Street North Sydney 2:00 PM on Friday 21 November 2014
Registered office	3P Learning Limited Level 18 124 Walker Street North Sydney NSW 2060
Principal place of business	3P Learning Limited Level 18 124 Walker Street North Sydney NSW 2060
Share register	The Registrar Link Market Services Limited Level 12 680 George Street Sydney NSW 2000
Auditor	Ernst & Young 680 George Street Sydney NSW 2000
Solicitors	King & Wood Mallesons Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Stock exchange listing	3P Learning Limited shares are listed on the Australian Securities Exchange (ASX code: 3PL)
Website	http://www.3plearning.com/
Corporate Governance Statement	Corporate governance statement which was approved on 22 July 2014 can be found at http://www.3plearning.com/investors/governance/



3P Learning Ltd

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