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ABN: 50 103 827 836

5 October 2016

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

Notice of Annual General Meeting, Proxy Form and Annual Report

Attached is 3P Learning Limited's

- Notice of Annual General Meeting;
- Proxy Form; and
- Annual Report FY: 16.

The Annual General Meeting for 3P Learning Limited will be held on 10th November, 2016 commencing at 10.00AM (AEST) at the following venue:

Level 5, 124 Walker Street, North Sydney, 2060

ENDS
For further Information, please contact:

Rebekah O'Flaherty, Chief Executive Officer
E: rebekah.oflaherty@3plearning.com

Jonathan Kenny, Chief Financial Officer
E: jonathan.kenny@3plearning.com

Read more at www.3plearning.com/hello

About 3P Learning
3P Learning's mission is to create a place where students, families and teachers love learning.

3P Learning has brought together a community of 5.7 million students and 17,500 schools across the world using its award winning resources to learn mathematics (Mathletics), spelling and literacy (Spellodrome), reading (Reading Eggs) and science (IntoScience).

The company is comprised of 300 educators, engineers, product designers and other personnel based in 11 countries, servicing schools in more than 100 countries.

3P Learning has a powerful partnership with UNICEF, which has enabled over 100,000 students to go to school in developing countries.

Notice of 2016 Annual General Meeting

3P Learning

3P Learning Limited ABN 50 103 827 836

5 October 2016

Dear Shareholder,

On behalf of the Board of Directors, I am pleased to enclose the Notice of Meeting for the 3P Learning 2016 Annual General Meeting to be held on Thursday, 10 November 2016 at 10:00am (Sydney time) at 124 Walker Street, North Sydney, 2060.

At the Meeting, Rebekah O'Flaherty, CEO and I will review the Company's performance during the year to 30 June 2016 and outline our plans for the future prior to consideration of the business as detailed in the enclosed Notice of Meeting. A copy of each presentation will be posted on the 3P Learning 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 registered easily. Registration will be available from 9:30am.

If you are unable to attend the meeting, I encourage you to vote either by using the attached proxy form or by lodging your vote online 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

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of 3P Learning Limited will be held on Thursday, 10 November 2016, commencing at 10:00am (Sydney time) at 124 Walker Street, North Sydney, 2060.

BUSINESS OF THE MEETING

Financial Statements and Reports

To receive and consider the Financial Report and the Reports of the Directors and Auditor for the year ended 30 June 2016.
No resolution is required for this item of business.

Resolutions

1. 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 2016."

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 (please refer to the Voting Exclusions on page 5 of this Notice of Meeting).

2. Grant of equity based rights to Chief Executive Officer, Rebekah O'Flaherty

2.1 Grant of Performance Rights to Rebekah O'Flaherty on appointment to the role of Chief Executive Officer and Managing Director

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant the following Performance Rights to Rebekah O'Flaherty, Chief Executive Officer as part of the remuneration package agreed on her appointment to the role of Chief Executive Officer and Managing Director on 1 June 2016, (on the terms set out in the Explanatory Notes):

(a) 400, 000 Performance Rights subject to the following conditions:

- **Vesting** - where the volume weighted average price (VWAP) of the Shares for the period of 60 consecutive days after the date of release of the Company's annual results for the period ended 30 June 2019 is:
  - Less than $3.95 Per share, none of the performance rights will vest;
  - Greater than $3.95 Per share, 50% of the performance rights will vest;
  - Greater than $4.45 Per share, 75% of the performance rights will vest; and
  - Greater than $5.70 Per share, 100% of the performance rights will vest.
- **Escrow - any shares issued on vesting of any Performance Rights above shall be placed in escrow for a period of 12 months from the date of vesting.**

(b) 100,000 Performance Rights to vest on 1 September 2019, subject to Rebekah O'Flaherty remaining in the role of Chief Executive Officer and Managing Director as at that date.

2.2 **Grant of premium options to Chief Executive Officer and Managing Director, Rebekah O'Flaherty, for the year ending 30 June 2017**

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

"That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the Company to grant to Rebekah O'Flaherty, Chief Executive Officer and Managing Director of the Company, 2,015,419 Options exercisable at $1.256 per Option (being a premium of 43% to the Company's share value on the Grant Date of $0.878) and expiring on 2 September 2020 (on terms set out in the Explanatory Notes)."

Note: A voting exclusion applies to this resolution (please refer to the Voting Exclusions on pages 5 and 6 of this Notice of Meeting).

3. Re-election of Director – Roger Amos

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

"That 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."

4. Conditional Spill Resolution

The following resolution is conditional upon at least 25% of the votes cast on the resolution proposed in Resolution 1 (Remuneration Report) being against the adoption of the Remuneration Report.

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

"That, subject to and conditional upon at least 25% of the votes cast on the resolution proposed in Resolution 1 (Remuneration Report) being cast against the adoption of the Remuneration Report:

(a) An extraordinary general meeting of the company (**spill meeting**) be held within 90 days after the passing of this resolution;

(b) All of the Directors of the Company in office at the time when the Board resolution to approve the Directors' Report for the financial year ended 30 June 2016 was passed (other than the Chief Executive Officer/Managing Director) and who remain Directors at the time of the Spill Meeting, cease to hold office immediately before the end of the Spill Meeting; and

(c) Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting."

Note: A voting exclusion applies to this resolution (please refer to the Voting Exclusions on page 5 of this Notice of Meeting).

Further information in relation to each resolution to be considered at the Annual General Meeting is set out in the enclosed Explanatory Notes. The information for shareholders and Explanatory Notes form part of this Notice of Annual General Meeting.

Jonathan Kenny

Company Secretary 5 October 2016

VOTING EXCLUSIONS - RESOLUTIONS 1, 2, AND 4

Resolution 1 (Adoption of Remuneration Report) and Resolution 4 (Conditional Spill Resolution)

In accordance with the *Corporations Act*, the Company will disregard:

(a) 100,000 Performance Rights to vest on 1 September 2019, subject to Rebekah O'Flaherty remaining in the role of Chief Executive Officer and Managing Director as at that date.

- Any member of the key management personnel **(kmp)** details of whose remuneration are included in the remuneration report for the financial year ended 30 june 2016; or

- A closely related party of any such member of the kmp; and

(b) 100,000 Performance Rights to vest on 1 September 2019, subject to Rebekah O'Flaherty remaining in the role of Chief Executive Officer and Managing Director as at that date.

For the definition of KMP and Closely Related Party, please refer to the Glossary on page 24. Members of the KMP include Directors, both Executive and Non-Executive.

However the Company will not disregard a vote cast on Resolutions 1 or 4 if it:

(a) Is cast by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or

(a) Is cast by the Chairman of the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment expressly authorises the Chairman to vote as he decides on the Resolution (even though the Resolution is connected with the remuneration of members of the KMP, including the Chairman).

Please read the information under the heading 'Chairman as proxy' on page 9, which deals with the Chairman's voting of undirected proxies on Resolutions 1 and 4.

If you are a member of the KMP or a Closely Related Party of any such member, you may be held liable for breach of the voting restrictions in the *Corporations Act* if you cast a vote that the Company will disregard.

Resolution 2 (Grant of equity based rights to the Chief Executive Officer)

In accordance with the *Corporations Act*, the Company will disregard any votes cast as a proxy on Resolution 2 by:

(a) Any member of the KMP; or

(b) A Closely Related Party of any member of the KMP.

For the definitions of KMP and Closely Related Party, please refer to the Glossary on page 24.

In accordance with the ASX Listing Rules, the Company will disregard any vote cast on Resolution 2 by Rebekah O'Flaherty or any of her associates. The term associate has the meaning given to it for the purposes of ASX Listing Rule 14.11.

However, the Company will not disregard a vote on Resolution 2 if it:

(a) Is cast by any person referred to above as proxy for a person entitled to vote on the Resolution, in accordance with a direction in the proxy appointment specifying how the proxy is to vote on the Resolution; or

(a) Is cast by the Chairman of the meeting as proxy for a person entitled to vote on the Resolution where the proxy appointment authorises the Chairman to vote as he decides on the Resolution (even though the Resolution is connected with the remuneration of a member of the KMP).

Please read the information under the heading 'Chairman as proxy' on page 9, which deals with the Chairman's voting of undirected proxies on Resolutions 2.

If you are a member of the KMP or a Closely Related Party of any such person, you may be held liable for breach of the voting restrictions in the *Corporations Act* if you cast a vote that the Company will disregard.

ATTENDANCE AND VOTING

ENTITLEMENT TO ATTEND AND VOTE

You will be entitled to attend and vote at the Annual General Meeting if you are registered as a shareholder of the Company as at 7:00pm (Sydney time) on Tuesday, 8 November 2016. This is because, in accordance with the Corporations Regulations 2001, the Board of Directors has determined that the Shares on issue at that time will be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

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.

HOW TO VOTE

Quorum and voting

Shareholders who plan to attend the meeting are asked to arrive at the venue 30 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's register of members and attendances recorded. If you are attending the meeting, please bring the enclosed personalised proxy form with you to assist with registration.

Corporate representatives

A body corporate, which is a shareholder or which has been appointed as a proxy, may appoint an individual to act as its corporate representative at the meeting in accordance with section 250D of the *Corporations Act*. The appropriate appointment document must be produced prior to admission. A form of appointment may be obtained by telephoning the Company's share registry (+61 1300 554 474 (toll free within Australia)) or at registrars@linkmarketservices.com.au by downloading the form 'Appointment of Corporate Representative'.

Voting by proxy

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

Any shareholder who is entitled to attend and cast a vote at the meeting may appoint a proxy. A proxy need not be a shareholder, and may be an individual or body corporate. If a body corporate is appointed as a proxy it must appoint a corporate representative in accordance with section 250D of the *Corporations Act* to exercise its powers as proxy at the meeting (see above).

A shareholder who is entitled to cast two or more votes may appoint two proxies to attend the meeting and vote on their behalf and may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, each proxy may exercise half of the votes (disregarding fractions). If you wish to appoint a second proxy, an additional proxy form may be obtained by telephoning the Company's share registry (+61 1300 554 474 (toll free within Australia)) or at registrars@linkmarketservices.com.au or you may copy the enclosed proxy form.

To be effective for the scheduled meeting, a proxy appointment (and any power of attorney or other authority under which it is signed or otherwise authenticated, or a certified copy of that authority) must be received at an address or fax number set out below no later than 10:00am (Sydney time) on Tuesday, 8 November 2016 (being 48 hours before the commencement of the meeting). Any proxy appointment received after that time will not be valid for the scheduled meeting.

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 lodgment facility, shareholders will need their 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 MAIL:	IPE Limited Link Market Services Limited Locked Bag A14 Sydney South NSW 1235 Australia
BY FAX:	+61 2 9287 0309
DELIVERY:	Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138

For more information concerning the appointment of proxies and the ways in which proxy appointments may be submitted, please refer to the enclosed proxy form.

Voting by attorney

A shareholder may appoint an attorney to attend and vote on their behalf. For an appointment to be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company, at its registered office or one of the addresses listed above for the receipt of proxy appointments, at least 48 hours prior to the commencement of the meeting.

Chairman as proxy

A shareholder may appoint an attorney to attend and If you appoint a proxy, the Company encourages you to consider directing them how to vote by marking the appropriate box on the proxy form for each of the proposed Resolutions.

If you appoint the Chairman of the meeting as your proxy (or the Chairman of the meeting becomes your proxy by default) and you do not direct your proxy how to vote on a Resolution, you will be authorising the Chairman to vote as he decides on the relevant Resolution (even though Resolutions 1, 2 and 4 are connected with the remuneration of members of the KMP). On a poll, the Chairman of the meeting intends to vote, as your proxy, as follows:

- I**n favour** of Resolutions 1 (Adoption of Remuneration Report) and 2 (Grant of equity based rights to the Chief Executive Officer); and
- **Against Resolution** 4 (Conditional Spill Resolution)

If you do not want the Chairman of the meeting to vote, as your proxy, as indicated above, you must direct your proxy how to vote, or to abstain from voting on, the relevant Resolution by marking the appropriate box on the proxy forms.

Other members of KMP as proxy

If you appoint a Director (other than the Chairman of the meeting) or another member of the KMP (or a Closely Related Party or any member of the KMP) as your proxy, you must direct them how to vote on Resolutions 1, 2 and 4 by marking the appropriate box on the proxy form. If you do not do so, they will not be able to vote as your proxy on those Resolutions.

QUESTIONS FROM SHAREHOLDERS

The Chairman of the meeting will allow a reasonable opportunity for shareholders at the meeting to ask questions about and make comments on the management of the Company and on the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report (Reports), as well as each of the Resolutions to be considered at the meeting.

Lisa Nijssen-Smith (or another representative) of the Company's auditor, EY, will attend the meeting. During the meeting's consideration of the Reports, the Chairman of the Meeting will allow a reasonable opportunity for shareholders at the meeting to ask the auditor's representative questions relevant to the:

- Conduct of the audit;
- Preparation and content of the Auditor's Report for the financial year ended 30 June 2016;
- Accounting policies adopted by the Company in relation to the preparation of the financial statements contained in the Financial Report for that year; and
- Independence of the auditor in relation to the conduct of the audit.

Shareholders may also submit a written question to the Company's auditor if the question is relevant to the content of the Auditor's Report or the conduct of the audit.

If you wish to submit a question in advance of the meeting, you may do so by sending your question to one of the addresses or facsimile numbers below by no later than 5 business days before the date of the meeting. Questions should be directed to

http://www.3plearning.com/investors/shareholders/

The most frequently asked questions, together with answers, will be made available online at

http://www.3plearning.com/investors/shareholders/

EXPLANATORY NOTES

RECEIPT AND CONSIDERATION OF THE FINANCIAL REPORT, DIRECTORS' REPORT AND AUDITOR'S REPORT

The *Corporations Act* requires the Financial Report, the Directors' Report and the Auditor's Report for the financial year ended 30 June 2016 to be laid before the Annual General Meeting.

The 2016 Annual Report of the Company, including the Financial Report, the Directors' Report (including the Remuneration Report) and the Auditor's Report for the year ended 30 June 2016, may be accessed by visiting the Company's investor relations website at

http://www.3plearning.com/investors/.

A printed copy of the 2016 Annual Report has been sent to those shareholders who have elected to receive one.

During this item of business, shareholders will be provided with a reasonable opportunity to ask questions, and to make comments, in relation to these Reports and the management of the Company. No formal resolution to adopt the Reports will be put to shareholders at the meeting (save for Resolution 2 for adoption of the Remuneration Report).

Shareholders will also be given a reasonable opportunity during this item of business to ask a representative of the Company's auditor, EY, questions relevant to the matters outlined under the heading 'Questions from Shareholders' on page 10.

RESOLUTION 1 – ADOPTION OF THE REMUNERATION REPORT

Under section 250R(2) of the *Corporations Act*, a resolution must be put to the shareholders that the Remuneration Report be adopted. Therefore, shareholders are asked to adopt the Remuneration Report for the year ended 30 June 2016. The Remuneration Report is in the Directors Report in the 3P Learning Limited 2016 Annual Report (Refer pages 7 – 19 and can be accessed on the Company's website at:

http://www.3plearning.com/investors/).

The Remuneration Report describes the Group's remuneration strategy and policy and the remuneration arrangements in place for the Company's KMP and the Non-executive Directors (including the Chairman) for the year ended 30 June 2016 (FY16).

This vote is advisory only and does not bind the Directors of the Company. Nevertheless, the discussions on this resolution and the outcome of the vote will be taken into consideration by the Board and the Nominations and Remuneration Committee when considering the future remuneration arrangements of the Company.

At last year's Annual General Meeting, more than 25% of the votes cast on the resolution to adopt the 2015 Remuneration Report were against the resolution. Accordingly, the Company received a 'first strike'. Since last year, the Company has consulted with a number of institutional investors and with proxy advisors, in order to better understand the reasons for the strike vote. Following these consultations, the Board made several changes to the Company's remuneration policies and practices. Details of these changes are set out in the Remuneration Report. The Directors take shareholders concerns regarding executive remuneration very seriously and believe that the recent changes to the Company's remuneration policies successfully address the key concerns that led to the 'first strike' at last year's AGM.

If those votes cast against this year's resolution to adopt the 2016 Remuneration Report amount to 25% or more of the total votes cast, the Company will receive a "second strike". In accordance with sections 250U, 250V and 250W of the *Corporations Act*, if the Company receives two strikes, it is required to put a resolution to the meeting to determine whether the Company's Directors (who were in office at the time the 2016 Directors' Report was approved)(other than the Managing Director) will stand for re-election at a special general meeting.

As a result, this Notice of Annual General Meeting includes a "conditional" resolution (Resolution 4). This Resolution will be put to the Annual General Meeting, but even if it is passed, it will only become effective if, on the basis of the formal results of the poll, it is evident that the Company has received a second strike. Further detail is included in the Explanatory Notes to Resolution 4.

Voting exclusions apply to Resolution 1. These are outlined under the heading 'Voting Exclusions on page 5.

Recommendation

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.

RESOLUTION 2 – GRANT OF EQUITY BASED RIGHTS TO CHIEF EXECUTIVE OFFICER, REBEKAH O'FLAHERTY

Background

The performance of the Group depends upon the quality of its executives. To prosper, the Group must attract, motivate and retain highly skilled executives.
The Group's executive reward framework is founded on the objectives of:

- Driving growth and profitability;
- Aligning executive rewards with achievement of strategic objectives and the delivery of shareholder value; and
- Providing competitive remuneration packages that recognise both individual and organisational performance.

To enhance its remuneration framework, the Board adopted the 3P Learning Long Term Incentive Plan (**Plan**). The Plan was approved by shareholders at the 2015 Annual General Meeting and a summary of the terms and conditions is set out in the 2015 Notice of Annual General Meeting (a copy of which is available on the Company's investor relations website at **www.3plearning.com**).

A copy of the Plan Rules is also available for inspection by shareholders at the Company's registered office during business hours, or may be obtained free of charge by contacting the Company Secretary via email at investors@3plearning.com

Proposed Resolution 2 seeks to obtain shareholder approval, for the purposes of ASX Listing Rule 10.14 for the grant of:

(a) Performance Rights under the Plan (and the delivery of Shares on vesting of those Performance Rights) to Rebekah O'Flaherty, Chief Executive Officer and Managing Director, as part of the remuneration package agreed on her appointment to the role of Chief Executive Officer on 1 June 2016; and

(a) Options under the Plan (and the delivery of Shares on valid exercise of those Options) as the long term incentive component of her remuneration for the financial year ending 30 June 2017.

In its review of the Company's remuneration framework each year, it is the Board's intention to continue to utilise the Plan to promote the retention of senior executives (including Ms O'Flaherty) and recognise their ongoing ability and expected efforts and contribution, in the longer term, to the performance and success of the Company. The Board anticipates additional awards of Options under the Plan on similar criteria in future years.

ASX Listing Rule 10.14

ASX Listing Rule 10.14 requires shareholder approval before a Director may acquire securities in the Company under an employee incentive scheme (such as the Plan).

Shareholder approval is sought for the grant of Performance Rights and Options to Ms O'Flaherty in accordance with the Plan and on the basis described below

Resolution 2.1 – Grant of Performance Rights

On 1 June 2016, Rebekah O'Flaherty was appointed to the role of Chief Executive Officer and Managing Director of the Company. As part of her remuneration package on appointment to this role, it is proposed that Ms O'Flaherty be awarded a maximum of 500, 000 Performance Rights subject to the following vesting and performance criteria:

Award on appointment effective 1 June 2016	Vesting Date	Vesting Criteria	Escrow period
400, 000 Performance Rights	Date falling 60 days from the date of release of the Company's annual results to 30 June 2019 Company	Where the relevant VWAP of the Shares* is • less than \$3.95, none will vest; • greater than \$3.95, 50% of the award will vest; • greater than \$4.45, 75% of the award will vest; • greater than \$5.70, 100% of the award will vest	12 months from Vesting Date
100, 000 Performance Rights	1 September 2019	CEO to remain in role as at Vesting Date	N/A

*The volume weighted average price of the Company's ordinary shares for the period of 60 consecutive days after the date of release of the Company's annual results for the period ended 30 June 2019.

The number of Performance Rights to be granted to Ms O'Flaherty was determined by the Nominations and Remuneration Committee in the context of Ms O' Flaherty's overall remuneration package. The content and structure of Ms O'Flaherty's remuneration package, including the equity based elements, were benchmarked against the market and are of the level required to secure an executive of Ms O'Flaherty's experience and ability. The Plan Committee (being the Nominations and Remuneration Committee) has therefore formed the view that the proposed awards of Performance Rights are reasonable and appropriate.

Upon joining the company, Ms O'Flaherty was required to forfeit an element of share-based remuneration that would have been paid had she not left her former employer. The 100,000 Performance Rights were designed to compensate Ms O'Flaherty for the loss of this equity award and is subject to a time based hurdle only.

Additional information disclosed under the ASX Listing Rules

ASX Listing Rule 10.15 requires certain additional information to be given in or with a Notice of Meeting seeking approval of a director's acquisition of securities under an employee incentive scheme for the purposes of ASX Listing Rule 10.14.

For the purposes of Listing Rule 10.15, the following additional information is provided to shareholders to assist them in determining whether to approve the proposed grant of Performance Rights to Ms O'Flaherty under Resolution 2.1.

- If approved, the Performance Rights will give Ms O'Flaherty a conditional entitlement to acquire the number of Shares equal to the number of Performance Rights granted to her (subject to adjustment in the event of a capital reorganisation or otherwise in accordance with the Plan Rules).
- The acquisition price for each Performance Right is nil and no money will be payable by Ms O'Flaherty to acquire a Share on vesting and conversion of a Performance Right. The acquisition price is therefore not based on the market price of Shares.
- Voting exclusions apply to Resolution 2.1 these are outlined in the Notice of Meeting under the heading 'Voting Exclusions – Resolutions 1, 2 and 4'.
- Subject to shareholder approval, it is intended that the Performance Rights forming part of Ms O'Flaherty's appointment package will be granted to Ms O'Flaherty as soon as practicable after the date of the Annual General Meeting and, in any event,

no later than 10 November 2017 (being 12 months after the date of the Annual General Meeting).

- To date, none of the persons referred to in Listing Rule 10.14 have received any securities since the Plan was last approved.
- As Managing Director and Chief Executive Officer of the Company, Rebekah O'Flaherty is the only Director of the Company who is entitled to participate in the Plan.
- If Resolution 2.1 is passed, the Performance Rights will be granted shortly after the AGM and in any event with 12 months of the date of the AGM.

Resolution 2.2 – Award of Options

Similar to the granting of performance rights, ASX Listing Rule 10.15 requires certain additional information to be given in or with a Notice of Meeting seeking approval of a director's acquisition of securities under an employee incentive scheme (which will result in an award of Options) for the purposes of ASX Listing Rule 10.14.

For the purposes of Listing Rule 10.15, the following additional information is provided to shareholders in the subheadings of the Resolution 2.2 to assist them in determining whether to approve the proposed grant of Options to Ms O'Flaherty under Resolution 2.2.

a) What is the CEO's proposed long term incentive for 2017

Pursuant to her employment contract, Ms O'Flaherty is entitled to an annual equity based long term incentive ("**LTI**") with value of up to 50% of her fixed annual remuneration.

The choice of Options as the equity based LTI under the Plan (subject to shareholder approval) is in recognition of the high growth nature of online education and its fragmented early stage in global markets. This permits Ms O'Flaherty to benefit from that growth in a way that is consistent with providing value for shareholders

b) What are Options

Subject to shareholder approval, it is intended that the Options forming part of Ms O'Flaherty's LTI for FY17 will be granted to Ms O'Flaherty as soon as practicable after the date of the Annual General Meeting and, in any event, no later than 10 November 2017 (being 12 months after the date of the Annual General Meeting). If approved, the Options will give Ms O'Flaherty a conditional entitlement to acquire the number of Shares equal to the number of

Options granted to her (subject to adjustment in the event of a capital reorganisation or otherwise in accordance with the Plan Rules).

No loans will be made in relation to the proposed acquisition of Options (or Shares) under the Plan by Ms O'Flaherty.

c) What is the CEO's proposed long term incentive for 2017

For the purpose of the FY17 grant under the Plan, the exercise price will be set at a premium of 43% to the Company's share price on the date of grant. The life of the grant is four years.

The number of Options to be granted has been determined by dividing the dollar award value by the value of an Option at 2 September 2016 (based on a two week VWAP of the Company's shares at that time).

Upon the valid exercise of an Option and payment of the Exercise Price, Ms O'Flaherty will be allocated one Share for each Option that is exercised. Options may only be settled in Shares (not by payment of cash).

d) What vesting schedules apply?

The vesting date will be three years after the grant date, following the approval of the financial results for FY19. Any Options which do not meet the performance conditions at the end of the performance period will lapse.

During the financial year, the Board reviewed the award schedule in light of the Company's historical financial performance and the three year revenue and EBIT growth forecasts. The Board approved challenging threshold, target and stretch growth rates (using FY16 as the base) in respect of both the revenue and EPS hurdles, which are based on the Company's strategic plan and are reflective of the Company's growth objectives. Both hurdles require double digit growth at the threshold level for any award to occur.

The following award schedule applies to both performance hurdles:

Performance Level	% of Options Vesting
Below threshold	0%
Threshold	80% of Target Options
Target	100% of Target Options
Stretch	150% of Options (i.e. all Target Options and all Stretch Options)

The Board has chosen to offer significant incentive opportunity if Ms O'Flaherty can substantially increase the rate of growth in revenue and EPS as the Board believes this is in the interest of Ms O'Flaherty and shareholders alike.

The target hurdle has been set to be stretching but achievable and the stretch target to be particularly ambitious.

The Board considers the combination of Revenue and EPS hurdles an appropriate balance to ensure that 'top line' growth is pursued over the long term, whilst growth in earnings is maintained. The Revenue hurdle has been adopted in light of the Group's desire to accelerate growth and the Board selected EPS as a performance measure because it provides a relevant indicator of shareholder value and a clear target to drive and motivate performance.

The publication of prospective Revenue and EPS targets in relation to the proposed award would require the disclosure of price sensitive information. Accordingly, the Company will not disclose prospective targets but will disclose historic targets and the Company's performance against those targets.

Options may lapse in the event that the relevant performance conditions are not met. In addition, Options may be forfeited if a "claw back" event occurs during the performance period. A claw back event includes circumstances where the recipient of an award has engaged in fraud, dishonesty or gross misconduct, where the financial results that led to the equity award are subsequently shown to be materially misstated, or where the behavior of the recipient brings the Company into disrepute or impacts the Company's long term financial strength.

e) What vesting schedules apply?

In satisfaction of her LTI entitlement for FY17, Ms O'Flaherty will be granted Options as set out below, subject to shareholder approval.Company's strategic plan and are reflective of the Company's growth objectives. Both hurdles require double digit growth at the threshold level for any award to occur.

Number of Options	1,343,612 Target Options = LTI opportunity (i.e., 50% of FY17 FAR divided by the fair value of an Option). Plus 671,806 Stretch Options (equal to an additional 50% of Target Options).
Grant Date	2 September 2016, with the grant to occur subject to shareholder approval in November 2016.
Exercise Price	$1.256, being a premium of 43% to the Company's share value on the Grant Date of AU$0.878.
Vesting Date	A date following the release of the Company's annual results for the period ending 30 June 2019 when the Board determines the extent to which the Vesting Conditions have been satisfied and any Options vest and become exercisable (anticipated to be in or around September 2019).
Exercise Period	A period commencing on the day following the Vesting Date and ending on the date that is four years from the Grant Date (unless another period is specified under the Plan Rules).
Vesting Conditions	The performance conditions for the year ending 30 June 2017 grant are based on the following: • 50% of the award to be tested on the Company's FY19 Group Revenue; and • 50% of the award to be tested on the Company's FY19 earnings per share (EPS). For Group Revenue and EPS between Threshold and Target, or between Target and Stretch performance levels, vesting will occur on a straight line basis between the two relevant vesting percentages. Each performance condition is tested following finalisation of the annual financial results for the year ending 30 June 2019. These Vesting Conditions are independent of each other and 50% of the Options will be earned for each condition. For example, if one condition is satisfied and the other is not, the Options for the satisfied condition will vest according to the vesting schedule for that condition.
Expiry Date	2 September 2020

f) Voting exclusions

Voting exclusions apply to Resolution 2.2. These are outlined in the Notice of Meeting under the heading 'Voting Exclusions – Resolutions 1, 2 and 4'.

Treatment of Performance Rights and Options on termination of employment or change of control

Similar to the granting of performance rights, ASX Listing Rule 10.15 requires certain additional information to be given in or with a Notice of Meeting seeking approval of a director's acquisition of securities under an employee incentive scheme (which will result in an award of Options) for the purposes of ASX Listing Rule 10.14.

For the purposes of Listing Rule 10.15, the following additional information is provided to shareholders in the subheadings of the Resolution 2.2 to assist them in determining whether to approve the proposed grant of Options to Ms O'Flaherty under Resolution 2.2.

If Ms O'Flaherty ceases to be an employee of the Company before the relevant vesting date, by reason of resignation, dismissal or any other circumstances determined by the Board to indicate a "Bad Leaver", all unvested Performance Rights and Options will lapse as at the date of such cessation. If Ms O'Flaherty ceases to be an employee of the Company for any reason other than as a Bad Leaver, the Board may, in its discretion determine that all or a portion of unvested Performance Rights and/or Options may vest immediately or at some time in the future. If the Board does not make a determination, all Performance Rights and/or Options will remain on-foot and will be tested and vest on the original Vesting Date to the extent that the applicable Vesting Conditions have been met.

If Ms O'Flaherty ceases to be an employee of the Company after a relevant vesting date (other than as a result of termination for cause), any Vested Options then held by Ms O'Flaherty must be exercised within ninety (90) days following cessation of employment. Subject to Board discretion to apply a different treatment, Vested Options not exercised during this period will lapse.

In the event that Ms O'Flaherty's employment is terminated for cause, subject to Board discretion to apply a different treatment, all Vested Options held by Ms O'Flaherty will automatically lapse.

If a change of control event (as defined in the Plan Rules) occurs prior to Ms O'Flaherty's Performance Rights and/or Options vesting, the Board may, in its discretion, determine whether all or a number of such Performance Rights and/or Options shall lapse (at the time of the Event or at a future point in time) or shall vest (at the time of the Event or at a future point in time). Where, at the time an Event occurs, Ms O'Flaherty holds vested but unexercised Options, the Board may determine the time by which such Options must be exercised (which period must be a minimum of 60 days) failing which such Options will lapse.

The Board retains discretion to adjust the Vesting Conditions, including changing the Group Revenue and EPS Threshold and Target hurdles, or adjust actual performance outcomes, to ensure that participants are not subject to a material disadvantage or obtain a windfall gain as a result of a transaction, corporate event or some other change in circumstances which may have impacted the appropriateness of the original Vesting Conditions.

Treatment of Performance Rights and Options on reorganisation and new issues

If there is any bonus issue, rights issue or reorganisation, including any subdivision, consolidation, reduction or return of the issued capital of the Company, the number of Performance Rights or Options (ie, Awards) held by a Participant, the number of Shares to which the Awards relate, and in the case of Options, the Exercise Price per Option and/or the nature of the shares to which the Awards relate will be adjusted in the way (if any) specified by the Listing Rules from time to time or, if the Listing Rules do not specify any adjustment, in the manner determined by the Board acting reasonably.

Before the vesting in the case of Performance Rights or exercise in the case of Options, participants are not entitled to participate in any new issue of Shares as a result of holding the Awards.

Additional information disclosed under the ASX Listing Rules

ASX Listing Rule 10.15 requires certain additional information to be given in or with a Notice of Meeting seeking approval of a director's acquisition of securities under an employee incentive scheme for the purposes of ASX Listing Rule 10.14.

For the purposes of Listing Rule 10.15, the following additional information is provided to shareholders to assist them in determining whether to approve the proposed grant of Options to Ms O'Flaherty under Resolution 2.2.

- To date, none of the persons referred to in Listing Rule 10.14 have received any securities since the Plan was last approved.
- As Managing Director and Chief Executive Officer of the Company, Rebekah O'Flaherty is the only Director of the Company who is entitled to participate in the Plan. If Resolution 2.2 is passed, she will be granted 2,015,419 Options exercisable at $1.256 per Option and expiring on 2 September 2020.
- The acquisition price for each Option is nil.

Recommendation

The Non-executive Directors believe that the proposed grants of (i) Performance Rights; and (ii) Options to Ms O'Flaherty, as set out above, are appropriate and in the best interests of shareholders. The Board of Directors (excluding Ms O'Flaherty) therefore recommend that shareholders vote in favour of Resolutions 2.1 and 2.2. Ms O'Flaherty makes no recommendation in view of her proposed participation in the grants.

The Chairman of the AGM intends to vote all available and undirected proxies in favour of Resolutions 2.1 and 2.2.

RESOLUTION 3 – RE-ELECTION OF DIRECTOR ROGER AMOS

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

ASX Listing Rule 14.5 requires the Company to hold an election for at least one director of the Company each year.

In accordance with clause 10.3 of the Company's Constitution, Roger Amos retires, and being eligible, offers himself for re-election.

Background biographical details of Roger Amos are as follows:

Title:	Independent Non - Executive Director
Qualifications:	FCA, FAICD
Experience and Expertise:	Over 35 years of experience in finance, business and accounting. Previously a partner at international accounting firm KPMG for 25 years.
Other current directorships:	Non-executive Director of REA Group (ASX:REA), Chairman of Contango Asset Management Limited (ASX:CGA) 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:	Chairman of the Audit & Risk Committee, and Member of the Nomination and Remuneration Committee.
Interest in shares:	Direct holding of 31,992 Shares

Recommendation

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

RESOLUTION 4 – CONDITIONAL SPILL RESOLUTION

This Resolution is a "conditional" resolution. It will be put to the Annual General Meeting in the usual course. However, even if it is passed, it will only become effective if, based on the formal results of the poll, it is clear that 25% or more of the votes cast on Resolution 1 are cast against the adoption of the 2016 Remuneration Report.

This Resolution will be considered as an ordinary resolution, which means that, to be passed, the Resolution requires the approval of a simple majority of the votes cast by or on behalf of shareholders entitled to vote on the matter.

If this Resolution is passed, and becomes effective based upon the results of the poll on Resolution 1, then the Company must hold a further general meeting (Spill Meeting) within 90 days after the Annual General Meeting to consider the composition of the Board. If a Spill Meeting is required, the date of the meeting will be notified to shareholders in due course.

If a Spill Meeting is held, the following Directors (Relevant Directors) will automatically cease to hold office as Directors of the Company at the conclusion of the Spill Meeting, unless they are willing to stand for re-election and are re-elected at that meeting:

- Samuel Weiss
- Roger Amos
- Claire Hatton

This is because these Directors were directors when the resolution to approve the Remuneration Report was passed.

Even if Roger Amos, who is seeking re-election at this year's Annual General Meeting, is re-elected at the Annual General Meeting, he will still need to be re-elected at the Spill Meeting in order to remain in office after the Spill Meeting.

Each of the Relevant Directors would be eligible to seek re-election at the Spill Meeting. However, there is no assurance that any of them would do so.

Recommendation

The Directors unanimously recommend that shareholders vote **against** the Resolution 4.

Noting that each Relevant Director would have a personal interest in any such resolution, and that each of them (and their Closely Related Parties) would be excluded from voting on the Resolution, the Board considers that a Spill Meeting would be extremely disruptive to the Company and that it would be inappropriate to remove all of the Relevant Directors in the circumstances. The Board also notes that shareholders can remove a Director by a majority shareholder vote at any general meeting and for any reason.

GLOSSARY

In this Notice of Meeting, the following terms have the following meanings (unless otherwise indicated):

Board means the board of Directors.

Closely Related Party, in relation to a member of the KMP, means the member's spouse, child or dependant (or a child or dependant of the member's spouse), anyone else in the member's family who may be expected to influence, or be influenced by, the member in the member's dealings with the Company and/or the Group, and any company that the member controls.

Company means 3P Learning Limited ABN 50 103 827 836.

Constitution means the constitution of the Company.

Corporations Act means the 2001 (Cth).

Corporations Regulations means the Corporations Regulations 2001 (Cth).

Director means a director of the Company for the time being.

Group means the Company and its controlled entities.

Key Management Personnel or **KMP** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company and/or the Group, whether directly or indirectly.

Notice of Meeting means the 2016 Notice of Annual General Meeting.

Performance Rights has the meaning set out in the Company's Long Term Incentive Plan.

Options has the meaning set out in the Company's Long Term Incentive Plan.

Resolution means a resolution referred to in the Notice of Meeting.

Share means a fully paid ordinary share in the capital of the Company.

3P Learning

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customerservice@3plearning.com.au

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

BY HAND
Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138

ALL ENQUIRIES TO
Telephone: +61 1300 554 474

VOTING FORM

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

STEP 1 Please mark either A or B

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 **10:00am on Thursday, 10 November 2016,** 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 you are appointing as your proxy

or 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 act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **10:00am on Thursday, 10 November 2016 at 124 Walker Street, North Sydney, NSW 2060** (the **Meeting**) and at any postponement or adjournment of the Meeting.

Important for Resolution 1: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolution 1, even though the Resolution is connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

STEP 2

VOTING DIRECTIONS

Proxies 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 ☒

Resolutions

Resolutions	For	Against	Abstain*
1 Remuneration Report			
2.1 Grant of Performance Rights to Rebekah O'Flaherty on appointment to the role of Chief Executive Officer and Managing Director			
2.2 Grant of premium options to Chief Executive Officer and Managing Director, Rebekah O'Flaherty, for the year ending 30 June 2017			
3 Re-election of Director – Roger Amos			
4 Conditional Spill Resolution			

* If you 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)	Joint Shareholder 2 (Individual)	Joint Shareholder 3 (Individual)
Sole Director and Sole Company Secretary	Director/Company Secretary (Delete one)	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).

HOW TO COMPLETE THIS SHAREHOLDER 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 PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a shareholder of the Company.

DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Voting Form, including where the Resolution is connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may 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 Voting 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 lodge 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 **10:00am on Tuesday, 8 November 2016,** 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 MOBILE DEVICE

QR Code

Our voting website is designed specifically for voting online. You can now lodge your vote 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 downloaded for free on your mobile device.

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

* During business hours (Monday to Friday, 9:00am–5:00pm)

**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.**

Annual Report

For the year ended 30 June 2016

3P Learning

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

Dear Shareholders,

The past year has been one of significant challenge and change for 3P Learning Limited. On 1 June we welcomed Rebekah O'Flaherty to our Board and as Managing Director and Chief Executive Officer of the company. Rebekah brings to 3P Learning deep experience in global technology companies with particular expertise in consumer engagement and product and market development. We expect Rebekah to lead and foster the development of a customer focused and high performance culture in our key markets around the world.

During the year, revenue increased in all regions and products and we increased our market share in key markets. Whilst it was re-assuring to achieve positive growth during the year, our earnings did not live up to our expectations and the company has a substantial amount of work to do to build a globally competitive online education business.

Our investment in Learnosity delivered results ahead of expectations. We expect substantial global demand for online assessments which will strengthen Learnosity's position as a global leader in this specialist niche of the Education Technology market.

The strategic priorities put in place by the CEO, her Executive Leadership Team and your Board are to:

- strengthen the product portfolio
- develop a scalable digital sales platform
- implement a global operating model

With Rebekah's leadership, and a reinvigorated 3P team, we feel confident that 3P will build upon its strengths and firmly establish its place on a global stage.

I would like to extend a personal thank you to my fellow Directors for their significant contribution during the year and in particular during the leadership transition. Having a strong and committed Board enabled these changes to take place and at the same time ensure business continuity.

Finally, I would like to thank every member of the 3P team for their hard work and dedication as well as our customers and shareholders for their continued support.

Yours sincerely,

Samuel Weiss
Chairman, 3P Learning Limited

Dear Shareholders,

I am delighted to share with you my first report as CEO and Managing Director of 3P Learning Limited and the results for the year ended 30 June 2016.

Year in review

Key Financial Information A$M (unless stated)	FY16	FY15 Pro Forma	Variation %
Revenue	49.3	44.8	10%
Underlying Core EBITDA	13.3	16.9	-21%
Underlying Net Profit after Tax	5.3	10.8	-51%
Total Licences (Million)	5.65	5.31	6%
ARPU (A$)	8.48	8.33	2%
Learnosity – Revenue (€'000)	8.2	5.4	52%

EMEA delivered 14% constant currency revenue growth with a 10% increase in licences. The Americas, achieved 19% constant currency revenue growth and 14% licence growth, and the region is now cash flow break even. We signed new district agreements including Chicago, the 4th largest US school district, as well as Houston. In our key Australia and New Zealand market, we increased both our market share and customer retention in the primary segment year over year.

The year ahead

3P has key strengths to succeed in the increasingly competitive education technology sector. We have a highly talented team who have strong insight into innovating products that are both engaging and academically rigorous. This is evidenced by our industry awards and the 5.6 million students in over 17,000 schools across the world who use our products every day.

Building on these strengths our focus this year, one of transition, will be in 3 key areas:

1. strengthen our product portfolio, with a focus on our flagship Mathletics product and expanding our literacy offering
2. develop a more scalable sales model, including laying the foundations to digitize all aspects of our business
3. move to a global operating model to deliver efficiency and effectiveness

While executing in these areas, we expect to deliver revenue growth ahead of cost growth in all markets and products in financial year 2017. We have the right team in place to execute our plans and in turn put 3P in a stronger position to accelerate sustainable global growth.

It is a real privilege to be leading such an extraordinary team of people and I feel entirely accountable to them, as well as our shareholders and customers who have placed their confidence in 3P Learning.

Rebekah O'Flaherty
CEO and Managing Director, 3P Learning Limited

3P Learning Limited
Directors' report
30 June 2016

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of 3P Learning Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

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
Roger Amos
Claire Hatton
Rebekah O'Flaherty (appointed on 1 June 2016)
Timothy Power (resigned on 11 January 2016)

Principal activities
During the financial year the principal continuing 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
Dividends paid during the financial year were as follows:

	Consolidated	
	2016 $'000	2015 $'000
Final dividend declared for the year ended 30 June 2015 of 1.8 cents per ordinary share (2014: $82.73 per pre-IPO ordinary share)	2,428	12,500

There were no dividends recommended or declared for the year ended 30 June 2016.

Previous year
As part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of $12,500,000 which was declared on 2 June 2014 and paid on 9 July 2014.

Operating and financial review
The profit for the Group after providing for income tax and non-controlling interest amounted to $3,632,000 (30 June 2015: $4,085,000).

A reconciliation of earnings before interest, tax, depreciation and amortisation ('EBITDA') to statutory profit before tax for the year is as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Underlying core EBITDA*	**13,326**	**16,814**
Depreciation and amortisation expense	(5,064)	(3,062)
Interest income	148	566
Finance costs	(649)	(20)
Underlying profit before income tax expense**	**7,761**	**14,298**
Income tax expense	(2,476)	(3,588)
Underlying profit after income tax expense***	**5,285**	**10,710**
Professional fees for initial public offering	-	(9,368)
Tax benefit	-	2,810
Restructuring costs	(2,231)	-
Tax benefit	596	-
Net profit after income tax expense for the year	3,650	4,152
Non-controlling interest	(18)	(67)
Profit attributable to owners of 3P Learning Limited	3,632	4,085

* Underlying Core EBITDA represents earnings before interest, tax, depreciation and amortisation plus share of profits of associates accounted for using the equity method, excluding professional fees for initial public offering and restructuring costs.

** Underlying profit before income tax expense represents reported profit before income tax expense of the Group, excluding professional fees for initial public offering and restructuring costs.

*** Underlying profit after income tax expense represents reported profit after income tax expense of the Group, excluding professional fees for initial public offering and restructuring costs.

Underlying Information, including this reconciliation to net profit after income tax expense, has been provided in order to meet the demands from users of the financial reports for information to better understand aspects of the Group's performance. The directors believe that underlying profit after income tax expense is the most appropriate measure of the maintainable earnings of the Group and thereby best reflects the core drivers of, and ongoing influences upon, those earnings. For this reason, the impact of professional fees for initial public offering and restructuring costs is excluded from the measurement of underlying profit after income tax expense.

Revenue

Total revenue for the year ended 30 June 2016 was $49,264,000 (30 June 2015: $44,247,000). All segments and all licence products showed modest growth. Licence numbers for the Group grew 6.2% from 5.3 million to 5.7 million.

Performance

The profit for the Group after providing for income tax and non-controlling interest amounted to $3,632,000 (30 June 2015: $4,085,000).

Australia and New Zealand ('ANZ') and Europe, Middle East and Africa ('EMEA') showed improved underlying core EBITDA performance which contributed to the profit for the Group after providing for income tax and non-controlling interest. This was offset by increased investment into Americas and corporate functions.

Depreciation and Amortisation expenses in the current year increased by $2,002,000 to $5,064,000 which was the result of the accumulation of capitalised product development and software assets.

Net interest expense in the current year was $501,000 compared to a net interest income of $546,000 for the previous year. This was driven by the long term borrowings taken out during the year and the reduction in cash and cash equivalents.

One-off restructuring costs of $2,231,000 relating to the leadership transition and transactions costs associated with the investment in Learnosity Holdings Limited impacted the current year. These transaction costs on investment were offset by the share of profit recognised during the year from Learnosity.

In the previous year performance was impacted by one-off professional fees for initial public offering of $9,368,000.

Segment review

Segment review for the year is as follows:

	2016 $'000	2015 $'000	Change $'000	Change %
ANZ	30,791	29,543	1,248	4%
Americas	5,846	4,443	1,403	32%
EMEA	12,627	10,261	2,366	23%
Total Revenue	49,264	44,247	5,017	11%

Segment underlying core EBITDA is as follows:

	2016 $'000	2015 $'000	Change $'000	Change %
ANZ	15,231	17,915	(2,684)	(15%)
Americas	(4,039)	(1,999)	(2,040)	102%
EMEA	2,134	898	1,236	138%
Total EBITDA	13,326	16,814	(3,488)	(21%)

ANZ
Performance saw modest revenue growth of 4% to $30,791,000 driven by licence growth and price increases. Underlying core EBITDA declined by 15% to $15,231,000. Corporate costs make up a significant part of ANZ’s costs and during the year further investment was made into development of product, corporate systems, including the implementation of a new CRM system, and into the transition from on-premises server based product delivery to cloud based product delivery.

Americas
Revenue in Americas grew 32% to $5,846,000 driven by licence growth of 14% during the year. EBITDA declined $2,040,000 as the segment was impacted by the strategic investment in the sales force and increased inter-segment royalty payments on revenue growth.

EMEA
Operational performance grew in EMEA with revenue up 23% to $12,627,000 driven by 10% licence growth. EBITDA was up 138% to $2,134,000 due to revenue contribution less growth in inter-segment royalties.

The Group has net assets of $43,549,000 (30 June 2015: $33,142,000) which was a result of new equity issued in relation to Learnosity acquisition as detailed in the 'Significant changes in the state of affairs below', and profits for the financial year, off-set by additional borrowings of $11,500,000.

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 $10,076,000 (30 June 2015: $8,160,000) in product development and this level of investment is expected to continue to remain competitive. The current carrying value of product development assets is $17,941,000 (30 June 2015: $11,848,000).

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.

Distribution rights to Reading Eggs Product risks: The Group does not own the intellectual property rights to Reading Eggs and Reading Eggspress.

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.

Economic risks: In particular, the Group is exposed to a number of macro risks potentially impacting its economic sustainability.

Exchange rate risk: Volatility in exchange rates can impact the Group's ability to maintain or grow margins, However, to a significant extent the Group's business currently enjoys natural hedges: the revenue that the Group obtains in a particular foreign currency closely matches the expenses it incurs in that currency (such as the British Pound). The Board believes that natural hedges presently mitigate any exchange rate volatility risk for the Group to an economically acceptable level.

Significant changes in the state of affairs

Investment in associates

On 9 September 2015, the Group acquired an initial 23.07% interest in Learnosity Holdings Limited (www.learnosity.com) a provider of SaaS Assessment tools, based in Dublin, Ireland for a total cost of $27,875,000. On this date the Group also entered into an option to purchase an additional 16.93%. The Group exercised this option on 19 January 2016 for a consideration of $20,529,000. Cash consideration of $33,748,000 was paid up to 30 June 2016 and a further $6,092,000 is accrued and will be paid subsequent to the end of the financial year.

Consideration paid was settled by the issuance of 4,108,527 shares in the Company. This included 2,292,649 shares issued on 7 December 2015 and 1,816,878 shares issued on 31 March 2016, which are both held in escrow for a period of 12 months from their respective issue dates.

Long term borrowings

During the financial year, the Group entered into a new banking facilities agreement with HSBC bank including a working capital facility for $20,000,000 and a bank guarantee and other ancillary facility for $2,000,000. As at 30 June 2016, the Group had used $11,500,000 of the working capital facility and $1,839,000 of the bank guarantee and other ancillary facility.

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

On 24 August 2016, the Group increased the HSBC banking facilities agreement including the working capital facility from $20,000,000 to $30,000,000 and maintained the bank guarantee and other ancilliary facility for $2,000,000.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Group's growth is expected to be supported by the continuing shift of consumers seeking more engaging and interactive online learning resources and resources with proven academic rigour.

The Group expects to focus on its core products by increasing their functionality, adding additional content and enhancing the user experience. The Group also expects to establish a scalable sales and operational model to support its growth in student licences and home licences in both existing and potential new territories.

Environmental regulation

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

Information on directors

Name:	Samuel Weiss
Title:	Independent Non-Executive Chairperson
Qualifications:	AB, MS, FAICD
Experience and expertise:	Significant experience as a senior executive and as a non-executive director in education, technology and consumer products companies in Australia, North America, Europe and Asia.
Other current directorships:	Chairman of Altium Limited (ASX: ALU) and Surfstitch Group Limited (ASX: SRF).
Former directorships (last 3 years):	Non-Executive Director of iProperty Group Limited (ASX: IPP), Oroton Group Limited (ASX: ORL) and Breville Group Limited (ASX: BRG) and Chairman of Ensogo Limited (ASX: E88)
Special responsibilities:	Member of the Nomination and Remuneration Committee and the Audit and Risk Committee
Interests in shares:	306,508 ordinary shares

Name:	Rebekah O'Flaherty
Title:	Chief Executive Officer (appointed on 1 June 2016)
Qualifications:	B.Ec., MBA, GAICD
Experience and expertise:	Extensive experience in technology, digital, product development, sales, marketing and distribution across Asia Pacific, Europe and United States gained over 12 years with Hewlett Packard, Telstra and most recently Origin Energy.
Other current directorships:	None
Former directorships (last 3 years):	None
Interests in shares:	None
Interests in options:	None
Interests in rights:	500,000 performance rights

Name:	Roger Amos
Title:	Independent Non-Executive Director
Qualifications:	FCA, FAICD
Experience and expertise:	Over 35 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:	31,992 ordinary shares

Name:	Claire Hatton
Title:	Independent Non-Executive Director
Qualifications:	BSc, MBA, MAICD
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:	Chair of the Nominations and Remuneration Committee and Member of the Audit and Risk Committee
Interests in shares:	31,000 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

Ms. Stephanie Belton (LLB, MBA) was appointed General Counsel of the Group in March 2016 and as company secretary on 22 April 2016. She has over 20 years' corporate and commercial experience in Australia and the UK.

Mr. Jonathan Kenny resigned as company secretary on 22 April 2016.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2016, 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	10	10	5	5	5	5
Roger Amos	10	10	5	5	5	5
Claire Hatton	10	10	5	5	5	5
Timothy Power*	5	7	1	4	1	3

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Timothy Power attended the Nomination and Remuneration Committee and Audit and Risk Committee meetings as an observer.

Rebekah O'Flaherty was appointed to the Full Board on 1 June 2016. No Board meetings were held during the period from 1 June to 30 June 2016.

Letter from the Chair of the Nominations and Remunerations Committee

Dear Shareholder,

Last year, at the Company's Annual General Meeting, we received a "first strike" against the 2015 remuneration report in that more than 25% of votes cast by those entitled to vote voted against the report.

As part of our response to this vote, we have consulted with a number of institutional investors and with proxy advisors, in order to better understand the reasons for the strike vote.

The purpose of my letter to you is to set out the changes that we have made to our remuneration policies and practices and to explain how they have been applied in determining our compensation plans. The principal concerns identified in regard to the 2015 remuneration report included:

- Compensation of the Chief Executive Officer;
- Terms and conditions of the Company's long term incentive plan; and
- Board composition.

Compensation of the Chief Executive Officer

In January 2016, our long time Chief Executive Officer, Timothy Power resigned. The Company entered into a commercial negotiation with Tim about the final payment to him that recognised the length and impact of his tenure and did not exceed the limit to be paid under the Corporations Act 2001 without shareholder approval. The following table sets out the compensation paid to Tim in respect of the years ended 30 June 2016 and 30 June 2015.

	Short-term benefits									
	Salary $	STI plan $	IPO bonus * $	Termination benefits $	Post-employment benefits** $	Long term employee benefits $	LTI plan $	Total $	Performance related %	LTIP %
T Power (Former Chief Executive Officer resigned 11 January 2016)										
2016	**254,433**	**225,000**	**-**	**438,524**	**30,000**	**98,288**	**-**	**1,046,245**	N/A	**-**
2015	411,525	100,000	6,828,750	-	29,577	98,539	100,000	7,568,391	94%	1%

* The one off cash bonus paid in 2015 was detailed in the Initial Public Offering ('IPO') prospectus, issued by the Company on 19 June 2014. The bonus was awarded for work done prior to the IPO and was pre-committed by the prior owners of the Company. The bonus was paid in July 2014, and so was required to be included in the Company's remuneration report for 2015.

** Amounts comprised of superannuation only.

In April 2016, the Company announced the appointment of Rebekah O'Flaherty as Chief Executive Officer. Rebekah joined the Company on 1 June 2016 and the remuneration report includes full details of Rebekah's salary and benefits package, including share-based benefits all of which are subject to shareholder approval. Rebekah is a seasoned global technology industry executive with significant experience leading change, the transformation of customer experience and the creation of digital platforms.

In instructing the international executive search for the new Chief Executive Officer, the Board offered a salary package which reflected the evolution and the increased complexity of the Company since its IPO in 2014, and which recognised the skill set required to transform the Company and restore shareholder value.

The content and structure of Rebekah's remuneration package was benchmarked against the market and is of the level required to secure an executive of Rebekah's experience and ability. In addition, the key remuneration elements set out below are designed to address the increased risk in joining the Company at a time of transition and transformation and to partially compensate for any element of guaranteed remuneration forgone by Rebekah.

Rebekah O'Flaherty fixed remuneration (including compulsory superannuation contributions)		$610,000 per annum.
Rebekah O'Flaherty at risk remuneration	1. Short term incentive:	50% of annual fixed remuneration, subject to the Board's assessment of Rebekah's achievement of applicable performance targets in accordance with the Company's short term incentive plan ('STIP'). If an Event (as defined in the long term incentive ('LTI') plan) occurs in any financial year, Rebekah will be entitled to receive payment of the target STI amount for the relevant year.*
	2. Long term incentive:	50% of annual fixed remuneration, subject to shareholder approval.
	3. Special long term incentive:	Subject to shareholder approval, 400,000 performance rights under the LTI plan subject to the following conditions: a) Where the volume weighted average price ('VWAP') of the Company's ordinary shares for the period of 60 consecutive days after the date of release of the Company's annual results for the period ended 30 June 2019 is: i) Less than $3.95, none of the performance rights will vest; ii) Greater than $3.95 per share, 50% of the performance rights will vest; iii) Greater than $4.45 per share, 75% of the performance rights will vest; and iv) Greater than $5.70 per share, 100% of the performance rights will vest. b) any shares issued on vesting of any performance right shall be placed in escrow for a period of 12 months from the date of vesting.
	4. Further long term incentive:	Provided Rebekah remains in the role of Chief Executive Officer until 1 September 2019, she shall, subject to shareholder approval, receive an additional award of 100,000 performance rights under the terms of the LTI plan.

* This provision recognises the increased likelihood of an Event during the current period of transformation and change and facilitates the full engagement of the CEO in completing the Event process.

The terms of the special long term incentive award (paragraph 3 above), were based on the Company's share price at the time of Rebekah's appointment and are specifically designed to drive substantial revenue and earnings growth and enhance shareholder value. This award continues to operate as a strong incentive, notwithstanding recent movements in share price, and is complimentary to the other elements of Rebekah's remuneration package.

Upon joining the Company, Rebekah was required to forfeit an element of share-based remuneration that would have been paid had she not left her former employer. The further long term incentive (paragraph 4 above) is designed to compensate Rebekah for the loss of this equity award and is subject to a time based hurdle only.
We are very grateful to Jonathan Kenny, our Chief Financial Officer, who served as interim Chief Executive Officer from 11 January 2016 to 31 May 2016. Jonathan did an excellent job in a very challenging time for the Company and not only steadied the business but also stepped up to make key strategic decisions. Jonathan's salary increased over this period only from $388,000 to $450,000 (inclusive of superannuation). In recognition of his exemplary performance, and to retain him as a key leader of our Company, Jonathan was granted 300,000 shares on 19 February 2016, subject to time based vesting dates as follows:
a) as to an initial 100,000 shares, 15 September 2016;
b) as to the next 100,000 shares, 15 September 2017; and
c) as to the final 100,000 shares, 15 September 2018.

Long Term Incentive Plan

We have made some important changes to our LTI plan this year.

Details of the Company's LTI plan are set out in the body of this report. The key changes to the plan for 2016 can be summarised as follows:

- a revenue based hurdle is now included in the plan, in addition to an earnings per share ('EPS') hurdle;
- participants in the plan have been restricted to the new senior executive team comprising the Chief Executive Officer and her direct reports; and
- the choice of equity vehicle under the plan has changed from performance rights to options to be issued at a premium to the VWAP at the time of issue (premium options).

The revenue hurdle has been chosen to reward participants for increasing the rate of growth for the Company, especially in international markets. This hurdle is complemented by the EPS hurdle, which ensures that there is also focus on earnings. Your Board believes that the combination of both hurdles will motivate the senior executive team to achieve superior results and deliver shareholder value.

The senior executive team, which includes a number of new leaders, has been tasked with driving significant growth for shareholders. The choice of premium options as the equity vehicle under the plan for financial year 2017 is in recognition of the high growth nature of online education and its fragmented, early stage state in global markets. We believe that it will maximise the opportunity for our senior executive team to benefit from that growth in a way that is consistent with providing value for our shareholders.

3P Learning Board of directors

Since the 2015 remuneration report, our Chairman, Samuel Weiss, has stepped down from the Chair of the Remuneration and Nomination Committee and I have stepped up to this position. In addition, Sam has resigned from the boards of Oroton Limited and Breville Limited and from the position of Chairman of Ensogo Limited and has been appointed as Chairman of the board of Surfstich Limited. Throughout the year Sam has devoted a considerable amount of time and energy to 3P Learning and the Board is confident that the growth and development of the Company remain his priority and that he has more than adequate time and capacity to give to the Company.

The remuneration of the Company's non-executive directors has been unchanged since it was set in November 2014. Currently, there are no plans to alter or increase non-executive remuneration.

The Company's Corporate Governance Statement for the year ended 30 June 2016 includes a matrix of the key skills and experience that our Board bring to the Company. We regularly review the composition and size of our Board and we plan to appoint an additional member who will compliment and add to the skills and capabilities of the Board.

We believe that the substantial changes outlined above, to both our leadership team and our remuneration framework, put in place the right foundations to accelerate growth, to restore the underlying value in 3P Learning and position the Company to become a market leader, not only in Australia but in key countries around the world.

Yours sincerely

C. Hatton

Claire Hatton
Chair of the Nominations and Remuneration Committee
25 August 2016

Sydney

Remuneration report (audited)

This remuneration report for the year ended 30 June 2016 outlines the director and executive remuneration arrangements for the Group in accordance with the Corporations Act 2001 and its Regulations. For the purposes of this report, key management personnel ('KMP') are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors, whether executive or non-executive. The disclosures in the remuneration report have been audited.

The Company has not engaged any remuneration consultants to advise on remuneration policy or the structure or level of executive remuneration.

The remuneration report is presented under the following headings:

- Overview of 3P Learning remuneration policy;
- Details of senior executive remuneration structure;
- Non-executive directors' remuneration;
- Service agreements;
- Share-based compensation
- Additional disclosure relating to key management personnel

Overview of 3P Learning remuneration policy

The Nomination and Remuneration Committee ('NRC') is responsible for the remuneration arrangements for its directors and senior executives and for reviewing and approving key employment policies and practices. The performance of the Group depends on the quality of its directors and executives. The Company's remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Group's executive reward framework is founded on the objectives of:

- driving growth and profitability;
- aligning executive rewards with achievement of strategic objectives and the delivery of shareholder value; and
- providing competitive remuneration packages that recognise both individual and organisational performance

The NRC has structured an executive remuneration framework that is market competitive, is designed to retain and motivate the Company's leadership team and sets a standard for transparency and good corporate governance.

The determination of non-executive director and executive remuneration is separate.

Details of senior executive remuneration structure

The senior executive remuneration structure has three key components stated below, including what the Board has agreed is the optimal mix between fixed and "at risk" components for the Chief Executive Officer and senior executives. Details for each of the individual components are as follows:

Fixed annual remuneration	Short term incentive	Long term incentive
Fixed salary set by reference to appropriate benchmark information and experience of individuals Includes superannuation and salary-sacrifice non-monetary benefits	25 - 50% of fixed remuneration Annual cash incentive 12 month period Targets linked to group performance	25 - 50% of fixed remuneration Grant of premium options 3 year performance period Performance hurdles linked to revenue and EPS growth

Executive remuneration

Fixed remuneration

The objective for fixed remuneration is to provide a base level of compensation appropriate to the senior executive's role, responsibilities and experience.

Fixed remuneration is determined with reference to available market data including benchmarks, the scope of the role and the qualifications and experience of the individual. The NRC have re-aligned fixed remuneration to ensure consistency of application and market parity.

Fixed remuneration includes base salary, non-monetary benefits, superannuation and other statutory components such as long service leave.

Fixed remuneration is reviewed annually by the NRC, based on individual and business unit performance, the overall performance of the Group, and comparable market remuneration. Superannuation in excess of the concessional contribution cap is provided as cash salary.

Senior 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 fixed remuneration for the Chief Executive Officer is reviewed annually by the NRC, for approval by the Board, following consideration of her performance against her annual KPIs.

Performance based remuneration

The performance based remuneration components for senior executives align reward with the achievement of annual and longer term objectives of the Group, and the optimisation of shareholder value over the short and long term.

The performance based components comprise a STI plan and a LTI plan, each of which is designed to link to key elements of the Group business plan and budget.

Executive remuneration

Details of remuneration paid to the current and former executives, for the years ended 30 June 2016 and 30 June 2015, are set out below:

	Short-term benefits									
	Salary $	STI plan $	IPO bonus $	Termin-ation benefits $	Post-employment benefits $	Long term employee benefits $	LTI plan* $	Total $	Perform-ance related %	LTIP %
Current executives										
R O'Flaherty (Chief Executive Officer appointed 1 June 2016)										
2016	**48,333**	**-**	**-**	**-**	**2,500**	**-**	**3,457**	**54,290**	**-**	**-**
J Kenny (Chief Financial Officer and Interim Chief Executive Officer from 11 January 2016 to 31 May 2016)										
2016	**377,802**	**-**	**-**	**-**	**30,000**	**-**	**138,142**	**545,944**	**-**	**-**
2015	357,530	75,000	300,000	-	30,000	-	75,000	837,530	55%	9%
Former executive										
T Power (Former Chief Executive Officer resigned 11 January 2016)										
2016	**254,433**	**225,000**	**-**	**438,524**	**30,000**	**98,288**	**-**	**1,046,245**	N/A	**-**
2015	411,525	100,000	6,828,750	-	29,577	98,539	100,000	7,568,391	94%	1%

* 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.

Short term incentives

What is the STI and who participates?
The remuneration of the Group's senior executives is linked to the Company's short term annual performance through a cash based STI. The Group STI program is designed to deliver sustainable performance and continued growth by retaining talent and rewarding performance. The key objectives of the STI program are to:

- drive and reward outstanding performance against annual strategic financial and operational performance objectives;
- promote effective management of capital, in the short, medium and long term;
- position the Company to over achieve in future years;
- emphasise and reward team and Company performance outcomes;
- provide competitive and motivating reward opportunities;
- create a clear and transparent link between performance and rewards with minimum subjectivity; and
- be simple to administer and easily understood.

What are the performance measures?
Financial performance measures are set for each senior executive based on profit and revenue targets. These targets are in turn derived from the Company's business plan and budget as the NRC considers this to be the best way to ensure the aims of the business plan and budget are met.

Currently, the Company's STI Plan does not include non-financial performance objectives. As part of the ongoing development of the Company's remuneration framework, the NRC will consider non-financial measures that are within the sphere of influence of the individual and are aligned with the Company's overall business goals.

The performance measures are as follows:

Performance measure	Executive allocation
Revenue	50%
EBITDA	50%

Why were these performance measures chosen?
The Board considers the financial measures to be appropriate as they are aligned with the Group's objective of delivering profitable growth and, improved shareholder returns.

The Group operates in the fast moving and rapidly changing global environment of education technology in which a large number of companies, individuals, startups and even global technology giants like Amazon and Google are trying to establish themselves as credible suppliers to schools for education services. Today, no one company has significant market share, or a perceived advantage to any other. The Board believes that the Group is capable of achieving a market leading position in the countries in which it operates if management is incentivised to deliver both rapid growth in revenue and consistent growth in earnings.

What is the amount the executives can earn?

Financial measure – level of performance	% of Target incentive award*
Below Threshold (i.e. <90% of Target)	0%
Target	100%
Above Target (i.e. > 100% of Target)	Up to 160%

* Pro-rata payment made between these points

When are the performance conditions tested?
Performance conditions are tested and incentive payments under the STI plan are determined by the NRC after the approval and release of the Company's annual results in August.

STI for the 2016 financial year

The target STI opportunity for the financial year ended 30 June 2016 was up to an amount equal to 25% of the senior executive's fixed remuneration (up to 50% in the case of the Chief Executive Officer and Chief Financial Officer).

There were 12 participants in the STI incentive payments for FY16 and 3 achieved their targets for the year. For FY16 a total of $105,347 was paid for STI awards.

The former Chief Executive Officer, Tim Power, received an STI payment of $225,000 as part of his final payment negotiated on commercial terms with the Company.

Long term incentives

The LTI plan has been modified this year in light of feedback both from the Company's shareholders and from the review of the Company's remuneration framework. The objective is to link the long term reward for senior executives with the creation of shareholder value through the allocation of equity awards which are subject to specific performance conditions.

The key changes to the plan for 2016 are as follows:

- a revenue based hurdle is included in the plan, in addition to an EPS hurdle;
- participants in the plan have been restricted to the new senior executive team comprising the Chief Executive Officer and her direct reports; and
- the equity vehicle under the plan has changed from performance rights to options to be issued at a premium to the VWAP at the time of issue (premium options)

The revenue hurdle has been chosen to reward participants for increasing the rate of growth for the Company especially in international markets. This hurdle is complemented by the EPS hurdle, which ensures that there is also focus on shareholder value.

The senior executive team, which includes a number of new leaders, has been tasked with driving significant growth for shareholders. The choice of premium options as the equity vehicle under the plan is in recognition of the high growth nature of online education and its fragmented early stage state in global markets. This should maximise the opportunity for the senior executive team to benefit from that growth in a way that is consistent with providing value for shareholders.

What are the objectives of the LTI?
The key objectives of the LTI program are to:

- align executive performance with shareholder return;
- drive and reward outstanding performance against three year strategic financial and operational performance objectives;
- emphasise and reward senior executives for long term Company performance outcomes;
- provide competitive reward opportunities that motivate participants; and
- create a clear and transparent link between long term performance and rewards with minimum subjectivity.

Who are the participants of the LTI?
The Chief Executive Officer and her five direct reports are eligible to participate in the LTI plan.

What is the amount that executives can earn?
Beneficiaries under the LTI plan can earn an amount equal to a percentage of their annual fixed remuneration in the range of 25%-50%.

How is the LTI grant determined?
Grants will be made in September 2016 after the 30 June 2016 financial statements have been finalised. The vesting date will be three years after the grant date, following the approval of the financial results for FY19. Any premium options which do not meet the performance conditions at the end of the performance period will lapse.

Awards will take the form of premium options. Each option represents a conditional right to acquire one share in the Company on exercise by payment of an exercise price determined by the Board during a limited exercise period.

For the purpose of the FY17 grant under the LTI plan, the exercise price will be set at a premium of 43% to the Company's share price on the date of grant. The life of the grant is four years.

The number of options to be granted will be determined by dividing the dollar award value by the value of an option at the time of grant (based on a two week VWAP of the Company's shares at that time).

What are the performance conditions?
The performance conditions for the year ending 30 June 2017 grant are based on the following:
- 50% of award to be tested based on compound annual growth in revenue; and
- 50% of award to be tested based on compound annual growth in EPS.

Each performance condition is tested following finalisation of the annual financial results for the year ending 30 June 2019 (performance period).

The financial hurdles are independent of each other. One can be achieved without the other hitting threshold.

What vesting schedules apply?
During the financial year, the Board reviewed the award schedule in light of the Company's historical financial performance and the three year revenue and EBIT growth forecasts. The Board approved challenging threshold, target and stretch growth rates (using FY16 as the base) in respect of both the revenue and EPS hurdles, which are based on the Company's strategic plan and are reflective of the Company's growth objectives. Both hurdles require double digit growth at the threshold level for any award to occur.

The following award schedule applies to both performance hurdles:

Performance level	% of options awarded
Below threshold	0%
Threshold	80%
Target	100%
Stretch	150%

The Board has chosen to offer significant incentive opportunity if the Senior Executive team can substantially increase the rate of growth in revenue and EPS as the Board believes this is in the interest of the Senior Executive team and shareholders alike. The target hurdle has been set to be stretching but achievable and the stretch target to be particularly ambitious.

Performance conditions and disclosure of targets
The Board considers the combination of revenue and EPS hurdles an appropriate balance to ensure that 'top line' growth is pursued over the long term, whilst growth in earnings is maintained.

In particular, the revenue hurdle has been adopted in light of the Group's desire to accelerate growth to achieve national and international expansion. The Board has selected EPS as a performance measure because it provides a relevant indicator of shareholder value and provides a clear target to drive and motivate senior executive performance.
The publication of prospective revenue and EPS targets for future performance periods would require the disclosure of price sensitive information. Accordingly, the Company will not disclose prospective targets but will disclose historic targets and the Company's performance against those targets.

Premium options may lapse in the event that the relevant performance conditions are not met. In addition, premium options may be forfeited if a "claw back" event occurs during the performance period. A claw back event includes circumstances where a senior executive has engaged in fraud, dishonesty or gross misconduct, where the financial results that led to the equity award are subsequently shown to be materially misstated, or where the behaviour of a senior executive brings the Company into disrepute or impacts the Company's long term financial strength.

LTI for the 2016 financial year
The relevant EPS target threshold for awards under the LTI plan in the financial year ended 30 June 2016 was 8.19 cents against an actual underlying EPS figure of 3.87 cents*.

No awards were made under the LTI plan for the financial year ended 30 June 2016, other than the awards made to Rebekah O'Flaherty on her appointment to the role of Chief Executive Officer, which are subject to shareholder approval at the 2016 AGM and the award to Jonathan Kenny in relation to his role as Interim Chief Executive Officer.

*Underlying EPS is calculated as Underlying profit after income tax expense of $5,285,000 (as defined in the Operating Financial Review of the Directors' Report) divided by 136,650,228 being the weighted average number of shares as disclosed in Note 37.

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 NRC. 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 in any discussions relating to determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2014 Annual General Meeting where the shareholders approved the aggregate remuneration be fixed at $650,000 per annum. Board and committee fees, as well as statutory superannuation contributions made on behalf of the non-executive directors, are included in the aggregate fee pool.

The table below shows the structure and level of non-executive director fees for the financial year ended 30 June 2016. These will remain the same for financial year ending 30 June 2017.

Fee applicable	Chair $	Member $
Board	150,000	75,000
Audit and Risk Committee	20,000	10,000
Nominations and Remuneration Committee	20,000	10,000

Details of the remuneration for the Chairman and independent non-executive directors for the financial years ended 30 June 2016 and 30 June 2015 are set out in the table below.

Name		Fees and allowances $	IPO bonus $	Post-employment benefits $	Total $
S Weiss (Chairman)	**2016**	**176,333**	**-**	**16,752**	**193,085**
	2015	181,153	100,000	17,248	298,401
R Amos	**2016**	**105,000**	**-**	**9,975**	**114,975**
	2015	105,673	50,000	10,061	165,734
C Hatton	**2016**	**98,667**	**-**	**9,373**	**108,040**
	2015	95,608	50,000	9,103	154,711
Total	**2016**	**380,000**	**-**	**36,100**	**416,100**
	2015	382,434	200,000	36,412	618,846

Service agreements

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 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:	Rebekah O'Flaherty
Title:	Chief Executive Officer
Agreement commenced:	1 June 2016
Term of agreement:	Open ended
Details:	Rebekah will receive a fixed annual remuneration of $610,000, inclusive of statutory superannuation. Rebekah will be eligible to receive an annual short term incentive with a target STI of 50% of her fixed annual remuneration, as determined by the Board for each financial year ending after 30 June 2016. Payment of the cash bonus will depend on the Group's performance and Rebekah's achievement of certain key performance indicators or at the discretion of the Board. As part of a long term incentive package and subject to shareholder approval, Rebekah may be entitled to receive an equity based award under the LTI plan with a value equivalent to 50% of her fixed annual remuneration, commencing 1 July 2016. Further, subject to shareholder approval, as part of her appointment package, Rebekah will receive an award of up to 400,000 performance rights under the LTI plan subject to specific long term performance indicators. In addition, provided that Rebekah remains in the role of Chief Executive Officer until 1 September 2019, subject to shareholder approval, she will receive an additional award of 100,000 performance rights under the terms of the LTI plan. Either party may terminate the employment contract by giving six months' notice in writing. The Company may terminate Rebekah's employment contract by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company may terminate Rebekah's employment contract immediately by notice in writing and without payment in lieu of notice. Upon the termination of Rebekah's employment contract, she will be subject to a restraint of trade period of 12 months. The Company 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:	Interim Chief Executive Office and Chief Financial Officer
Agreement commenced:	1 July 2014
Term of agreement:	Open ended
Details:	Jonathan will receive annual fixed remuneration of $388,000 plus statutory superannuation. Jonathan will be eligible to receive an annual short term incentive with a target STI of 50% of his fixed annual remuneration, as determined by the Board. Payment of the cash bonus will depend on the Group's performance and Jonathan's achievement of certain key performance indicators or at the discretion of the Board. As part of a long term incentive package Jonathan may be entitled to receive an equity based award under the LTI plan with a value equivalent to 50% of his fixed annual remuneration. On 19 February 2016, it was determined that 300,000 ordinary shares were to be issued to Jonathan as a retention and reward bonus in acknowledgement of his increased responsibilities and ongoing contributions to the Group as Interim Chief Executive Office. The first issue date will be 15 September 2016, and subsequent to that 100,000 shares will be issued in 2017 and 2018, subject to continued employment at that time. The Board may, at its absolute discretion, elect to issue some or all of these shares, regardless of the vesting dates. Either party may terminate the employment contract by giving six months' notice in writing. The Company may terminate Jonathan's employment contract by making a payment in lieu of notice. In the event of serious misconduct or other specific circumstances warranting summary dismissal, the Company 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 up to 18 months. The Company 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.

Share-based compensation

Issue of shares

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Date	Shares	Issue price	$
Jonathan Kenny	1 October 2015	30,000	$2.50	75,000
Timothy Power	1 October 2015	40,000	$2.50	100,000

Options

There were no options over ordinary shares issued to directors or other key management personnel as part of compensation that were outstanding as at 30 June 2016, aside from the performance rights disclosed above pertaining to Rebekah and Jonathan (the former being subject to shareholder approval at the Annual General Meeting).

In accordance with the terms of their employment agreements, an award of premium options to each of Rebekah and Jonathan will be considered in respect of FY17. In the event such award is made to Rebekah, it will be submitted for shareholder approval at the Annual General Meeting.

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
Ordinary shares					
Samuel Weiss	130,400	-	176,108	-	306,508
Roger Amos	17,500	-	14,492	-	31,992
Claire Hatton	25,000	-	6,000	-	31,000
Jonathan Kenny	118,100	30,000	-	-	148,100
Timothy Power *	3,036,472	40,000	-	(3,076,472)	-
	3,327,472	70,000	196,600	(3,076,472)	517,600

* Disposals/other represent disposals of 465,500 shares during the period and 2,610,972 shares held at resignation date.

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 under performance rights
Unissued ordinary shares of 3P Learning Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
19/02/2016	15/09/2017	$0.00	100,000
19/02/2016	15/09/2018	$0.00	100,000
19/02/2016	15/09/2019	$0.00	100,000
01/06/2016	01/09/2019	$0.00	100,000
01/06/2016	*	$0.00	400,000
			800,000

* 60 days after the date of release of the Company's annual results for the year ended 30 June 2019.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

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 2016 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of 3P Learning Limited issued on the exercise of performance rights during the year ended 30 June 2016 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 the liability and the amount of the premium.

Indemnity and insurance of auditor
To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during the financial year and up to the date of this report.

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 28 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 28 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 partners of Ernst & Young

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

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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 2016
Sydney

Building a better
working world

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

As lead auditor for the audit of 3P Learning Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Lisa Nijssen-Smith
Partner
25 August 2016

Contents

3P Learning Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Revenue	5	49,264	44,247
Share of profits of associates accounted for using the equity method		480	-
Other income	6	1,044	1,657
Expenses			
Employee benefits expense		(23,738)	(19,337)
Depreciation and amortisation expense	7	(5,064)	(3,062)
Professional fees	7	(2,356)	(10,750)
Technology costs		(2,583)	(1,207)
Marketing expenses		(3,060)	(2,289)
Occupancy expenses		(2,281)	(1,914)
Restructuring expenses		(2,231)	-
Administrative expenses		(3,296)	(2,395)
Finance costs	7	(649)	(20)
Profit before income tax expense		5,530	4,930
Income tax expense	8	(1,880)	(778)
Profit after income tax expense for the year		3,650	4,152
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net change in the fair value of cash flow hedges taken to equity, net of tax		85	-
Foreign currency translation		120	(919)
Other comprehensive income for the year, net of tax		205	(919)
Total comprehensive income for the year		3,855	3,233
Profit for the year is attributable to:			
Non-controlling interest		18	67
Owners of 3P Learning Limited		3,632	4,085
		3,650	4,152
Total comprehensive income for the year is attributable to:			
Non-controlling interest		18	67
Owners of 3P Learning Limited		3,837	3,166
		3,855	3,233
		Cents	**Cents**
Basic earnings per share	37	2.66	3.04
Diluted earnings per share	37	2.66	3.04

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

3P Learning

3P Learning Limited
Statement of financial position
As at 30 June 2016

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Assets			
Current assets			
Cash and cash equivalents	9	4,281	30,886
Trade and other receivables	10	7,980	8,677
Income tax		48	-
Other	11	24	630
Total current assets		12,333	40,193
Non-current assets			
Royalty receivable		80	145
Investments accounted for using the equity method	12	48,884	-
Available-for-sale financial assets	13	6,607	6,607
Plant and equipment	14	1,216	965
Intangibles	15	23,917	17,242
Deferred tax	16	5,881	7,600
Total non-current assets		86,585	32,559
Total assets		98,918	72,752
Liabilities			
Current liabilities			
Trade and other payables	17	10,745	7,392
Derivative financial instruments	18	313	-
Income tax		-	1,997
Provisions	19	2,036	2,324
Deferred revenue		28,423	23,924
Finance lease payable		9	38
Total current liabilities		41,526	35,675
Non-current liabilities			
Borrowings	20	11,500	-
Provisions	21	549	875
Deferred revenue		1,754	3,060
Finance lease payable		40	-
Total non-current liabilities		13,843	3,935
Total liabilities		55,369	39,610
Net assets		43,549	33,142
Equity			
Issued capital	22	33,951	25,113
Reserves	23	7,382	7,035
Retained earnings		2,160	956
Equity attributable to the owners of 3P Learning Limited		43,493	33,104
Non-controlling interest		56	38
Total equity		43,549	33,142

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

3P Learning Limited
Statement of changes in equity
For the year ended 30 June 2016

Consolidated	Issued capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2014	2,352	7,954	(3,129)	87	7,264
Profit after income tax expense for the year	-	-	4,085	67	4,152
Other comprehensive income for the year, net of tax	-	(919)	-	-	(919)
Total comprehensive income for the year	-	(919)	4,085	67	3,233
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	22,761	-	-	-	22,761
Dividends paid to non-controlling interest	-	-	-	(116)	(116)
Balance at 30 June 2015	25,113	7,035	956	38	33,142

Consolidated	Issued capital $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2015	25,113	7,035	956	38	33,142
Profit after income tax expense for the year	-	-	3,632	18	3,650
Other comprehensive income for the year, net of tax	-	205	-	-	205
Total comprehensive income for the year	-	205	3,632	18	3,855
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 22)	8,838	-	-	-	8,838
Share-based payments (note 38)	-	142	-	-	142
Dividends paid (note 24)	-	-	(2,428)	-	(2,428)
Balance at 30 June 2016	33,951	7,382	2,160	56	43,549

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

	Note	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		59,467	54,940
Payments to suppliers and employees (inclusive of GST)		(45,397)	(35,506)
Interest received		148	599
Interest and other finance costs paid		(359)	(78)
Income taxes refunded/(paid)		(2,206)	1,301
Net cash from operating activities	35	11,653	21,256
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(1,062)
Payment for previous year's business combinations		(495)	-
Payments for investments		(1,318)	(5,308)
Payments for investments in associates		(33,748)	-
Payments for plant and equipment		(912)	(327)
Payments for intangibles		(11,382)	(8,475)
Proceeds from disposal of plant and equipment		1	5
Proceeds from release of holding deposits		500	1,702
Net cash used in investing activities		(47,354)	(13,465)
Cash flows from financing activities			
Proceeds from issue of shares		-	23,500
Share issue transaction costs		-	(11,741)
Proceeds from borrowings		17,500	-
Repayment of borrowing		(6,000)	(260)
Dividends paid		(2,404)	(12,500)
Dividends paid to non-controlling interest		-	(116)
Net cash from/(used in) financing activities		9,096	(1,117)
Net increase/(decrease) in cash and cash equivalents		(26,605)	6,674
Cash and cash equivalents at the beginning of the financial year		30,886	24,442
Effects of exchange rate changes on cash and cash equivalents		-	(230)
Cash and cash equivalents at the end of the financial year	9	4,281	30,886

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

Note 1. General information

The financial statements cover 3P Learning Limited as a Group consisting of 3P Learning Limited (the 'Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'Group'). The financial statements are presented in Australian dollars, which is 3P Learning Limited's functional and presentation currency.

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

Level 18, 124 Walker Street
North Sydney NSW 2060

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2016. 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. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

Net current asset deficiency

As at 30 June 2016, the Group was in a net current liability position of $29,193,000 (2015: net current asset of $4,518,000) of which $6,092,000 relates to future payments in relation to Learnosity and $28,423,000 (2015: $23,924,000) is deferred revenue which will be recognised as income in the next financial year with no further cash outflows to the Group. Further there is $8,500,000 available of the working capital debt facility. 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 except for certain financial instruments that are measured at revalued amounts or fair values, as detailed in the accounting policies in this note.

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 32.

Note 2. Significant accounting policies (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 3P Learning Limited as at 30 June 2016 and the results of all subsidiaries for the year then ended.

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.

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 rates at the dates of the transactions, 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.

Note 2. Significant accounting policies (continued)

Mathletics, Spellodrome and IntoScience licence revenues
The Group recognises revenue pursuant to software licence agreements upon the provision of access to its customers of the Group's intellectual property as it exists at any given time during the period of the license. 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 the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied 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.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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 classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's 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 classified as current when: it is either expected to be settled in the Group's 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.

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 are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30-60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment.

Note 2. Significant accounting policies (continued)

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

Derivatives are classified as current or non-current depending on the expected period of realisation.

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

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

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

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

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

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

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Note 2. Significant accounting policies (continued)

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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 over their expected useful lives as follows:

Furniture & fittings	three to seven years
Computer equipment	three to five years
Office equipment	three to five years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

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 the 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, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Note 2. Significant accounting policies (continued)

Intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised and an expense is recognised in the statement of comprehensive income in the year in which the expenditure is incurred.

Goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Product development
Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Group is able to use or sell the asset; the Group has sufficient resources; and intent to complete the internal development and their costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite useful lives of five years.

Patents and trademarks
Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years.

Customer contracts
Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of between one to three years.

Software
Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite useful life of three years.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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.

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

Note 2. Significant accounting policies (continued)

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

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
Employee benefits expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
Employee benefits not expected to be settled within 12 months of the reporting date are 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 corporate 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, that 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.

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 the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

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.

Note 2. Significant accounting policies (continued)

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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

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.

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 the 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.

Note 2. Significant accounting policies (continued)

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.

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 ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and consequently the amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

Comparatives

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

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 2016. 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.

Note 2. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group expects to adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. 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 Group will adopt this standard from 1 July 2018 and the adoption of this standard is not expected to have a material impact for the Group.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019 and the impact of its adoption will be that operating leases, such as those detailed in note 30, will be brought onto the statement of financial position with a corresponding liability.

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.

Fair value measurement hierarchy
The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

Product development costs
The Group capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management’s judgement that technological and economic feasibility is confirmed. In determining the amounts to be capitalised, as with the nature of Software-as-a-Service delivery model, key judgement is required in determining whether incremental product enhancements will provide additional future economic benefit.

Note 4. 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 a quarterly basis.

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

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

Major customers
There are no major customers that contributed more than 10% of revenue to the Group.

Operating segment information

Consolidated - 2016	ANZ $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	30,615	5,835	12,608	49,058
Other revenue	176	11	19	206
Total revenue	30,791	5,846	12,627	49,264
EBITDA*	14,751	(4,039)	2,134	12,846
Depreciation and amortisation				(5,064)
Interest revenue				148
Finance costs				(649)
Share of profits of associates				480
Restructuring expenses				(2,231)
Profit before income tax expense				5,530
Income tax expense				(1,880)
Profit after income tax expense				3,650

* EBITDA is after inter-segment royalty expense incurred by Americas segment of $2,324,000 and EMEA segment of $4,582,000.

Note 4. Operating segments (continued)

Consolidated - 2015	ANZ $'000	Americas $'000	EMEA $'000	Total $'000
Revenue				
Sales to external customers	29,511	4,443	10,261	44,215
Other revenue	32	-	-	32
Total revenue	29,543	4,443	10,261	44,247
EBITDA*	8,547	(1,999)	898	7,446
Depreciation and amortisation				(3,062)
Interest revenue				566
Finance costs				(20)
Profit before income tax expense				4,930
Income tax expense				(778)
Profit after income tax expense				4,152

* EBITDA for ANZ segment includes IPO costs of $9,368,000. EBITDA is after inter-segment royalty expense incurred by Americas segment of $1,772,000 and EMEA segment of $3,612,000.

Note 5. Revenue

	Consolidated 2016 $'000	Consolidated 2015 $'000
Licence fees	39,799	35,123
Sponsorship income	683	1,079
Sale of workbooks	-	128
Copyright licence fees	1,724	1,563
Other	233	198
Net commission revenue	6,825	6,156
Revenue	49,264	44,247

Note 6. Other income

	Consolidated 2016 $'000	Consolidated 2015 $'000
Net foreign exchange gain	615	537
Interest	148	586
Other	281	534
Other income	1,044	1,657

Note 7. Expenses

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Fixtures and fittings	164	142
Computer equipment	421	475
Office equipment	32	20
Total depreciation	617	637
Amortisation		
Product development	3,983	2,087
Patents and trademarks	103	149
Customer contracts	138	168
Software	223	21
Total amortisation	4,447	2,425
Total depreciation and amortisation	5,064	3,062
Professional fees includes the following:		
Professional fees for initial public offering	-	9,368
Other professional fees	2,356	1,382
Total professional fees	2,356	10,750
Finance costs		
Interest and finance charges paid/payable	649	20
Rental expense relating to operating leases		
Minimum lease payments	1,395	1,201
Superannuation expense		
Defined contribution superannuation expense	2,655	2,021

Note 8. Income tax expense

	Consolidated 2016 $'000	Consolidated 2015 $'000
Income tax expense		
Current tax	749	3,355
Deferred tax - origination and reversal of temporary differences	1,719	132
Research and developments rebates recognised	(588)	(2,709)
Aggregate income tax expense	1,880	778
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 16)	1,719	132
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	5,530	4,930
Tax at the statutory tax rate of 30%	1,659	1,479
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	71	196
Impact of foreign tax rate	(385)	(147)
Other tax offsets	314	-
Current year tax benefit not recognised	869	-
	2,528	1,528
Research and developments rebates recognised	(588)	(2,709)
Prior year tax losses derecognised	-	447
Adjustments recognised for prior year deferred tax	-	1,398
Other	(60)	114
Income tax expense	1,880	778

	Consolidated 2016 $'000	Consolidated 2015 $'000
Amounts credited directly to equity		
Deferred tax assets (note 16)	-	(317)

Note 9. Current assets - cash and cash equivalents

	Consolidated 2016 $'000	Consolidated 2015 $'000
Cash at bank and in hand	4,219	10,215
Short-term deposits	62	20,671
	4,281	30,886

Note 10. Current assets - trade and other receivables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade receivables	7,098	7,522
Less: Provision for impairment of receivables	(20)	(18)
	7,078	7,504
Other receivables	230	238
Prepayments	672	935
	902	1,173
	7,980	8,677

Impairment of receivables
The Group has recognised a loss of $52,000 (2015: $18,000) in profit or loss in respect of impairment of receivables for the year ended 30 June 2016.

The ageing of the impaired receivables provided for above are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
0ne to three months overdue	3	-
Three to six months overdue	10	3
Over six months overdue	7	15
	20	18

Movements in the provision for impairment of receivables are as follows:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Opening balance	18	-
Additional provisions recognised	52	18
Receivables written off during the year as uncollectable	(50)	-
Closing balance	20	18

Past due but not impaired
Customers with balances past due but without provision for impairment of receivables amount to $1,791,000 as at 30 June 2016 ($1,722,000 as at 30 June 2015).

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
1 to 12 months overdue	1,791	1,722

Note 11. Current assets - other

	Consolidated 2016 $'000	Consolidated 2015 $'000
Term deposits	16	516
Other deposits	8	8
Other current assets	-	106
	24	630

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated 2016 $'000	Consolidated 2015 $'000
Investment in Learnosity Holdings Limited	48,884	-

Refer to note 34 for further information on interests in associates.

On 9 September 2015, the Group acquired an initial 23.07% interest in Learnosity Holdings Limited (www.learnosity.com) a provider of SaaS Assessment tools, based in Dublin, Ireland for a total cost of $27,875,000. On this date the Group also entered into an option to purchase an additional 16.93%. The Group exercised this option on 19 January 2016 for a consideration of $20,529,000. Cash consideration of $33,748,000 was paid up to 30 June 2016 and a further $6,092,000 is accrued and will be paid subsequent to the reporting date.

Consideration paid was settled by the issuance of 4,108,527 shares in the Company. This included 2,292,649 shares issued on 7 December 2015 and 1,816,878 shares issued on 31 March 2016, which are both held in escrow for a period of 12 months from their respective issue dates.

Note 13. Non-current assets - available-for-sale financial assets

	Consolidated 2016 $'000	Consolidated 2015 $'000
Unlisted ordinary shares - 17.2% interest in Desmos Inc.	6,607	6,607

Refer to note 26 for further information on fair value measurement.

Note 14. Non-current assets - plant and equipment

	Consolidated 2016 $'000	Consolidated 2015 $'000
Furniture & fittings - at cost	1,510	1,033
Less: Accumulated depreciation	(753)	(596)
	757	437
Computer equipment - at cost	3,499	3,211
Less: Accumulated depreciation	(3,161)	(2,752)
	338	459
Office equipment - at cost	268	186
Less: Accumulated depreciation	(147)	(117)
	121	69
	1,216	965

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	Computer equipment $'000	Office equipment $'000	Total $'000
Balance at 1 July 2014	491	784	47	1,322
Additions	55	223	49	327
Disposals	-	-	(5)	(5)
Additions through business combinations	-	-	2	2
Exchange differences	37	4	-	41
Write off of assets	(4)	(17)	(4)	(25)
Transfers in/(out)	-	(60)	-	(60)
Depreciation expense	(142)	(475)	(20)	(637)
Balance at 30 June 2015	437	459	69	965
Additions	448	302	162	912
Disposals	(2)	(6)	(67)	(75)
Exchange differences	38	4	(11)	31
Depreciation expense	(164)	(421)	(32)	(617)
Balance at 30 June 2016	757	338	121	1,216

Property, plant and equipment secured under finance leases
Refer to note 30 for further information on property, plant and equipment secured under finance leases.

Note 15. Non-current assets - intangibles

	Consolidated 2016 $'000	Consolidated 2015 $'000
Goodwill - at cost	4,414	4,654
Product development - at cost	24,683	14,605
Less: Accumulated amortisation	(6,742)	(2,757)
	17,941	11,848
Patents and trademarks - at cost	3,074	3,074
Less: Accumulated amortisation	(2,982)	(2,879)
	92	195
Customer contracts - at cost	316	370
Less: Accumulated amortisation	(276)	(172)
	40	198
Software - at cost	1,861	561
Less: Accumulated amortisation	(431)	(214)
	1,430	347
	23,917	17,242

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	Customer contracts $'000	Software $'000	Total $'000
Balance at 1 July 2014	3,012	5,775	337	-	-	9,124
Additions	-	8,160	7	-	308	8,475
Additions through business combinations	1,578	-	-	354	-	1,932
Exchange differences	64	-	-	12	-	76
Transfers in/(out)	-	-	-	-	60	60
Amortisation expense	-	(2,087)	(149)	(168)	(21)	(2,425)
Balance at 30 June 2015	4,654	11,848	195	198	347	17,242
Additions	-	10,076	-	-	1,306	11,382
Exchange differences	(240)	-	-	(20)	-	(260)
Amortisation expense	-	(3,983)	(103)	(138)	(223)	(4,447)
Balance at 30 June 2016	4,414	17,941	92	40	1,430	23,917

Note 15. Non-current assets - intangibles (continued)

Impairment testing for goodwill
Goodwill acquired through business combinations have been allocated to the following cash-generating units ('CGUs'):

	Consolidated	
	2016 $'000	2015 $'000
CGU1: ANZ	3,012	3,012
CGU2: EMEA	1,402	1,642
	4,414	4,654

The recoverable amount of each CGU is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on business plan, prior to any future restructuring to which the Group is not yet committed, approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below.

The following key assumptions were used in the discounted cash flow model for the different CGUs:

a. Pre-tax discount rate: CGU1: ANZ 10.98% and CGU2: EMEA 11.48%.
b. Projected growth rate of 3% beyond five year period for all CGUs.
c. Increase in operating costs and overheads based on current levels adjusted for inflationary increases.

For the financial year ended 30 June 2016, the recoverable amount of net assets for all CGUs are greater than the carrying value of the assets and therefore, the goodwill is not considered to be impaired.

Sensitivity
As disclosed in note 3, management have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting carrying amounts of assets may decrease.

For all CGUs, any reasonable change in the key assumptions on which the recoverable amount is based would not cause the CGU's carrying amount to exceed its recoverable amount.

Note 16. Non-current assets - deferred tax

	Consolidated 2016 $'000	Consolidated 2015 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	707	597
Accrued expenses	1,075	871
Deferred Revenue	6,200	5,146
IPO costs	2,094	2,824
Royalty asset	882	1,004
Intangibles	(5,153)	(2,793)
Unrealised foreign exchange fluctuation	15	36
Plant and equipment	61	(85)
Deferred tax asset	5,881	7,600
Movements:		
Opening balance	7,600	7,415
Charged to profit or loss (note 8)	(1,719)	(132)
Credited to equity (note 8)	-	317
Closing balance	5,881	7,600

Unused tax losses of $869,000 have not been recognised as a deferred tax asset as at 30 June 2016. There is no expiry date on these tax losses.

Note 17. Current liabilities - trade and other payables

	Consolidated 2016 $'000	Consolidated 2015 $'000
Trade payables	1,281	1,209
Accrued expenses	2,640	3,559
Deferred consideration on investments	5,779	1,299
Goods and service tax	735	1,022
Other payables	310	303
	10,745	7,392

Refer to note 25 for further information on financial instruments.

Note 18. Current liabilities - derivative financial instruments

	Consolidated 2016 $'000	Consolidated 2015 $'000
Forward foreign exchange contracts - cash flow hedges	313	-

Refer to note 25 for further information on financial instruments.

Refer to note 26 for further information on fair value measurement.

Note 19. Current liabilities - provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Employee benefits	1,232	1,377
Lease make good	510	452
Contingent consideration	294	495
	2,036	2,324

Employee benefits
Employee benefits comprise of provisions for annual leave and current long service leave. Where an obligation is presented as current, the Group does not have an unconditional right to defer settlement.

Lease make good
The provision represents the present value of the estimated costs to make good the premises leased by the Group at the end of the respective lease terms.

Contingent consideration
The provision represents contingent consideration payable on acquisition of business. It is measured at the present value of the estimated liability.

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2016	Lease make good $'000	Contingent consideration $'000
Carrying amount at the start of the year	452	495
Additional provisions recognised	105	-
Amounts transferred from non-current	-	294
Amounts used	-	(495)
Unused amounts reversed	(47)	-
Carrying amount at the end of the year	510	294

Note 20. Non-current liabilities - borrowings

	Consolidated 2016 $'000	Consolidated 2015 $'000
Bank loans	11,500	-

Refer to note 25 for further information on financial instruments.

During the year, the Group entered into the following banking facilities with HSBC Bank:
• Working capital facility of $20,000,000
• Bank guarantee and other ancillary facility for $2,000,000

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

The Group increased its working capital facility after the reporting date, as detailed in note 39.

Note 20. Non-current liabilities - borrowings (continued)

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Bank loans	11,500	-

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

	Consolidated 2016 $'000	Consolidated 2015 $'000
Total facilities		
Bank loans - working capital facility	20,000	-
Bank guarantee and ancillary facility	2,000	-
	22,000	-
Used at the reporting date		
Bank loans - working capital facility	11,500	-
Bank guarantee and ancillary facility	1,839	-
	13,339	-
Unused at the reporting date		
Bank loans - working capital facility	8,500	-
Bank guarantee and ancillary facility	161	-
	8,661	-

Note 21. Non-current liabilities - provisions

	Consolidated 2016 $'000	Consolidated 2015 $'000
Employee benefits	549	581
Contingent consideration	-	294
	549	875

Employee benefits
Employee benefits represents provision for long service leave.

Consolidated - 2016	Contingent consideration $'000
Carrying amount at the start of the year	294
Amounts transferred to current	(294)
Carrying amount at the end of the year	-

Note 22. Equity - issued capital

	Consolidated			
	2016 Shares	2015 Shares	2016 $'000	2015 $'000
Ordinary shares - fully paid	139,034,170	134,814,660	33,951	25,113

Movements in ordinary share capital

Details	Date	Shares	$'000
Balance	1 July 2014	83,785	2,352
Transfer class B shares into ordinary shares	10 July 2014	67,317	-
Share split	10 July 2014	125,263,558	-
Issuance of shares on Initial Public Offering ('IPO')	14 July 2014	9,400,000	23,500
Share issue transaction costs, net of tax		-	(739)
Balance	30 June 2015	134,814,660	25,113
Issue of shares	1 October 2015	100,000	250
Issue of shares under Dividend Reinvestment Plan	22 October 2015	10,983	24
Issue of shares	7 December 2015	2,292,649	4,940
Issue of shares	31 March 2016	1,815,878	3,624
Balance	30 June 2016	139,034,170	33,951

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Share buy-back
There is no current on-market share buy-back.

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

As the Company is by its nature a growth company, the Board has not adopted any dividend policy in respect of future periods and may look to retain capital generated by the Group’s business to reinvest in its growth.

The capital risk management policy remains unchanged from the 30 June 2015 Annual Report.

Note 23. Equity - reserves

	Consolidated 2016 $'000	Consolidated 2015 $'000
Foreign currency reserve	30	(90)
Acquisition reserve	(798)	(798)
Hedging reserve - cash flow hedges	85	-
Share-based payment reserve	8,065	7,923
	7,382	7,035

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 identifiable net assets of the non-controlling interest has been accounted for in the acquisition reserve.

Hedging reserve - cash flow hedges
The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

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.

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	Hedging reserve $'000	Share based payment reserve $'000	Total $'000
Balance at 1 July 2014	829	(798)	-	7,923	7,954
Foreign currency translation	(919)	-	-	-	(919)
Balance at 30 June 2015	(90)	(798)	-	7,923	7,035
Foreign currency translation	120	-	-	-	120
Net change in fair value of cash flow hedges	-	-	85	-	85
Share based payments	-	-	-	142	142
Balance at 30 June 2016	30	(798)	85	8,065	7,382

Note 24. Equity - dividends

Dividends
Dividends paid during the financial year were as follows:

	Consolidated	
	2016 $'000	2015 $'000
Final dividend declared for the year ended 30 June 2015 of 1.8 cents per ordinary share (2014: $82.73 per pre-IPO ordinary share)	2,428	12,500

There were no dividends recommended or declared for the year ended 30 June 2016.

Previous year
As part of the capital restructure and listing of the Company, pre-IPO shareholders were entitled to a dividend of $12,500,000 which was declared on 2 June 2014 and paid on 9 July 2014.

Franking credits

	Consolidated	
	2016 $'000	2015 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	877	2,126

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 25. 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 processes are established to identify and analyse the risks faced by the Group, to analyse the risk exposure of the Group and appropriate procedures, controls and risk limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

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.

Note 25. Financial instruments (continued)

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.

In order to protect against exchange rate movements, the Group entered into forward foreign exchange contracts. These contracts hedge highly probable forecast cash flows for the ensuing financial year.

The maturity, settlement amounts and the average contractual exchange rates of the Group's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Australian dollars 2016 $'000	Average exchange rates 2016
Buy US dollars		
Maturity:		
0 - 3 months	1,929	0.7037
3 - 6 months	4,198	0.7008

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

	Assets		Liabilities	
Consolidated	**2016 $'000**	**2015 $'000**	**2016 $'000**	**2015 $'000**
US dollars	1,207	1,157	64	1,388
Euros	195	478	5	5
Pound Sterling	77	506	-	12
Canadian dollars	89	325	-	-
Other currencies	453	377	262	804
	2,021	2,843	331	2,209

The Group had net assets denominated in foreign currencies of $1,690,000 (assets $2,021,000 less liabilities $331,000) as at 30 June 2016 (2015: $634,000 (assets $2,843,000 less liabilities $2,209,000). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2015: 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 $169,000/$169,000 lower (2015: $63,000 higher/$ 63,000 lower). 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 main interest rate risk arises from its borrowings and term deposits. Borrowings and term deposits issued at variable rates expose the Group to interest rate risk.

Note 25. Financial instruments (continued)

As at the reporting date, the Group had the following variable rate borrowings and cash balances:

Consolidated	2016 Weighted average interest rate %	2016 Balance $'000	2015 Weighted average interest rate %	2015 Balance $'000
Bank loans	3.75%	11,500	-	-
Short term deposits	7.98%	(78)	2.68%	(21,187)
Net exposure to cash flow interest rate risk		11,422		(21,187)

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

An official increase/decrease in interest rates of 50 (2015:50) basis points would have an adverse/favourable effect on profit before tax of $57,000 (2015: $107,000 favourable/adverse) 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 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.

The 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.

Financing arrangements
Unused borrowing facilities at the reporting date:

	Consolidated 2016 $'000	Consolidated 2015 $'000
Bank loans - working capital facility	8,500	-
Bank guarantee and ancillary facility	161	-
	8,661	-

Note 25. Financial instruments (continued)

Remaining contractual maturities
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2016	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,281	-	-	-	1,281
Other payables	-	310	-	-	-	310
Deferred consideration	-	5,779	-	-	-	5,779
Contingent consideration	-	294	-	-	-	294
Interest-bearing - variable						
Bank loans	3.75%	431	1,885	10,068	-	12,384
Interest-bearing - fixed rate						
Lease liability	7.40%	16	52	-	-	68
Total non-derivatives		8,111	1,937	10,068	-	20,116
Derivatives						
Forward foreign exchange contracts net settled	-	313	-	-	-	313
Total derivatives		313	-	-	-	313

Consolidated - 2015	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	1,209	-	-	-	1,209
Other payables	-	303	-	-	-	303
Deferred consideration	-	1,299	-	-	-	1,299
Contingent consideration	-	495	294	-	-	789
Interest-bearing - fixed rate						
Lease liability	5.41%	44	-	-	-	44
Total non-derivatives		3,350	294	-	-	3,644

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. The Group may repay debt when cash is sufficiently available.

Note 26. Fair value measurement

Fair value hierarchy
The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares available-for-sale	-	-	6,607	6,607
Total assets	-	-	6,607	6,607
Liabilities				
Contingent consideration	-	-	294	294
Forward foreign exchange contracts	-	313	-	313
Total liabilities	-	313	294	607

Consolidated - 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Ordinary shares available-for-sale	-	-	6,607	6,607
Total assets	-	-	6,607	6,607
Liabilities				
Contingent consideration	-	-	789	789
Total liabilities	-	-	789	789

There were no transfers between levels during the financial year.

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

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3
Ordinary shares - available-for-sale
The fair values of the unquoted ordinary shares have been estimated using a discounted cash flow method. The valuations requires management to make certain assumptions about the inputs, including forecast cash flows, growth rate and discount rate. The probabilities of the various estimates within the range can be reasonably assessed and are used in management’s estimate of fair value for these unquoted equity instruments.

Contingent consideration arising on business combinations
The fair value is determined using the discounted cash flow method. Significant unobservable valuation inputs in relation to contingent consideration includes assumed cash billing earnings before interest, tax, depreciation and amortisation and discount rate.

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

Note 26. Fair value measurement (continued)

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

Consolidated	Available-for-sale $'000	Contingent consideration $'000	Total $'000
Balance at 1 July 2014	-	-	-
Additions	6,607	(759)	5,848
Exchange differences	-	(30)	(30)
Balance at 30 June 2015	6,607	(789)	5,818
Payments	-	495	495
Balance at 30 June 2016	6,607	(294)	6,313

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

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Available-for-sale	Growth rate	3%	0.25% change would increase/decrease fair value by $85,000.
	Weighted average cost of capital	20.8%	0.5% change would increase/decrease fair value by $264,000

Note 27. 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 2016 $	Consolidated 2015 $
Short-term employee benefits	1,285,568	8,655,239
Post-employment benefits	98,600	95,989
Long-term benefits	98,288	273,539
Termination benefits	438,524	-
Share-based payments	141,599	-
	2,062,579	9,024,767

Note 28. 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 2016 $	Consolidated 2015 $
Audit services - Ernst & Young		
Audit or review of the financial statements	303,500	227,800
Other services - Ernst & Young		
Tax services	56,924	103,500
Other services	123,182	-
	180,106	103,500
	483,606	331,300

Note 29. Contingencies

The Group has given bank guarantees as at 30 June 2016 of $1,839,000 (2015: $1,315,000) for merchant facility and operating leases.

Note 30. Commitments

	Consolidated 2016 $'000	Consolidated 2015 $'000
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,725	807
One to five years	3,973	1,276
	5,698	2,083
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	16	44
One to five years	52	-
Total commitment	68	44
Less: Future finance charges	(19)	(6)
Net commitment recognised as liabilities	49	38

Operating lease commitments includes contracted amounts for commercial leases under non-cancellable operating leases expiring within one to seven 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 one to five 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 31. Related party transactions

Parent entity
3P Learning Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 33.

Associates
Interests in associates are set out in note 34.

Key management personnel
Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2016 $	Consolidated 2015 $
Payment for other expenses:		
Annual strategy meeting and membership fees paid to Coraggio Pty Ltd, whilst a director related entity*	-	43,417

ClickView technology was provided by ClickView Pty Limited, a director related entity for no consideration. This ceased to be a related entity on 11 January 2016.

Initial public offering costs
Professional fees included IPO costs and lead manager fees paid to Macquarie Capital (Australia) Limited amounting to $Nil (2015: $9,983,000). Macquarie Group Limited and its related bodies corporate had a significant influence in the Group until the sale of their shares following the IPO.

Agreement with Learnosity
On 1 January 2016 the Group entered into an agreement with Learnosity Limited Holdings ('Learnosity') to licence the Learnosity Assessment Software for the period 1 January 2016 to 31 December 2020. Under the agreement no licence fee is payable until 1 July 2017.

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

	Consolidated 2016 $	Consolidated 2015 $
Current payables:		
Trade payables to Coraggio Pty Ltd, a director related entity*	-	11,539

*The entity ceased to be a related party with effect from 25 March 2015.

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 32. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent 2016 $'000	Parent 2015 $'000
Profit/(loss) after income tax	6,749	(1,753)
Total comprehensive income	6,749	(1,753)

Statement of financial position

	Parent 2016 $'000	Parent 2015 $'000
Total current assets	2,188	7,003
Total assets	78,390	35,897
Total current liabilities	6,006	3,387
Total liabilities	32,894	3,787
Equity		
Issued capital	33,951	25,113
Reserves	8,150	7,923
Retained earnings	3,395	(926)
Total equity	45,496	32,110

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 2016 and 30 June 2015.

Contingent liabilities
The parent entity has given bank guarantees as at 30 June 2016 of $1,839,000 (2015: $nil) for merchant facility and operating leases.

Capital commitments - Plant and equipment
The parent entity had no capital commitments for plant and equipment as at 30 June 2016 and 30 June 2015.

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 33. 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 2016 %	Ownership interest 2015 %
3P Learning Australia Pty Limited	Australia	100%	100%
Into Science Pty Ltd	Australia	100%	100%
3P International Holdings Pty Ltd	Australia	100%	100%
3P Learning Pty Limited	New Zealand	100%	100%
3P Learning Limited	United Kingdom	100%	100%
3P Learning Inc.	United States	100%	100%
3P Learning Canada	Canada	100%	100%
Mathletics LLP	India	60%	60%

Note 34. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
Investment in Learnosity Holdings Limited*	Ireland	40.00%	-

* Strategic investment by the Group, entity involved in providing SaaS Assessment tools.

Note 34. Interests in associates (continued)

Summarised financial information

	Investment in Learnosity Holdings Limited 2016 $'000
Summarised statement of financial position	
Current assets	5,916
Non-current assets	624
Total assets	6,540
Current liabilities	6,492
Total liabilities	6,492
Net assets	48
Summarised statement of profit or loss and other comprehensive income	
Revenue	10,623
Expenses	(8,727)
Profit before income tax	1,896
Income tax expense	(136)
Profit after income tax	1,760
Other comprehensive income	-
Total comprehensive income	1,760
Reconciliation of the Group's carrying amount	
Opening carrying amount	-
Additions in Associates	48,404
Share of profit after income tax	480
Closing carrying amount (refer note 12)	48,884

Contingent liabilities
Share of contingent liabilities not recognised as liability as at 30 June 2016 $Nil.

Commitments
Share of commitments not recognised as liability as at 30 June 2016 $Nil.

Note 35. Reconciliation of profit after income tax to net cash from operating activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax expense for the year	3,650	4,152
Adjustments for:		
Depreciation and amortisation	5,064	3,062
Share of profit - associates	(480)	-
Share-based payments	142	-
Foreign exchange differences	349	(614)
Interest received - non cash	(108)	(45)
Net loss on disposal of plant and equipment	74	25
Other revenue -non cash	(615)	(457)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	762	(1,452)
Increase in income tax refund due	(48)	-
Decrease/(increase) in deferred tax assets	1,719	(296)
Decrease/(increase) in other operating assets	106	(322)
Increase/(decrease) in trade and other payables	(1,964)	8,289
Increase in derivative liabilities	398	-
Increase/(decrease) in provision for income tax	(1,997)	1,910
Increase/(decrease) in employee benefits	(177)	8
Increase/(decrease) in other provisions	(437)	1,241
Increase in other operating liabilities	5,215	5,755
Net cash from operating activities	11,653	21,256

Note 36. Non-cash investing and financing activities

	Consolidated 2016 $'000	Consolidated 2015 $'000
Shares issued under employee share plan	250	-
Shares issued under dividend reinvestment plan	24	-
Shares issued in relation to investment in associates	8,564	-
	8,838	-

Note 37. Earnings per share

	Consolidated 2016 $'000	Consolidated 2015 $'000
Profit after income tax	3,650	4,152
Non-controlling interest	(18)	(67)
Profit after income tax attributable to the owners of 3P Learning Limited	3,632	4,085

Note 37. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	136,650,228	134,479,886
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	117,213	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	136,767,441	134,479,886

	Cents	Cents
Basic earnings per share	2.66	3.04
Diluted earnings per share	2.66	3.04

Note 38. Share-based payments

Retention and reward bonus
On 19 February 2016, it was determined that 300,000 ordinary shares are to be issued to Mr. Jonathan Kenny as a Retention and Reward bonus in acknowledgement of his increased responsibilities and ongoing contributions to the Group as interim chief executive officer over a period of three years. The first issue of 100,000 shares will be on 15 September 2016, and subsequent to that 100,000 shares will be issued in 2017 and 2018, subject to continued employment at that time.

Special long term incentives
On 1 June 2016, as stipulated in the ASX announcement released on 11 April 2016, the Group granted to Ms. Rebekah O'Flaherty, subject to shareholder approval, a specific award of up to 400,000 performance rights under the long term incentive plan, subject to the following conditions:

a) where the volume weighted average price of the Company's ordinary shares for the period of 60 consecutive days after the date of release of the Company's annual results for the year ended 30 June 2019 is:
i) less than $3.95 per share, none of the performance rights will vest;
ii) greater than $3.95 per share, 50% of the performance rights will vest;
iii) greater than $4.45 per share, 75% of the performance rights will vest; or
iv) greater than $5.70 per share, 100% of the performance rights will vest.

b) any shares issued on vesting of any performance rights shall be placed in escrow for a period of 12 months from the date of vesting.

Further long term incentives
On 1 June 2016, as stipulated in the ASX announcement released on 11 April 2016, the Group granted to Ms. Rebekah O'Flaherty, subject to shareholder approval, an additional award of up to 100,000 performance rights which is subject to Ms O'Flaherty remaining in the role of Chief Executive Officer until 1 September 2019.

The share-based payment expense for the year was $142,000 (2015: $nil).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
19/02/2016	15/09/2017	$1.41	$0.00	40.00%	-	2.25%	$1.410
19/02/2016	15/09/2018	$1.41	$0.00	40.00%	-	2.25%	$1.410
19/02/2016	15/09/2019	$1.41	$0.00	40.00%	-	2.25%	$1.410
01/06/2016	*	$0.71	$0.00	40.00%	-	2.25%	$0.003
01/06/2016	01/09/2019	$0.71	$0.00	40.00%	-	2.25%	$0.710

* 60 days after the date of release of the Company's annual results for the year ended 30 June 2019.

Note 39. Events after the reporting period

On 24 August 2016, the Group increased the HSBC banking facilities agreement including the working capital facility from $20,000,000 to $30,000,000 and maintained the bank guarantee and other ancilliary facility for $2,000,000.

No other matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the Group's financial position as at 30 June 2016 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

Samuel Weiss
Chairman

25 August 2016
Sydney

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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 2016, 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 2016 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 10 to 17 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Lisa Nijssen-Smith
Partner
Sydney
25 August 2016

3P Learning Limited
Shareholder information
30 June 2016

The shareholder information set out below was applicable as at 5 August 2016.

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	556	-
1,001 to 5,000	930	-
5,001 to 10,000	420	-
10,001 to 100,000	404	-
100,001 and over	50	2
	2,360	2
Holding less than a marketable parcel	-	-

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
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,036,232	19.45
NATIONAL NOMINEES LIMITED	19,804,146	14.24
PASCAL EDUCATIONAL SERVICES PTY LIMITED	13,695,000	9.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,840,833	9.24
BNP PARIBAS NOMS PTY LTD	9,118,161	6.56
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	6,312,642	4.54
VIBURNUM FUNDS PTY LTD VF STRATEGIC EQUITIES FUND AC	5,684,662	4.09
CITICORP NOMINEES PTY LIMITED	5,439,150	3.91
BNP PARIBAS NOMINEES PTY LTD	4,614,906	3.32
KATHERINE PIKE	2,381,376	1.71
RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	2,347,163	1.69
RYANNABEL PTY LTD	2,048,390	1.47
GAVIN FRANCIS COONEY	1,815,878	1.31
TIMOTHY POWER	1,390,972	1.00
NETWEALTH INVESTMENTS LIMITED	1,100,980	0.79
BOND STREET CUSTODIANS LIMITED	550,000	0.40
WENDY BECKETT	519,248	0.37
ALBURY'S OWN PTY LTD	332,000	0.24
MR KEI YAN CHENG	284,280	0.20
MUTUAL APPRECIATION SOCIETY PTY LIMITED	260,903	0.19
	117,576,922	84.57

Unquoted equity securities

	Number on issue	Number of holders
Share options over ordinary shares	300,000	1
Performance rights over ordinary shares	500,000	1

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,036,232	19.45
NATIONAL NOMINEES LIMITED	19,804,146	14.24
PASCAL EDUCATIONAL SERVICES PTY LIMITED	13,695,000	9.85
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,840,833	9.24
BNP PARIBAS NOMS PTY LTD	9,118,161	6.56

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	07/12/2016	2,292,649
Ordinary shares	31/03/2017	1,815,878
		4,108,527

Directors	Samuel Weiss - Independent Non-Executive Chairman Rebekah O'Flaherty - Chief Executive Officer Roger Amos - Independent Non-Executive Director Claire Hatton - Independent Non-Executive Director
Company secretary	Stephanie Belton
Registered office	3P Learning Limited Level 18, 124 Walker Street North Sydney NSW 2060 Head office telephone: 1300 850 331
Principal place of business	3P Learning Limited Level 18, 124 Walker Street North Sydney NSW 2060 Head office telephone: 1300 850 331
Share register	The Registrar Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 Share registry telephone: 1300 554 474
Auditor	Ernst & Young 200 George Street Sydney NSW 2000
Solicitors	King & Wood Mallesons Level 61 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000
Stock exchange listing	3P Learning Limited shares are listed on the Australian Securities Exchange (ASX code: 3PL)
Website	http://www.3plearning.com/
Corporate Governance Statement	Corporate governance statement which was approved at the same time as the Annual Report can be found at http://www.3plearning.com/CGS/

3P Learning

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