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**17 February 2015**

## **ASX RELEASE**

### **Appendix 4D and Half year Financial Statements**

The Directors of Site Group International Limited ("Site" ASX:SIT) are pleased to announce the release of:

- Appendix 4D – Half Year Report for the 6 months ended 31 December 2014: and
- Half year financial statements.

The continued growth in the Site business is reflected in the release of this statement with pleasing revenue growth to \$20.5m with an EBITDA of \$1.1m highlighting Site's maiden six month profit.

As reflected in the CEO Update announcement of 30 January, the cash balance continues to broadly improve despite some quarterly fluctuations (balance \$2.38M at 31 January with receivables of \$3.6M) with the \$4M loan facility fully undrawn. Management expects 2015 to continue with sound growth driven by new facilities, an increasing revenue number and improving bottom line.

Integration of recently acquired businesses continues to show benefits and there is strong evidence of multiple sales opportunities, particularly in international markets, where management is focussed on earning \$US revenues.

Shareholders can expect to see a continuation of improved financial results through 2015 in line with previous announcements of FY15 with revenue of \$40M plus and increasing profitability as new products and facilities add to the bottom line.

For further information contact:

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Managing Director and CEO  
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Site Group International Limited  
*ABN 73 003 201 910*

ASX Half-Year Information – 31 December 2014

Lodged with the ASX under Listing Rule 4.2A

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Site Group International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**APPENDIX 4D  
HALF-YEAR REPORT TO THE AUSTRALIAN STOCK EXCHANGE**

<b>Name of entity</b>	Site Group International Limited
<b>ABN</b>	73 003 201 910
<b>Half Year Ended</b>	31 December 2014
<b>Previous corresponding reporting period</b>	31 December 2013

**Results for Announcement to the Market**

	<b>\$'000</b>	<b>Percentage increase / (decrease) over previous corresponding period</b>
Revenue from ordinary activities	\$20,536	169% increase
Profit / (loss) from ordinary activities after tax attributable to members	\$161	Increase to profit
Net Profit / (loss) for the period attributable to members	\$161	Increase to profit
<b>Dividends</b>		
	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend	Nil	Not applicable
Interim dividend	Nil	Not applicable
Record date for determining entitlements to the dividends (if any)	Not applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to directors' report on page 7.		

**Dividends**

Date the dividend is payable	Not applicable
Record date to determine entitlement to the dividend	
Amount per security	
Total dividend	
Amount per security of foreign sourced dividend or distribution	
Details of any dividend reinvestment plans in operation	
The last date for receipt of an election notice for participation in any dividend reinvestment plans.	

**NTA Backing**

	<b>Current Period</b>	<b>Previous corresponding period</b>
Net tangible asset backing per ordinary security	(0.08 cents)	(0.35 cents)

**APPENDIX 4D  
HALF-YEAR REPORT TO THE AUSTRALIAN STOCK EXCHANGE**

**Control Gained Over Entities Having Material Effect**

Name of entity (or group of entities)	Not applicable
Date control gained	
Contribution by entity to Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	

**Foreign Entities Accounting Framework**

Same accounting principles have been applied for the overseas subsidiaries as the Australian entities.

**Audit / Review Status**

This report is based on accounts to which one of the following applies:

(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
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If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

Not Applicable

**Attachments Forming Part of Appendix 4D**

Attachment #	Details
Signed by (Director / Company Secretary)	
Print Name	Vernon Wills
Date	17 February 2015



Site Group International Limited  
ABN 73 003 201 910

Financial Statements for the Half Year ended 31 December, 2014

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Site Group International Limited  
ABN 73 003 201 910

Financial Statements for the Half Year ended 31 December, 2014

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## Directors' Report

Your Directors submit their report for the half-year ended 31 December 2014.

### Directors

The names of the directors of the Company in office during the half-year and until the date of this report are:

Vernon Wills (Managing Director and CEO)  
Nicasio Alcantara  
Darryl Somerville (Chairman)  
Shaun Scott

### Principal Activities

The principal activities of the consolidated entity during the half-year were the provision training and education services in Australia and Internationally. The company is delivering workforce solutions across a variety of industries to both a retail and corporate market.

There has been no significant change in the principal activities of the consolidated entity during the period.

### Review of operations and results

#### Group

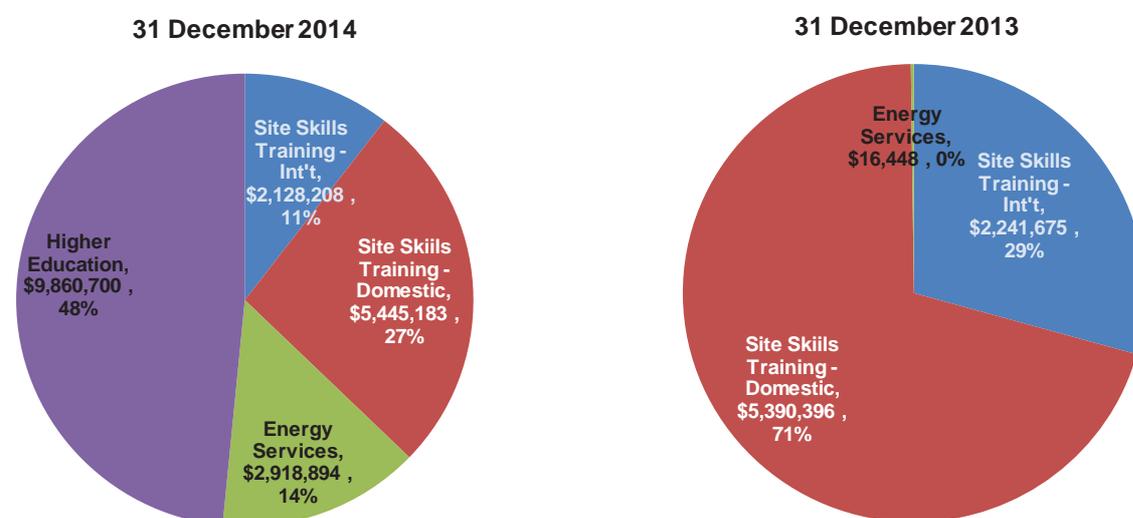
Total revenue from operations was \$20,536,151 (2013: \$7,632,746) a 169% increase over the prior comparative period. The half year on half year revenue growth for the group is illustrated in the following graph:



Graph 1: Reported Half-yearly Revenue - December 2010 to December 2014

## Group continued...

Revenue contribution and activity by each segment is illustrated in the two charts below demonstrating the growth from the recent acquisitions:-



Graph 2 Gross Revenue by Business December 2014 versus December 2013 (excludes eliminations)

	31 December 2014	31 December 2013	Change 14-13 %	31-Dec 2012	Change 13-12 %	31-Dec 2011	Change 12-11 %
Revenue	20,536,151	7,632,746	169.1%	6,207,366	23.0%	1,070,689	479.8%
Net profit / (loss)	160,765	(2,644,009)	106.1%	(3,397,438)	22.2%	(3,254,811)	(4.4%)
add back							
Depreciation and amortisation	904,638	672,656	34.5%	719,530	(6.5%)	274,097	162.5%
Interest paid	31,175	8,996	246.5%	56,611	(84.1%)	22,946	146.7%
Income tax expense	61,761	1,744	-	-	-	4,482	-
deduct							
Interest Income	16,074	18,846	(14.7%)	16,085	17.2%	11,777	36.6%
EBITDA*	1,142,265	(1,979,459)	157.7%	(2,637,382)	24.9%	(2,965,063)	11.1%
Operating cash inflow /(outflow)	(2,542,699)	(995,515)	(155.4%)	(3,781,036)	73.7%	(2,920,081)	(29.5%)

\* EBITDA is a non-IFRS measure however the Directors believe that it is a readily calculated measure that has broad acceptance and is used by regular users of published financial statements as a proxy for overall operating performance. EBITDA is not an audited/reviewed number.

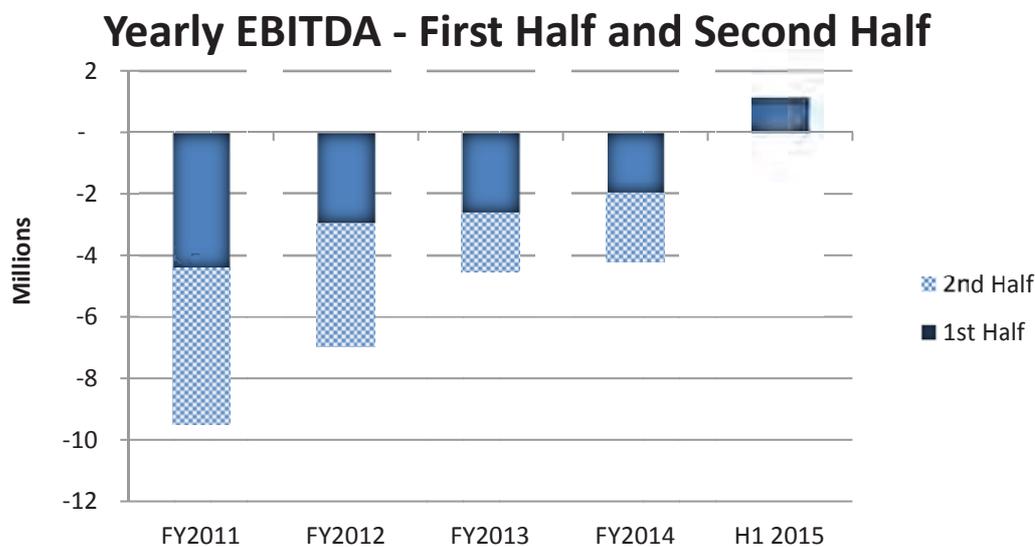
Table 1 Financial Summary

For the half-year ended 31 December 2014, Site Group International Limited reported profit after tax of \$160,765 compared to a \$2,644,009 loss after tax in the previous corresponding period. Operating profit before income tax was \$222,526 for the period compared to a \$2,642,265 loss before tax in the corresponding period in 2013.

This result demonstrates the return being achieved following the significant investment made in the expansion of our offering and capability. Through expanding the service offering, Site will be able to maximise the return on its investment in its existing facilities as well as leveraging the existing client base.

The earnings before interest, taxes, depreciation and amortisation (EBITDA\*) improved to a positive \$1,142,265 from a loss of (\$1,979,459) in the prior comparative period. The improvement in yearly EBITDA\* showing the split by each half year period is shown below:-

Group continued...



Graph 3 - Reported Yearly EBITDA\* - December 2010 to December 2014

### Site Skills Training

Site Skills Training – Domestic division delivered revenue of \$5,445,183 in the 6 months to 31 December 2014 (2013: \$5,390,396) and an EBITDA\* of \$288,985 (2013: \$168,770).

Site Skills Training continues to service a broad range of clients in industries including construction, mining, logistics and energy. Notable recent developments include the deployment of a new transactional website which allows online booking and payment. In addition Site Skills Training has launched eight Online Learning Programs with more expected to be delivered in the second half of FY2015.

With over 10,000 students coming through Site Skills Training domestic facilities each year for short courses, management is confident it will be able to implement cross selling and up selling strategies for business units.

Management remain focussed on improving the operating margin delivered by Site Skills Training through initiatives such as digital learning resources and revised pricing models.

### International Operations

Site Skills Training continues to expand internationally with recent projects in Malaysia, Myanmar, PNG, Singapore and Philippines. There has also been interest from the Middle East, Bangladesh, Indonesia, Laos, Mongolia, Timor Leste and Vietnam for a range of training programs. At the Clark Campus, Philippines, Site Skills Training recently recorded a significant milestone of 10,000 enrolments for the SPEX Malampaya project which will continue to at least the third quarter of FY2015. Over 400 workers for the energy industry destined for Timor Leste were also trained. Clark Campus has also commenced another long term course for disadvantaged young adults in electrical training, building on the success of recent similar programs. The focus on high impact training for selected industries has allowed growth in training programs, with a focus in delivery methods expected to deliver improving margins.

Revenue for the 6 months was \$2,128,208 (2013: \$2,241,674) with an improved EBITDA\* loss of \$226,897 (2013: EBITDA\* loss of \$820,254)

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## Energy Services

Competent Project Management and Romea Training brands are being consolidated to create the Site Energy Division.

Recent developments include the commissioning of the Live Process Plant for the Technician Development Program in partnership with Uniteam in Myanmar and the extension of a key contract in Malaysia. SGI Energy Division is targeting the rollout of at least two plants in Calendar Year 2015 which will significantly increase presence and capability in the Asia-Pacific region.

Additionally work is continuing to develop a solution in partnership with industry to meet expected demand in the production phase of gas projects as construction phase winds down over the next few years.

The Site Energy Division is well placed to capitalise on its unique capability in Technician Development, Competency Assurance, Training Centre Management, Process Plant Engineering and apprenticeships for the Australian Oil & Gas Market.

Revenue for the first full 6 months for the business was \$2,918,894 (2013: \$16,448) with an EBITDA\* of \$613,033.

## Higher Education

Productivity Partners has achieved substantial growth and integration goals in the first six months of the year. Revenue for the division was \$9,860,700 and EBITDA\* was \$1,782,462. These milestones include:

- Successfully deployed second market facing brand, Site Institute
- Integration of Finance, Marketing and HR functions.
- Development of a substantially more robust internal sales division under the leadership of an experienced National Sales Manager and experienced sales executives.
- Opening of new training facilities.

The recent addition of the following facilities is expected to provide a positive impact on earnings from early 2015:

- Ground Level, Level 2 and Level 3, 488 Queen Street, Brisbane QLD
- 1-5 Nestor Drive, Meadowbrook (Logan) QLD
- 90 Kittyhawk Drive, Chermside Shopping Centre, Brisbane
- Level 3, 72 Goondoon Street, Gladstone QLD
- Level 1, 130 Bourbong Street, Bundaberg QLD
- 6 Dewar Street, Morley WA

The addition of new locations has been coupled with growth in our Distance Learning Programs and the enhancement of systems to facilitate this growth in an efficient manner.

Tesol Asia Group has increased delivery of TESOL certificate courses and developed new digital products that can service the East Asian region to further grow revenue and improve operating margins.

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### Cash Position

At 31 December 2014, the company had cash at bank of \$1,711,689 and available undrawn debt facilities of \$1,600,000. In addition the Wayburn loan was fully repaid in January 2015 and the facility extended until 29 February 2016. Given the expected operating results in the second half of the year, the company has sufficient funding to meet its medium term funding requirements.

### Dividends

Subsequent to 31 December 2014, the Directors have not recommended the payment of an interim dividend.

### Earnings/ (loss) per share

Basic earnings/ (loss) per share for the financial half-year is 0.03 cents (2013: (0.79) cents).

### Auditor independence

The Auditor's Independence Declaration to the Directors of Site Group International Limited, which forms part of the Directors' Report, is set out on page 12 of this report.

Signed in accordance with a resolution of the Directors this 17th day of February 2015.



.....  
Vernon Wills - Director

To the members of Site Group International Limited,

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Site Group International Limited, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Site Group International Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

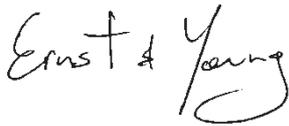
### Independence

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

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Site Group International Limited is not in accordance with the *Corporations Act 2001*, including:

- a) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



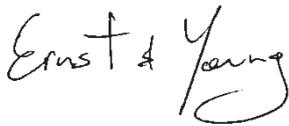
Ernst & Young



Ric Roach  
Partner  
Brisbane  
17 February 2015

## Auditor's Independence Declaration to the Directors of Site Group International Limited.

In relation to our review of the financial report of Site Group International Limited for the half-year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Ric Roach  
Partner  
Brisbane  
17 February 2015

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## Directors' Declaration

In accordance with a resolution of the directors of Site Group International Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of Site Group International Limited for the half year ended 31 December 2014 are in accordance with the *Corporations Act 2001*, including:
  - i. Giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
  - ii. Complying with Accounting Standards and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Vernon Wills  
Director  
17 February 2015

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910  
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Statement of Comprehensive Income**

	Consolidated Group	
	Half-year ended 31-Dec-14 \$	Half-year ended 31-Dec-13 \$
<b>Continuing operations</b>		
Revenue (note 4)	20,536,151	7,632,746
Interest income - external	16,074	18,846
<b>Total Revenue</b>	<b>20,552,225</b>	<b>7,651,592</b>
Contractor and other service providers	( 4,989,546)	( 2,190,914)
Other direct fees and costs	( 3,896,581)	( 1,519,433)
Employee benefits expense	( 5,533,889)	( 3,053,089)
Depreciation and amortisation expense	( 904,638)	( 672,656)
Finance costs (note 2)	( 31,175)	( 8,996)
Other expenses (note 3)	( 3,581,506)	( 1,722,383)
Occupancy expenses	( 1,567,946)	( 1,248,410)
Foreign currency (loss) / gain	175,582	122,024
<b>Profit / (loss) before Tax</b>	<b>222,526</b>	<b>( 2,642,265)</b>
Income tax expense	( 61,761)	( 1,744)
<b>Profit / (loss) for the period from continuing operations</b>	<b>160,765</b>	<b>( 2,644,009)</b>
<b>Profit / (loss) for the period</b>	<b>160,765</b>	<b>( 2,644,009)</b>
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>		
Translation of foreign operations	205,876	214,318
Total other comprehensive income	205,876	214,318
<b>Total comprehensive income / (loss)</b>	<b>366,641</b>	<b>( 2,429,691)</b>
<b>Earnings (loss) per share</b>		
Basic and diluted (cents per share)	0.03	( 0.79)

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910  
AND CONTROLLED ENTITIES AS AT 31 DECEMBER 2014**

**Statement of Financial Position**

	Consolidated Group	
	31-Dec-14	30-Jun-14
	\$	\$
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,711,689	3,142,971
Trade and other receivables	6,985,511	3,634,611
Inventories	47,383	55,289
Intangible Assets	135,375	162,450
Prepayments	345,120	216,736
Security Deposits	704,724	265,390
<b>Total Current Assets</b>	<b>9,929,802</b>	<b>7,477,447</b>
<b>Non-Current Assets</b>		
Property, plant and equipment (note 7)	8,595,355	7,694,630
Intangible assets	23,505,012	23,794,691
Security deposits	293,362	388,977
Other non-current financial assets	90,155	80,827
<b>Total Non-Current Assets</b>	<b>32,483,884</b>	<b>31,959,125</b>
<b>Total Assets</b>	<b>42,413,686</b>	<b>39,436,572</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade and other payables	3,562,465	3,790,609
Interest bearing debt	2,456,325	34,834
Current tax liabilities	122,756	159,437
Contingent consideration liability (note 8)	9,379,411	-
Provisions and other current financial liabilities	349,648	302,414
<b>Total Current Liabilities</b>	<b>15,870,605</b>	<b>4,287,294</b>
<b>Non-Current Liabilities</b>		
Other provisions	1,913,691	1,609,192
Contingent consideration liability (note 8)	1,000,000	10,843,446
Deferred income tax liability	310,777	341,974
Interest bearing debt	80,206	72,302
<b>Total Non-Current Liabilities</b>	<b>3,304,674</b>	<b>12,866,914</b>
<b>Total Liabilities</b>	<b>19,175,279</b>	<b>17,154,208</b>
<b>Net Assets</b>	<b>23,238,407</b>	<b>22,282,364</b>
<b>Equity</b>		
Issued capital (note 5)	54,553,879	54,138,077
Reserves	2,142,950	1,763,474
Retained earnings / (losses)	( 33,458,422)	( 33,619,187)
<b>Total Equity</b>	<b>23,238,407</b>	<b>22,282,364</b>

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910  
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Statement of Changes in Equity**

	Share Capital		Reserves		Total
	Ordinary	Retained Earnings/ (Accumulated Losses)	Foreign Currency Translation Reserve	Option Reserve	
<b>Consolidated Group</b>	\$	\$	\$	\$	\$
<b>Balance at 1 July 2013</b>	36,148,564	(27,119,539)	650,526	574,546	10,254,097
<b>Comprehensive income</b>					
Profit /(loss) for the period	-	(2,644,009)	-	-	(2,644,009)
Other comprehensive income for the period	-	-	214,318	-	214,318
<b>Total comprehensive income for the period</b>	-	(2,644,009)	214,318	-	(2,429,691)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the period	652,842	-	-	-	652,842
Transaction costs	(78,059)	-	-	-	(78,059)
Share-based payments	-	-	-	234,275	234,275
<b>Total transactions with owners and other transfers</b>	574,783	-	-	234,275	809,058
<b>Balance at 31 December 2013</b>	36,723,347	(29,763,548)	864,844	808,821	8,633,464
<b>Balance at 1 July 2014</b>	54,138,077	(33,619,187)	764,810	998,664	22,282,364
<b>Comprehensive income</b>					
Profit /(loss) for the period	-	160,765	-	-	160,765
Other comprehensive income for the period	-	-	205,876	-	205,876
<b>Total comprehensive income for the period</b>	-	160,765	205,876	-	366,641
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the period	432,200	-	-	-	432,200
Transaction costs	(16,398)	-	-	-	(16,398)
Share-based payments	-	-	-	173,600	173,600
<b>Total transactions with owners and other transfers</b>	415,802	-	-	173,600	589,402
<b>Balance at 31 December 2014</b>	54,553,879	(33,458,422)	970,686	1,172,264	23,238,407

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910  
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Statement of Cash Flows**

	Consolidated Group	
	Half-year ended 31 Dec 2014 \$	Half-year ended 31 Dec 2013 \$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	18,366,418	8,507,578
Payments to suppliers and employees (inclusive of GST)	(20,776,806)	(9,495,826)
Interest received	15,965	18,828
Finance costs	(11,994)	(4,812)
Income tax paid	(136,282)	(21,283)
<b>Net cash provided by/(used in) operating activities</b>	<b>(2,542,699)</b>	<b>(995,515)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment (note 7)	(583,592)	(423,439)
Proceeds from disposals	-	21,432
Cash backed performance bonds	(290,843)	251,402
Payment of contingent consideration	(434,379)	-
Net cash acquired/ (paid) for business/subsidiary	-	(720,700)
<b>Net cash provided by/(used in) investing activities</b>	<b>(1,308,814)</b>	<b>(871,305)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	382,842
Proceeds from borrowings	2,400,000	500,000
Repayment of borrowings	-	-
Transaction costs on shares	(16,398)	(10,106)
<b>Net cash provided by/(used in) financing activities</b>	<b>2,383,602</b>	<b>872,736</b>
<b>Net increase/(decrease) in cash held</b>	<b>(1,467,911)</b>	<b>(994,084)</b>
Net foreign exchange differences	36,629	13,804
Cash and cash equivalents at beginning of period	3,142,971	1,465,584
<b>Cash and cash equivalents at end of period</b>	<b>1,711,689</b>	<b>485,304</b>

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**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910  
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2014**

**Notes to the Financial Statements**

**1 Significant accounting policies**

**Reporting entity**

Site Group International Limited (parent) is a company limited by shares incorporated in Australia whose shares are publically traded on the Australian Stock Exchange (ASX Code: SIT). The consolidated interim financial report of the company as at and for the six months ended 31 December 2014 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'Group').

**Statement of compliance**

The half-year financial report is an interim financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

The consolidated interim financial report was approved by the Board of Directors on 17 February 2015.

**Basis of preparation**

The financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

*Accounting Standard Changes*

- AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 1031 Materiality

The adoption of these amendments has not resulted in any major changes to the Group's accounting policies and has not had any effect on the financial position and performance of the Group for the half-year ended 31 December 2014.

The consolidated entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

## Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2014.

## Going Concern

The half year financial report has been prepared on the basis that the consolidated entity can continue to meet its financial obligations as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business.

In the six months to 31 December 2014 the company made a net profit of \$161k but with a cash outflow from operating activities of \$2.5M, due to the significant growth of quality receivables mainly as a result of the expansion of the Higher Education segment. The amount receivable in respect of this expansion was received in January 2015. Current forecasts of operational performance and capital expenditure requirements, for the ongoing ramp up of new training facilities, indicate that the company will be cash flow positive in the second half of the 2015 financial year.

At 31 December 2014, the company had a deficiency in net current assets of \$5.9M. However \$7.5M of the contingent consideration classified as a current liability on the Statement of Financial Position is payable in equity. In addition the company had cash reserves of \$1.7M as well as access to undrawn debt facilities of \$1.6M. The company has extended the Wayburn facility of \$4M out to 29 February 2016.

The directors believe that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the entity will meet its operational cash flow forecasts. However should this not be the case the company has the ability to draw upon the debt facility. Further the directors expect the company to continue to have the support of its investors and raise sufficient funds (if needed) to meet the company's anticipated cash flow requirements so that it can meet its obligations as and when they fall due.

## 2 Finance Costs

### Finance costs

Interest expense - third parties  
Interest expense - related parties (Wayburn Holdings)  
Facilities fee

Half Year Ended 31-Dec-14 \$	Half Year Ended 31-Dec-13 \$
9,421	5,544
14,629	1,950
7,125	1,502
<u>31,175</u>	<u>8,996</u>

### 3 Other Expenses

	Half Year Ended 31-Dec-14 \$	Half Year Ended 31-Dec-13 \$
<b>Other expenses</b>		
Legal, accounting and other professional fees	238,063	281,650
Travel and accommodation	524,088	378,208
Sales and marketing expenses	1,946,620	195,529
Consultants expenses	407,389	400,665
Other operating expenses	465,346	466,331
	<u>3,581,506</u>	<u>1,722,383</u>

### 4 Segment information

For management purposes Site Group International Limited has organised its business into four separate units based on the products and services offered – the Chief Operating Decision Makers (“CODM”), being the Directors and Executive Management of the company, review the results on this basis.

The four reportable business segments of the Group are:

- **Site Skills Training - Domestic** which delivers vocational training and assessment services through five training facilities located at Perth, Gladstone, Darwin, Landsborough and Logan. At these locations our experienced team assesses, up-skills and trains industry experienced candidates in the mining and processing, oil and gas, construction, camp services, hospitality and logistic sectors.
- **Site Skills Training - International** operates a 300,000m<sup>2</sup> facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements. This division also incorporates Site WorkReady being the recruitment and assessment division for international clients. A facility in PNG is also being established with a consortium of the Enga Children’s Fund and Orion group.
- **Energy Services** refers to the establishment of specialised energy training and services delivered to the Oil and Gas industry.
- **Higher Education** delivers Diploma level courses at an expanding number of campuses around Australia through complementary brands being Captain Cook College and Site Institute.

The CODM monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit/loss consistent with the operating profit/loss in the consolidated financial statements. Group financing and corporate overheads are managed on a group basis and not allocated to operating segments. Transfer prices between the operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

## 4 Segment information continued...

### Half Year ended 31 December 2014

	Site Skills Training (Domestic)	Site Skills Training (International)	Energy Services	Higher Education	Total Segments	Corporate and Eliminations	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Sales revenue - External customer	5,445,183	2,128,208	2,918,894	9,860,700	20,352,985	(31,325)	20,321,660
Other income	-	-	-	-	-	214,491	214,491
<b>Total segment revenue</b>	<b>5,445,183</b>	<b>2,128,208</b>	<b>2,918,894</b>	<b>9,860,700</b>	<b>20,352,985</b>	<b>183,166</b>	<b>20,536,151</b>
<b>Segment net operating profit/ (loss) after tax</b>							
Interest revenue	-	1,875	-	5,013	6,888	9,186	16,074
Interest expense	(4,867)	(210)	(75)	(1,439)	(6,591)	(17,459)	(24,050)
Depreciation	(296,380)	(254,588)	(213,137)	(46,372)	(810,477)	(94,161)	(904,638)
Income tax (expense) / benefit	-	-	(82,502)	20,741	(61,761)	-	(61,761)
<b>Statement of Financial Position</b>							
Segment assets	4,540,995	8,011,546	6,992,048	19,301,068	38,845,657	3,568,028	42,413,686
Segment liabilities	925,572	2,586,022	272,599	1,891,790	5,675,983	13,499,296	19,175,279

### Half year ended 31 December 2013

	Site Skills Training (Domestic)	Site Skills Training (International)	Energy Services	Higher Education	Total Segments	Corporate and Eliminations	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Sales revenue - External customer	5,390,396	2,241,675	16,448	-	7,648,519	(15,773)	7,632,746
<b>Total segment revenue</b>	<b>5,390,396</b>	<b>2,241,675</b>	<b>16,448</b>	<b>-</b>	<b>7,648,519</b>	<b>(15,773)</b>	<b>7,632,746</b>
<b>Segment net operating profit/ (loss) after tax</b>							
Interest revenue	-	1,678	-	-	1,678	17,168	18,846
Interest expense	(3,124)	(3)	-	-	(3,127)	(4,367)	(7,494)
Depreciation	(280,973)	(278,593)	-	-	(559,566)	(113,090)	(672,656)
Income tax expense	(1,744)	-	-	-	(1,744)	-	(1,744)
<b>Statement of Financial Position</b>							
<b>as at 30 June 2014</b>							
Segment assets	4,089,242	6,530,757	7,032,537	16,412,100	34,064,636	5,371,936	39,436,572
Segment liabilities	990,671	2,352,720	735,485	826,837	4,905,713	12,248,495	17,154,208

#### 4 Segment information continued...

	Half Year Ended 31-Dec-14	Half Year Ended 31-Dec-13
	\$	\$
<b>Reconciliation of profit / (loss)</b>		
Segment profit / (loss)	1,585,640	(1,214,242)
Head office occupancy costs	(88,949)	(106,799)
Corporate employee benefits including Directors	(837,041)	(796,094)
Legal, accounting and other professional fees	(137,779)	(181,127)
Travel costs	(158,586)	(61,256)
Other corporate costs	(202,520)	(284,491)
Group profit / (loss)	160,765	(2,644,009)

	31-Dec-14	30-Jun-14
	\$	\$
<b>Reconciliation of assets</b>		
Segment operating assets	38,845,657	34,064,636
Cash at bank	211,180	1,867,912
Security deposits	398,775	440,640
Intangibles	2,832,411	2,716,601
Other assets	125,663	346,783
Group operating assets	42,413,686	39,436,572

<b>Reconciliation of liabilities</b>		
Segment operating liabilities	5,675,983	4,905,713
Corporate trade payables	521,779	1,310,698
Contingent consideration liability	10,379,411	10,843,446
Other liabilities	2,598,105	94,351
Group operating liabilities	19,175,279	17,154,208

#### 5 Issued Capital

Issued capital as at 31 December 2014 amounted to \$54,553,879 (484,624,119 ordinary shares) (30 June 2014: \$54,138,077 (479,633,405 shares)). Movement in ordinary shares on issue:

	No. Shares	\$
<b>30 June 2013 share capital</b>	330,700,034	36,148,564
Share issue – 2 August 2013	3,000,000	-
Share issue – 6 September 2013	4,650,000	-
Share issue – 13 November 2013	2,835,870	382,842
Share issue – 13 November 2013	300,000	-
Share Buy-back – 19 November 2013	(6,630,000)	-
Share issue – 6 December 2013	2,000,000	270,000
Share issue – 6 December 2013	3,000,000	-
Transaction costs relating to capital raising		(78,059)
<b>31 December 2013 share capital</b>	339,855,904	36,723,347
Share issue - 13 January 2014	33,485,590	4,687,983
Share issue - 9 April 2014	9,999,999	1,400,000
Share issue - 13 June 2014	30,000,000	5,100,000
Share issue - 18 June 2014	19,863,340	-
Share issue - 30 June 2014	46,428,572	6,500,000
Transaction costs relating to capital raising		(273,253)
<b>30 June 2014 share capital</b>	479,633,405	54,138,077
Share issue – 22 July 2014	3,010,714	432,200
Share issue – 22 July 2014	250,000	-
Share issue – 2 December	1,255,000	-
Share issue – 2 December	475,000	-
Transaction costs relating to capital raising		(16,398)
<b>31 December 2014 share capital</b>	484,624,119	54,553,879

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## 5 Issued Capital continued...

- On 2 August 2013, the company issued 3,000,000 sign on and bonus shares at no cost to employees in lieu of cash based remuneration and allowing management to participate in the growth of Site Group International Limited as shareholders.
- On 6 September 2013, 4,650,000 shares were issued under the Employee Share Plan. For accounting purposes the nature of the share plan results in the shares being valued as if they were options. The issue price of \$0.20 per share will not be received or recorded until the conditions of issue are satisfied.
- On 13 November 2013, following approval at the Annual General Meeting, the company issued 2,835,870 shares to the Chairman and CEO at \$0.135 per share as part of their participation in the placement completed on 5 April 2013.
- On 13 November 2013, following approval at the Annual General Meeting, the company issued a further 300,000 shares under the Employee Share Plan as per the issue on the 6 September 2013.
- On 19 November 2013, the company completed a buy-back of shares issued under the Employee Share Plan and sign on shares forfeited by employees when they resigned from the group.
- On 6 December 2013, under the terms of the acquisition agreement for Romea Consulting Pty Ltd, the company issued 2,000,000 shares to the vendor shareholder at the issue price of \$0.135 per share. In addition 3,000,000 shares were issued at nil consideration and escrowed for certain employees of Romea to be awarded on the completion of milestone performance requirements.
- On 13 January 2014, the company completed a fully underwritten rights issue and issued 33,485,590 at \$0.14 per share.
- On 9 April 2014, under the terms of the acquisition agreement for TESOL Asia group, the company issued 9,999,999 shares to the vendor at the issue price of \$0.14 per share.
- On 13 June 2014, the company completed the issue of 30,000,000 shares under a private placement of shares at \$0.17 per share.
- On 18 June 2014, under the terms of the acquisition agreement for Competent Project Management, the company issued 19,863,340 shares to the vendor at \$0.14 per share. As this amount is subject to a buy back on a pro rata basis should the FY15 EBIT be less than \$1,000,000, this amount has been recognised as part of the contingent consideration within non-current liabilities.
- On 30 June 2014, under the terms of the acquisition agreement for Productivity Partners Pty Ltd, the company issued 46,428,572 shares to the vendors at \$0.14 per share.
- On 22 July 2014, the company issued 250,000 sign on and bonus shares at no cost to and employee in lieu of cash based remuneration and allowing management to participate in the growth of Site Group International Limited as shareholders.
- On 22 July 2014, the company issued 3,010,714 shares as payment for advisor services at \$0.14 per share.
- On 2 December 2014, 1,255,000 shares were issued under the Employee Share Plan. For accounting purposes the nature of the share plan results in the shares being valued as if they were options. The issue price of \$0.20 per share will not be received or recorded until the conditions of issue are satisfied.
- On 2 December 2014, the company issued 475,000 sign on shares at no cost to and employee in lieu of cash based remuneration and allowing management to participate in the growth of Site Group International Limited as shareholders.

## 5 Issued Capital continued...

### Employee Share Plan

In November 2011, the shareholders approved the establishment of an Employee Share Plan that would enable employees to subscribe for shares in the company. Under the terms of the plan an eligible person is offered shares in the company at a price determined by the board with a corresponding interest free loan to assist the person to subscribe for the shares. The shares are escrowed in two tranches with 50% being escrowed for 12 months and 50% being escrowed for 24 months. To be able to access the shares, the person must continue to be an employee, associate or Director at the time the shares are released from escrow. The Loan from the company must be repaid prior to the shares being sold or transferred to the employee.

Employee Share plan	Issued 2 December 2014	
	Tranche 1	Tranche 2
Number of shares issued	627,500	627,500
Price paid per share	\$0.20	\$0.20
Discount to market price at time of issue	-	-
Market price of shares at grant date	\$0.16	\$0.16
Expected volatility	52.25%	52.25%
Risk free interest rate	3.75%	3.75%
Dividend yield	0.0%	0.0%
Escrow period of shares	12 months	24 months

## 6 Related Party Transactions

### (a) The Group's main related parties are as follows:

#### i. Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

### (b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

### (c) Loans from related parties:

	31-Dec-14	30-Jun-14
	\$	\$
Interest bearing loan – Wayburn Holdings Pty Ltd	2,400,000	-
Interest paid for the period – Wayburn Holdings Pty Ltd	14,629	2,568

On 3rd May 2012 Wayburn Holdings Pty Ltd, a company associated with Managing Director and CEO Mr Vernon Wills established an unsecured loan facility for \$2.0 million. The interest rate of 7.0% per annum on the drawn component calculated and credited monthly. The facility was for a 12 month term and was repaid by the company prior to 30 June 2013. On 26 August 2013, the company renewed this facility on the same terms for a 12 month term to 31 August 2014 and then on to 31 August 2015 with an increase to the facility to \$4 million.

In November 2014 the company drew down \$2.4 million from the loan facility and this amount was repaid in full on 20 January 2015. Interest charged on the loan was \$14,629 to 31 December 2014 (2013: \$2,568). On 3 February 2015, the company renewed this facility with Wayburn Holdings Pty Ltd on the same terms to 29 February 2016.

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## 7 Property, plant and equipment

During the six months ended 31 December 2014, the group acquired assets with a cost of \$583,592 (2013: \$423,439).

## 8 Contingent consideration liability

	31-Dec-14 \$	30-Jun-14 \$
<b>Current</b>		
Payable in equity	7,530,867	-
Payable in cash	1,848,544	-
	<u>9,379,411</u>	<u>-</u>
<b>Non-current</b>		
Payable in equity	1,000,000	8,530,867
Payable in cash	-	2,312,579
	<u>1,000,000</u>	<u>10,843,446</u>

## 9 Financial instruments

The carrying values of all financial instruments approximate their fair values.

## 10 Subsequent events

On 19 January 2015 the company repaid the \$2.4 million borrowed from Wayburn Holdings Pty Limited. Thus the balance currently available under the facility is \$4 million.