SITE GROUP INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

ABN: 73 003 201 910

Financial Report For The Year Ended
30 June 2011

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DIRECTORS' REPORT

Your Directors submit herewith the financial report of Site Group International Limited for the year ended 30 June 2011.

DIRECTORS

The directors in office at any time during or since the end of the financial year, together with their qualifications and experience are:

Vernon Wills – Board Chairman and CEO

Mr Wills was appointed Director of the company on 12 October 2010.

Vern Wills has an extensive background in areas of investment and finance in a broad range of industries including property, mining, IT and education.

Vern is currently Executive Chair of Site Group International Ltd, Enhance Management Pty Ltd and a non executive of Eumundi Group Ltd.

Recently Vern has retired as a director of Careers Australia Group, GoTalk Ltd and Greg Norman Golf Foundation.

Previously Vern was Chair of Dark Blue Sea Ltd, Deputy Chair of Queensland governments Major Sports Facilities Authority, A director of CITEC and has served on the National Competition Policy – Queensland Liquor Review.

Nicasio Alcantara – Non-Executive Director

Mr Alcantara was appointed Director of the company on 12 October 2010 and has been a director of Site Group Holdings since June 2009.

Nicasio is an experienced director with over 40 years experience in both public and private companies and his diverse industry experience includes manufacturing, banking & finance, property, information technology, agriculture and power & energy.

Nicasio is currently a director of Alsons Corporation, Alsons Development & Investment Corporation, C. Alcantara & Sons Inc., Lima Land Inc., Sarangani Agricultural Co. Inc, Seafront Resources Corporation, the Philodrill Corporation and BDO Private Bank Inc.

Nicasio has also previously been Chairman & President of Alsons Consolidated Resources Inc., Iligan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation and Refractories Corporation of the Philippines. He was also previously Chairman and Chief Executive Officer of Petron Corporation and a director of Bank One Savings and Bancasia Capital Corporation.

Nicasio holds an MBA from Santa Clara University in California, USA.

David Hutchison – Executive Director (Chief Financial Officer)

Mr Hutchison was appointed Director of the company on 12 October 2010. He ceased as a director on 31 July 2011.

David is a Chartered Accountant and fellow of the England and Wales Chartered Accounting Institute. David has previously held positions at Deutsche Bank, Standard Chartered Bank, The Abu Dhabi Royal Family, McKinsey & Company and Arthur Andersen.

David's most recent role was with Deutsche Bank where he was a Director for Deutsche Bank Asia Pacific overseeing Group Finance and Strategy. David has also been the Group Head of Strategy with Standard Chartered Bank, Chief Investment Officer for HRH Sheikh Mansour Al Nahyan, and Engagement Manager working across sectors on Strategic and Corporate Finance assignments during his 6 years with McKinsey & Company. David also spent 3 years at Arthur Andersen at the beginning of his career.

David has an MBA from London Business School, and he received distinction from Harvard Business School for a Corporate Finance extension to his MBA.

Paul Young – Non-Executive Director

Mr Young was appointed Director of the company on 29 June 2010. He ceased as a director on 01 April 2011.

Paul is the co-founder and a director of Baron Partners Limited, a well-established corporate advisory business, and has been in merchant banking in Australia for more than 25 years. He has an extensive experience in the provision of corporate advice to a wide range of Australian and foreign listed and unlisted companies including restructurings, capital raisings, initial public offerings and mergers and acquisitions.

A qualified chartered accountant in England and Wales, Mr Young has a degree in economics from the University of Cambridge, an Advanced Diploma in Corporate Finance and is a Fellow of the Australian institute of Company Directors.

Paul is Chairman of Tidewater Investments Limited (ASX:TDI) and a Director of Thomas & Coffey Limited (ASX:THO), Ambition Group Limited (ASX:AMB), GB Energy Limited (Alternate Director) (ASX:GBX) and of several private companies. He was formerly Chairman of Peter Lehmann Wines Limited.

Shaun Scott – Non-Executive Director

Mr Scott was appointed Director of the company on 2 August 2011.

Mr Scott is a Chartered Accountant with over 25 years of upstream and downstream experience in the oil and gas and energy sectors in Australia, Asia and the United States. He was Chief Executive Officer of Arrow Energy, until its recent acquisition by Shell and Petro China. Prior to joining Arrow in 2004, Mr Scott's career spanned appointments as Group Finance Manager at Energy Developments Limited, Project Finance Director at NRG and Manager of ARCO's international oil and gas mergers and acquisitions team. Mr Scott was a Director of Pure Energy Resources until September 2008, a Director of the APPEA until September 2010 and is currently an Executive Director of Dart Energy, Non Executive Director of Innamincka Petroleum and AnaeCo.

Darryl Somerville – Non-Executive Director

Mr Somerville was appointed Director of the company on 2 August 2011.

Mr Somerville formerly held the position of Chairman of the Brisbane Broncos Ltd. Prior to the Broncos Mr Somerville was the Chairman of Brisbane based developer Devine Ltd. He previously completed his role as Chairman of the Queensland Government's Energy Competition Committee, which oversaw the introduction of Full Retail Contestability for energy in the state.

Mr Somerville spent 23 years with Price Waterhouse Coopers in Brisbane, including more than 19 years as a partner. His clients ranged from privately owned companies through to multinationals in the manufacturing, mining, energy and resources and retailing industries. He was a member of the company's National Board of Partners.

Mr Somerville served a three year term as National Director of the Institute of Chartered Accountants from 2000 to 2003. He is a Fellow of the Institute of Chartered Accountants of Australia and a Fellow of the Australian Society of Certified Practising Accountants. In his most recent role Mr Somerville was a director of Careers Australia Group and the Chairman of its Compliance, Audit and Risk Management Committee.

COMPANY SECRETARY

Andrew Bursill – Company Secretary

Mr Bursill has been employed by Franks & Associates for over 12 years, where he has specialised in the provision of outsourced Company Secretary and finance services. During this time Mr Bursill has been a Director and Company Secretary of numerous listed and unlisted public companies. Mr Bursill is a member of the Institute of Chartered Accountants in Australia.

Mr Bursill was appointed as Company Secretary on 29 June 2010. In addition, Mr Bursill is a Director of Orion Petroleum Limited, a Director and Company Secretary of Argonaut Resources NL and Australia Oriental Minerals NL and Company Secretary of Aguia Resources Limited, Kibaran Nickel Limited, MOKO.mobi Limited and several other unlisted and private companies.

COMMITTEE MEMBERSHIP

As at the date of this report, the company had an audit committee of the board of directors. Members acting on the committees of the board during the year and up to the date of this report were:

Darryl Somerville (c) – appointed 2 August 2011
Paul Young
Nicasio Alcantara
David Hutchison (Ex Officio)

(c) Designates the chairman of the committee

Meetings of committees

	Board No.	Attended No.	Audit Committee No.	Attended No
Vernon Wills	2	2	-	-
Nicasio Alcantara	2	2	2	2
Shaun Scott	-	-	-	-
Darryl Somerville	-	-	-	-
David Hutchison	2	2	2	2
Paul Young	1	1	2	2

All directors were eligible to attend all meetings held, except for Shaun Scott and Darryl Somerville, who were not appointed until 2 August 2011.

PRINCIPAL ACTIVITY

The principal activity of the company during the period was the provision of vocational education though Clark Education City (Philippines) and Site Academy (Adelaide).

Site Academy has continued to offer specialised vocational training in the hotel and tourism industry out of Adelaide.

The Clark Education City campus was established in the Philippines to provide Australian standard vocational education in the Asian region.

OPERATING RESULTS

The Operating loss for the year ended 30 June 2011 was $9,907,168 after income tax, compared with $3,332,795 for the full year in 2010. Turnover was $1,029,376 compared with $363,487 in the 2010 financial year.

This year's result was affected by a re-alignment of business strategy and development of the business model to focus on its employment sponsored training product which has resulted in contract wins for Site and increased future revenue expectations. This change in focus of the Site business strategy has resulted in additional corporate expenditure to replace redundant employees, pursue new business development opportunities, rollout of the preparation of the campus equipping it for student intake and pursuing potential acquisition opportunities.

Other significant losses are as a result of major items listed below.

Share Listing Expense of	$1,191,739
Foreign Currency loss on translation	$1,149,533
Goodwill write off Site Academy	$166,379
Cost of the failed CAG bid	$267,737

Site's Employer Sponsored Training product has generated positive interest and is creating revenue opportunities. This is anticipated in Site's business model and in the coming year Site expects to see strong growth in revenue as employers are recognising the extent of the skill shortage which is inhibiting the progress of major projects in Australia and internationally.

The rollout of the streamlined business model which is now being implemented, provides Site with better product margins and greater capacity to deliver product in volume. In particular Site's assessment and gap training model provides a shorter route to delivery to the client and greater revenue turnover. Other key focuses of the streamlined business model include Occupational health and safety, cultural and English training.
This provides clients with Work Ready employees and is in high demand, particularly in the resources industry which is a major revenue avenue for Site.

DIRECTORS' BENEFITS

No Director, since the end of the previous financial year, has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the member or with a firm of which he is a member, or with a company in which he has a substantial financial interest, other than as shown in the accounts or received as a fixed salary of a full-time employee.

There were no director's fees paid during the year. The current director shareholdings are outlined in the next section.

DIRECTORS' SHAREHOLDINGS

Director	Shares	Options
Vernon Wills	39,275,000	500,000
David Hutchison	95,000	465,000
Paul Young	249,956	500,000

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, the group was involved in the following significant transactions:
On 16 December 2010, by way of reverse acquisition, Site Group Holdings Pty Ltd, in substance, acquired Lazco Ltd (now known as Site Group International Ltd), a dormant listed public company based in Australia. As this was a reverse acquisition transaction, Site Group Holdings Pty Ltd is the accounting acquirer; Lazco Ltd is the legal acquirer.

The acquisition was effected by an exchange of shares. Lazco Ltd issued shares to the shareholders of Site Group Holdings Pty Ltd. In return for this, the entirety of the shares in Site Group Holdings Pty Ltd were transferred to Lazco Ltd. Pursuant to the requirements of AASB 3 'Business Combinations', as this was a reverse acquisition transaction, the fair value of the consideration transferred is determined by reference to the fair value of the issued equity instruments of the legal parent (Lazco Ltd). Therefore, the consideration was deemed to be 7,471,500 $0.20 shares, totalling $1,494,300. At the date of the acquisition, Lazco Ltd was a dormant company. As a result of the acquisition, Lazco Ltd changed its name to Site Group International Ltd and changed its principal activity to the provision of vocational education and training.

Subsequent to this transaction, the Group raised $5 million in capital through the issue of 25,000,000 Shares at $0.20 per Share. At the same time, the group also issued 2,000,000 Director Options, 450,000 Management Options and 1,000,000 Advisor Options.

During the year, the Group recognised an impairment loss of $166,379 in relation to goodwill. The goodwill related to the acquisition of Jet Corporation Pty Ltd (now known as Site Education Australia Pty Ltd) in FY09. The impairment loss was recognised because Site Education Australia Pty Ltd has negative net assets of $413,534 (FY10: $328,183) and made a loss of $85,015 for the year ended FY11 (FY10 loss: $290,580) which indicated that the carrying value of the goodwill was higher than its recoverable amount.

During the year, the Group launched a takeover bid for Careers Australia Group Ltd, which is a company engaged in the provision of training and educational services. The takeover bid was unsuccessful. Costs associated with the bid totalled $267,737.

AFTER BALANCE DATE EVENT

On the 18th July 2011 Executive Chairman of Site Group and shareholder, Vernon Wills, agreed to advance an amount of $1,000,000 to Site Group. The funds were advanced in two instalments of $500,000, which were received by Site Group on 18th July 2011 and 9th August 2011.

On the 18th July 2001 Darryl Somerville agreed to advance an amount of $250,000 to Site Group. These funds were received by Site Group on 21st September 2011. At the time of execution of the loan deed Mr. Somerville was not a director or shareholder of Site Group. Mr. Somerville has since been appointed as a director of Site Group joining the board on 3rd August 2011

DIVIDENDS PAID

There have been no dividends paid.

FUTURE DEVELOPMENTS

Site's Employer Sponsored Training product has generated positive interest and is creating revenue opportunities. This is anticipated in Site's business model and in the coming year Site expects to see strong growth in revenue as employers are recognising the extent of the skill shortage which is inhibiting the progress of major projects in Australia and internationally.

The rollout of the streamlined business model, which is now being implemented, provides Site with better product margins and greater capacity to deliver product in volume. In particular Site's assessment and gap training model provides a shorter route to delivery to the client and greater revenue turnover. Other key focuses of the streamlined business model include Occupational health and safety, cultural and English training. This provides clients with Work Ready employees and is in high demand, particularly in the resources industry which is a major revenue avenue for Site.

Site and its new board of directors look forward to delivering revenue growth with its streamlined business model.

ENVIRONMENTAL ISSUES

The Site Group's operations are not regulated by any significant environment regulation under a law of the Commonwealth or of a State or Territory.

SHARE OPTIONS

As at the date of this report, there were 8,115,000 unissued shares under options (8,115,000 at the reporting date). Refer to note 22 share-based payments in the financial report for further details of the options outstanding. During the financial year, there were no shares issued as a result of the exercise of options.

NON-AUDIT SERVICES

Non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standards of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that the auditor independence was not compromised. Refer to note 6 Auditors' Remuneration in the financial report for details and amounts for the provision of non-audit services.

OTHER MATTERS

We are not currently aware of any material proceedings against the Site Group.

No person has applied for leave of Court 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 any part of those proceedings. The party was not subject to any such proceedings during the year.

Vern Wills
Director
30 September 2011

Remuneration Report (audited)

The remuneration of the Executive Directors and Non-Executive Directors is set by the Chairman of Directors and ratified by the Board of Directors.

Directors
The following persons were directors of Site Group Holdings Limited during the financial year:

Chairman
Vernon Wills – Chief Executive Officer

Directors
Nicasio Alcantara – Non-Executive Director
David Hutchison – Chief Financial Officer (Retired on 31 July 2011)
Paul Young – Non-Executive Director (Retired on 01 April 2011)

Executives (other than directors) with the greatest authority for strategic direction and management
The following persons were the executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year;

Name	Position
Steve Ghost	Director of Education and Industry
Kingsley Clark	General Manager - Education
Bernard Hogan	General Manager - Site WorkReady
Ismail Tahir	Manager of Facilities and Infrastructure
Adam Roberts	Director of Sales
Adam Waters	General Manager - Site Academy

All of the above persons were also specified executives during the year ended 30 June 2011. These executives are also considered the Key Management Personnel of the consolidated entity.

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration
The objective of the company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

Relationship between remuneration and financial performance
The group is still in the start up phase and therefore has incurred losses in the current and prior year. Therefore, there is no relationship between the Company's performance and either the remuneration of directors and executives or the issue of shares and options to the directors and executives. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

Executive and non-executive directors
Fees and payments to executives and non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Executive and non-executive directors' fees and payments are reviewed annually by the Board.

Directors' Fees
There were no directors fees paid during the year other than those received as a fixed salary of a full-time employee.

Executive pay
The executive pay and reward framework has two components:

- Base pay benefits such as directors' fees
- Other remuneration such as fringe benefits and superannuation

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

Base Pay
Base pay is structured as a total employment cost package which is delivered in cash.

Executives are offered a competitive base pay that comprises the fixed component of pay. Base pay for senior executives is reviewed annually. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Remuneration Report (audited)

Benefits
Some Executives receive benefits such as car benefits.

Retirement benefits
Retirement benefits are delivered under a range of different superannuation funds. These funds provide accumulated benefits.

Executive contractual arrangements
As Non-Executive Directors are not employees of the company, there are no contractual agreements.

Remuneration arrangements for other Executives are formalised in employment agreements. Details of these contracts are provided below.

All other Executives have contracts with unspecified ending date. The contracts are continuing unless terminated by either party.

Standard Key Management Personnel termination provisions are as follows:

	Notice period	Payment in lieu of notice
Employer-initiated termination	3 months	3 months
Termination for serious misconduct	None	None
Employee-initiated termination	3 months	3 months

Details of remuneration
Details of the remuneration of each director of Site Group International Limited and each of the four specified executives of the consolidated entity, including their personally-related entities, are set out in the following tables.

Directors of Site Group International Limited

2011	Short Term Benefits			Post-employment	Long Term Benefits	Share-based Payments		
Name	Cash Salary $	Directors' fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Options $	Shares $	Total $
Vernon Wills	-	300,000	-	-	-	13,453	-	313,453
Nicasio Alcantara	-	-	-	-	-	13,453	-	13,453
David Hutchison	-	263,334	-	-	-	4,260	-	267,594
Paul Young	-	-	-	-	-	13,453	-	13,453
Total	-	563,334	-	-	-	44,618	-	607,952

Total remuneration of directors of Site Group International Limited for the year ended 30 June 2010 is set out below:

2010	Short Term Benefits			Post-employment	Long Term Benefits	Share-based Payments		
Name	Cash Salary $	Directors' fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Options $	Shares $	Total $
Vernon Wills	-	-	-	-	-	-	-	-
Nicasio Alcantara	-	-	-	-	-	-	-	-
David Hutchison	-	59,020	-	-	-	-	-	59,020
Paul Young	-	-	-	-	-	-	-	-
Total	-	59,020	-	-	-	-	-	59,020

Remuneration Report (audited)

Specified executives of the consolidated entity

2011	Short Term Benefits		Post-employment	Long Term Benefits	Share-based Payments		
Name	Cash Salary and fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Options Total $	Shares Total $	Total $
Steve Ghost	140,014	-	8,752	-	-	-	148,766
Kingsley Clark	145,280	10,666	13,073	1,293	7,148	-	177,460
Benard Hogan	96,903	-	8,721	-	3,979	-	109,603
Ismail Tahir	100,917	15,547	9,083	793	1,430	-	127,770
Adam Roberts	140,000	-	-	547	6,525	-	147,072
Adam Waters	72,374	7,194	6,514	1,224	2,859	-	90,165
Total	695,488	33,407	46,143	3,857	21,941	-	800,836

Total remuneration of specified executives for the year ended 30 June 2010 is set out below.

2010	Short Term Benefits		Post-employment	Long Term Benefits	Share-based Payments		
Name	Cash Salary and fees $	Non-monetary benefits $	Super-annuation $	Long Service Leave $	Options $	Shares $	Total $
Kingsley Clark	169,279	6,071	15,235	-	6,807	-	197,392
Adam Waters	66,626	8,871	5,996	334	5,446	-	87,273
Matthew Wedmaier	128,055	-	9,672	-	-	-	137,727
Total	363,960	14,942	30,903	334	12,253	-	422,392

The board believes that its remuneration policy is appropriate when the consideration is given to shareholder wealth for the current year and previous years.

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Auditor's Independence Declaration to the Directors of Site Group International Ltd

In relation to our audit of the financial report of Site Group International Ltd for the financial year ended 30 June 2011 to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
30 September 2011

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Continuing operations			
Revenue	3	984,180	363,487
Interest Income - external		43,029	-
Interest Income - related parties		2,167	-
Cost of sales		(1,016,407)	(443,663)
Gross Profit (Loss)		12,969	(80,176)
Employee benefits expense	4	(3,223,867)	(2,006,592)
Depreciation and amortisation expense		(445,273)	(100,657)
Finance costs		(14,124)	(3,568)
Share listing expense		(1,191,739)	-
Other expenses	4	(3,090,971)	(1,403,726)
Occupancy expenses		(769,456)	(83,279)
Foreign currency gain/(loss)		(1,166,246)	346,064
Loss before Tax		(9,888,707)	(3,331,934)
Income Tax benefit / (expense)	16	(11,197)	(861)
Loss for the period from continuing operations		(9,899,904)	(3,332,795)
Loss for the period		(9,899,904)	(3,332,795)
Other Comprehensive Income			
Translation of foreign operations		540,012	(71,665)
Total Other Comprehensive Income		540,012	(71,665)
Total Comprehensive Income		(9,359,892)	(3,404,460)
Earnings (loss) per share			
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the parent.			
Basic and diluted (cents per share)	7	(8.62)	(4.81)

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

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	409,449	55,055
Trade and other receivables	9	171,828	127,349
Inventories	10	99,515	29,643
Other assets	14	114,977	140,332
TOTAL CURRENT ASSETS		795,769	352,379
NON-CURRENT ASSETS			
Property, plant and equipment	12	4,810,628	5,310,364
Intangible assets	13	-	166,379
Other non-current assets	14	324,170	503,319
TOTAL NON-CURRENT ASSETS		5,134,798	5,980,062
TOTAL ASSETS		5,930,567	6,332,441
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	1,937,543	1,344,039
Current tax liabilities	16	8,502	663
Provisions	17	112,756	87,522
TOTAL CURRENT LIABILITIES		2,058,801	1,432,224
NON-CURRENT LIABILITIES			
Other provisions	17	13,036	4,683
TOTAL NON-CURRENT LIABILITIES		13,036	4,683
TOTAL LIABILITIES		2,071,837	1,436,907
NET ASSETS		3,858,730	4,895,534
EQUITY			
Issued capital	18	16,587,918	8,473,497
Reserves	26	818,262	69,583
Retained earnings		(13,547,450)	(3,647,546)
TOTAL EQUITY		3,858,730	4,895,534

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

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

	Share Capital		Reserves		
	Ordinary	Retained Earnings	Foreign Currency Translation Reserve	Option Reserve	Total
Consolidated Group	$	$	$	$	$
Balance at 1 July 2009	53,497	(314,751)		125,307	(135,947)
Comprehensive income					
Profit for the year		(3,332,795)			(3,332,795)
Other comprehensive income for the year			(71,665)		(71,665)
Total comprehensive income for the year	-	(3,332,795)	(71,665)	-	(3,404,460)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	4,800,000				4,800,000
Exercise of Options	300,000				300,000
Share equity contribution	3,320,000				3,320,000
Share-based Payments				15,941	15,941
Total transactions with owners and other transfers	8,420,000	-	-	15,941	8,435,941
Balance at 30 June 2010	8,473,497	(3,647,546)	(71,665)	141,248	4,895,534
Balance at 1 July 2010	8,473,497	(3,647,546)	(71,665)	141,248	4,895,534
Comprehensive income					
Profit for the year		(9,899,904)			(9,899,904)
Other comprehensive income for the year			540,012		540,012
Total comprehensive income for the year	-	(9,899,904)	540,012	-	(9,359,892)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	6,815,000				6,815,000
Transaction costs	(519,103)				(519,103)
Liabilities converted to equity	324,224				324,224
Shares issued on reverse acquisition of Lazco Ltd	1,494,300				1,494,300
Share-based Payments				208,667	208,667
Total transactions with owners and other transfers	8,114,421	-	-	208,667	8,323,088
Balance at 30 June 2011	16,587,918	(13,547,450)	468,347	349,915	3,858,730

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2011

	Consolidated Group	
	2011	2010
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,373,722	243,275
Payments to suppliers and employees	(6,922,434)	(3,584,250)
Interest received	40,563	-
Finance costs	(14,124)	(3,568)
Income tax paid	(11,860)	-
Net cash provided by/(used in) operating activities	(5,534,133)	(3,344,543)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(638,726)	(5,345,529)
Proceeds from sale of property, plant and equipment	43,502	-
Payment for subsidiary, net of cash acquired	670,000	-
Net cash provided by/(used in) investing activities	74,776	(5,345,529)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	6,675,000	8,420,000
Transaction Costs on Shares	(826,542)	-
Repayment of finance lease liabilities	-	(23,414)
Net cash provided by/(used in) financing activities	5,848,458	8,396,586
Net increase(decrease) in cash held	389,101	(293,486)
Effect of exchange rates on cash holdings in foreign currencies	(34,707)	346,064
Cash and cash equivalents at beginning of financial year	55,055	2,477
Cash and cash equivalents at end of financial year	409,449	55,055

Note 1 Corporate Information

The consolidated financial report of Site Group International Limited (Site Group) for the year ended 30 June 2011 was authorised for issue in accordance with a resolution of the directors on 30 September 2011.

Site Group (parent) is a company limited by shares incorporated in Australia whose shares are publically traded on the Australian Stock Exchange.

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

Note 1a Summary of significant accounting policies

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

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on an accruals basis and is based on historical costs.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

During the year, Site Group Holdings Pty Ltd acquired Lazco Limited (now know as Site Group International Limited) by way of reverse acquisition (SGH, was the in substance acquirer, Lazco was the legal acquirer). As such, the consolidated financial statements are a continuation of those of the legal acquirer (Lazco).

The financial report is presented in Australian dollars.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) Going concern

The 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 realization of assets in the ordinary course of business.

In the current year the company incurred trading losses and cash outflows relating to the ongoing start up of operations both in Australia and the Philippines. At the present time, cash receipts from training revenue are not sufficient to cover the cash flows from operations requiring cash funding of approximately $500,000 per month to fund operations. As at 30 June 2011, the company had cash reserves of $409,449, and since year end has raised a further $1.25m of capital through convertible note issue. These funds were provided by Directors of the Group. It is forecast that additional equity

(b) Going concern (continued)

capital will be required over the coming year and actions are currently underway to raise these funds. On 1 September 2011, the Group announced a mandate with Claymore Capital for the raising of up to $4m through the issue of a convertible note. The Directors are confident of the ability to raise these and additional sufficient funds. Ensuring the Group's ability to finance its future operations is critical to the ability of Site Group to continue as a going concern.

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 continue to have the support of its investors and can raise sufficient funds to meet the company's anticipated cash flow requirements so that it can meet its obligations as and when they fall due.

Should the directors not achieve the matters set out above, in raising sufficient capital to meet its cash flow objectives there is significant uncertainty whether the entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and/or consolidated entity not continue as going concerns.

(c) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures.

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Consolidated Entity's accounting policies nor affected the amounts reported for the current or prior years.

(ii) Accounting Standards and Interpretations issued but not yet effective.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 124 (Revised)	Related Party Disclosures (December 2009)	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including: (a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other (b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other (c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.	1 January 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. In particular, it amends AASB 8 *Operating Segments* to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB.	1 January 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 1054	Australian Additional Disclosures	This standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard, with AASB 2011-1 relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas: (a) Compliance with Australian Accounting Standards (b) The statutory basis or reporting framework for financial statements (c) Whether the financial statements are general purpose or special purpose (d) Audit fees (e) Imputation credits	1 July 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011
AASB 2010-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRS by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.	1 January 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. *Disclosures* require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	The group has not yet determined the impact of the amendment, if any.	1 July 2011
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate *SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets* into AASB 112.	1 January 2012	The group has not yet determined the impact of the amendment, if any.	1 July 2012
AASB 2011-9	Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income [AASB 101]	This Standard requires entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss in subsequent periods (reclassification adjustments).	1 July 2012	The group has not yet determined the impact of the amendment, if any.	1 July 2012
AASB 2011-4	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Standard makes amendments to remove individual key management personnel disclosure requirements from AASB 124.	1 July 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9	Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9 (cont)	Financial Instruments	Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013
AASB 10	Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 127.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 11	Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly- controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB128.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 13	Fair Value Measurement	AASB 13 establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013
AASB 119	Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	The group has not yet determined the impact of the amendment, if any.	1 July 2013

The company does not anticipate early adoption of any of the above reporting requirements and does not expect them to have any material effect on the company's financial statements.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Site Group and its subsidiaries as at and for the period ended 30 June each year (the Group).
Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries held by the group are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate statement of comprehensive income of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

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

(e) Business combinations

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be re-measured.

(f) Foreign currency translation

Both the functional and presentation currency of Site Group International Limited and its Australian subsidiaries is Australian dollars ($). The Philippines branch's functional currency is the Philippine Peso (PHP), which is translated to the presentation currency.

(g) Cash and cash equivalents

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

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the statement of financial position.

(h) Trade and other receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. Management has determined a provision for impairment loss is not required.

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(i) Inventory

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished goods — purchase cost on a first-in, first-out basis. The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of finished goods. Volume discounts and rebates are included in determining the cost of purchase.

Net realisable value is the estimated selling price in the ordinary course of business, and the estimated costs necessary to make the sale.

(j) Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Leasehold Improvements
Leasehold improvements are initially shown at their cost, less subsequent depreciation.

Plant and Equipment
Plant and equipment are measured on the cost basis, less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of

(j) Property, plant, and equipment (*continued*)

the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period when they are incurred.

Depreciation
The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement.
The estimated lives used for each class of depreciable assets are:

Class of fixed asset	**Estimated Life**
Building and Leasehold improvements	Term of lease
Furniture and fittings	2 – 20 years
Computer equipment	3 – 5 years
Vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income

(k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(l) Intangible assets

Goodwill
Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, and liabilities.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(m) Impairment of assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss of $166,379 on goodwill was recognised for continuing operations in the 2010 financial year. The impaired goodwill related to the purchase of Jet Corporation Pty Ltd (now know as Site Education Australia Pty Ltd) in FY09. The impairment loss has been recognised in the statement of comprehensive income in the line item 'other expenses'. The cash generating unit consists of the Australian operations of Site Group International Limited included in the Australian segment. The recoverable amount was based on fair value less cost to sell.

(n) Trade and other payables

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

(o) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits
(i) Wages, salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the

(o) Provisions and employee benefits (continued)

amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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

(p) Taxes

Income tax

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised

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

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

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

(p) Taxes *(continued)*

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

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Branch and the amount can be reliably measured. The following recognition criteria must also be met before revenue is recognised:

Tuition Fees. Revenue is recognised throughout the period of the course. Accordingly, fees received pertaining to the period commencing after balance date are recorded as unearned tuition fees shown under "Accounts payable and other current liabilities".

Rent Income. Revenue is recognised on a straight-line basis over the lease term.

Interest Income. Revenue is recognised as the interest accrues, taking into account the effective yield on the asset.

Income From Sale of Merchandise. Revenue is recognised at the time of sale when the significant risks and rewards of ownership have been transferred and the amount of revenue can be reliably measured.

(r) Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

(s) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team. The group aggregates two or more operating

segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

(s) Operating segments *(continued)*

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(t) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Site Group does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(u) Share-based payment transactions

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

Site Group currently has an Employee Share Option Plan (ESOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 22.

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

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

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

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

(u) Share-based payment transactions *(continued)*

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

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

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

(v) 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.

Loans from related parties

Loans from related parties that are not subject to a contract, are non-interest bearing, and have no specified repayment date are classified as contributed equity in the financial statements of the entity that received the loan. The loans do not represent shares and do not have a right to dividend distributions.

Note 1b Significant 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(a) Significant accounting judgements

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

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

(b) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives
The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated. An impairment loss of $166,379 (2010:$Nil) was recognised in the current year in respect of goodwill. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 13.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Make good provisions
A provision has been recognised for the present value of anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated to make good of dilapidations at the end of the lease period. The provision recognised for the leased premises is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision. The related carrying amounts are disclosed in note 17.

Note 2 Parent Information

The following information has been extracted from the books and records of the parent, Site Group International Limited, and has been prepared in accordance with the Accounting Standards. The PY figures are also for Site Group International (previously know as Lazco Limited) as at 30 June 2010

	2011 $	2010 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	4,902,838	750,000
TOTAL ASSETS	4,902,838	750,000
LIABILITIES		
Current Liabilities	180,689	-
TOTAL LIABILITIES	180,689	-
EQUITY		
Issued Capital	6,115,197	1,961,220
Retained earnings	(1,742,964)	(1,211,220)
Share option reserve	349,915	-
TOTAL EQUITY	4,722,148	750,000
STATEMENT OF COMPREHENSIVE INCOME		
Total profit (loss)	(1,742,964)	(431,247)

Note 3 Revenue and Other Income

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Revenue from continuing operations			
Revenue			
— sale of goods		8,844	6,316
— student payments		911,408	332,024
— government subsidies received		3,504	5,018
— other revenue		60,424	-
— rental revenue		-	2,869
		984,180	338,340
Interest revenue from:			
— directors	24(b)	2,167	-
— other persons		43,029	17,260
Total interest revenue on financial assets not at fair value through profit or loss		45,196	17,260

Note 4 Expenses

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Employee benefits expense			
— Wages and salaries		2,155,603	1,422,392
— Superannuation expense		109,062	72,814
— Payroll tax and workers		33,638	23,365
— Annual and long service leave		33,587	77,522
— Contractor expenses		683,310	394,557
— Share-based payment expense		208,667	15,941
		3,223,867	2,006,592
Other Expenses			
Legal, accounting and other professional fees		691,251	156,950
Travel & Accommodation		430,032	307,625
Marketing Expense		357,816	30,501
Goodwill Impairment		166,379	-
Other		1,445,493	908,650
		3,090,971	1,403,726

Note 5 Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2011	2010
	$	$
Short-term employee benefits	1,292,229	437,922
Post-employment benefits	46,143	30,903
Other long term benefits	3,857	-
Termination benefits	-	-
Share-based payments	66,559	12,253
	1,408,788	481,078

KMP Options and Rights Holdings

The number of options over ordinary shares held during the financial year by each KMP of the Group is as follows:

						Vested at 30 June 2011		
30 June 2011	Balance at beginning of period 1 Jul 10	Granted as remuneration	Options exercised	Net change other*	Balance at end of period 30 Jun 11	Total	Exercisable	Not exercisable
Vernon Wills	-	500,000	-	-	500,000	500,000	500,000	-
David Hutchison	-	465,000	-	(150,000)	315,000	315,000	15,000	300,000
Nicasio Alantara	-	500,000	-	-	500,000	500,000	500,000	-
Steve Ghost	-	-	-	-	-	-	-	-
Kingsley Clark	500,000	300,000	-	(600,000)	200,000	200,000	-	200,000
Bernard Hogan	-	450,000	-	(150,000)	300,000	300,000	-	300,000
Ismail Tahir	100,000	300,000	-	(200,000)	200,000	200,000	-	200,000
Adam Roberts	450,000	450,000	-	(600,000)	300,000	300,000	-	300,000
Adam Waters	200,000	210,000	-	(270,000)	140,000	140,000	-	140,000
Matthew Wedmaier	-	-	-	-	-	-	-	-
Paul Young	-	500,000	-	-	500,000	500,000	500,000	-
	1,250,000	3,675,000	-	(1,970,000)	2,955,000	2,955,000	1,515,000	1,440,000

						Vested at 30 June 2010		
30 June 2010	Balance at beginning of period 1 Jul 09	Granted as remuneration	Options exercised	Net change other*	Balance at end of period 30 Jun 10	Total	Exercisable	Not exercisable
Vernon Wills	-	-	-	-	-	-	-	-
David Hutchison	-	-	-	-	-	-	-	-
Nicasio Alantara	-	-		-	-	-	-	-
Steve Ghost		-	-	-	-	-	-	-
Kingsley Clark	750,000	-	-	(250,000)	500,000	500,000	-	500,000
Bernard Hogan	-	-	-	-	-	-	-	-
Ismail Tahir	150,000	-	-	(50,000)	100,000	100,000	-	100,000
Adam Roberts	450,000	-	-	-	450,000	450,000	-	450,000
Adam Waters	300,000	-	-	(100,000)	200,000	200,000	-	200,000
Matthew Wedmaier	-	-	-	-	-	-	-	-
Paul Young	-	-	-	-	-	-	-	-
	1,650,000	-	-	(400,000)	1,250,000	1,250,000	-	1,250,000

* Includes forfeitures, replaced, lapsed

KMP Shareholdings

The number of ordinary shares in Site Group International Limited held by each KMP of the Group during the financial year is as follows:

30 June 2011	Balance 1 Jul 11	Granted as remuneration	On exercise of options	Net change other	Balance 1 Jun 11
Vernon Wills	33,900,000	-	-	5,375,000	39,275,000
David Hutchison	-	-	-	95,000	95,000
Nicasio Alantara	-	-	-	-	-
Steve Ghost	-	-	-	-	-
Kingsley Clark	1,000,000	-	-	-	1,000,000
Bernard Hogan	-	-	-	-	-
Ismail Tahir	200,000	-	-	-	200,000
Adam Roberts	-	-	-	-	-
Adam Waters	-	-	-	-	-
Matthew Wedmaier	500,000	-	-	(500,000)	-
Paul Young	-	-	-	249,956	249,956
	35,600,000	-	-	5,219,956	40,819,956

30 June 2010	Balance 1 Jul 09	Granted as remuneration	On exercise of options	Net change other	Balance 1 Jun 10
Vernon Wills	40,000,000	-	-	(6,100,000)	33,900,000
David Hutchison	-	-	-	-	-
Nicasio Alantara	-	-	-	-	-
Steve Ghost	-	-	-	-	-
Kingsley Clark	-	-	-	1,000,000	1,000,000
Bernard Hogan	-	-	-	-	-
Ismail Tahir	-	-	-	200,000	200,000
Adam Roberts	-	-	-	-	-
Adam Waters	-	-	-	-	-
Matthew Wedmaier	-	-	-	500,000	500,000
Paul Young	-	-	-	-	-
	40,000,000	-	-	(4,400,000)	35,600,000

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 24: Related Party Transactions.

For details of loans to KMP, refer to Note 24: Related Party Transactions.

Note 6 Auditors' Remuneration

	Consolidated Group 2011 $	2010 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	60,000	23,500
— taxation services	10,210	43,560
— due diligence services	136,182	-
— taxation services provided by related practice of auditor	-	-
	206,392	67,060
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	-	-
	-	-

Note 7 Earnings per Share

	Consolidated Group 2011 $	Consolidated Group 2010 $
(a) Earning used in calculating earnings per share		
For basic and diluted earnings per share:		
Net profit from continuing operations attributable to ordinary equity holders of the parent	(9,899,904)	(3,332,795)
Loss attributable to discontinued operations	-	-
Net profit attributable to ordinary equity holders of the parent	(9,899,904)	(3,332,795)
(b) Weighted average number of shares	No.	No.
Weighted average number of ordinary shares for basic and diluted earnings per share	114,815,260	69,538,129
(c) Earnings (loss) cents per share	(8.62)	(4.79)

Note 8 Cash and Cash Equivalents

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Cash at bank and in hand		409,449	55,055
	25	409,449	55,055

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as

	2011 $	2010 $
Cash and cash equivalents	409,449	55,055
	409,449	55,055

Note 9 Trade and Other Receivables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Trade receivables		104,165	29,457
Provision for impairment	9(a)	-	-
		104,165	29,457
Other receivables		67,663	97,892
Total current trade and other receivables		171,828	127,349

(a) Provision For Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 01-Jul-10	Charge for the Year	Amounts Written Off	Closing Balance 30-Jun-11
Consolidated Group	$	$	$	$
Current trade receivables	-	-	-	-
	-	-	-	-

At 30 June the aging analysis of trade receivables is as follows:

Consolidated Group

	Total	0-30 days	31-60 days PDNI*	61-90 days PDNI*	+91 days PDNI*	+91 days CI*
As at 30 June 2011	$	$	$	$	$	$
Trade receivables	104,165	24,878	9,588	15,139	54,560	-
Other receivables	67,663	67,663	-	-	-	-
Total	171,828	92,541	9,588	15,139	54,560	-
As at 30 June 2010						
Trade receivables	29,457	29,457	-	-	-	-
Total	29,457	29,457	-	-	-	-

* Past due not impaired (PDNI)
Considered impaired (CI)

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
(b) Financial Assets Classified as Loans and Receivables			
Trade and other Receivables			
— Total current		171,828	127,349
— Total non-current		-	-
Financial assets	25	171,828	127,349

(c) Related party receivables

For terms and conditions of related party receivables refer to note 24

(d) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(e) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 25.

Note 10 Inventories

	Note	Consolidated Group 2011 $	2010 $
CURRENT			
Finished goods at cost		99,515	29,643
Total inventories at the lower of cost and net realisable value		99,515	29,643

Note 11 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)* 2011	2010
Subsidiaries of Site Group International Limited:			
Site Group Holdings Pty Ltd	Australia	100%	
Site Education Australia Pty Ltd	Australia	100%	100%
Site Workready Py Ltd	Australia	100%	
Site Labourhire Pty Ltd	Australia	100%	

* Percentage of voting power is in proportion to ownership

(b) Acquisition of Controlled Entities
Reverse acquisition of Lazco Ltd

On 16 December 2010, by way of reverse acquisition, Site Group Holdings Pty Ltd, in substance, acquired Lazco Ltd (now known as Site Group International Ltd), a dormant listed public company based in Australia. As this was a reverse acquisition transaction, Site Group Holdings Pty Ltd is the accounting acquirer; Lazco Ltd is the legal acquirer.

The acquisition was effected by an exchange of shares. Lazco Ltd issued shares to the shareholders of Site Group Holdings Pty Ltd. In return for this, the entirety of the shares in Site Group Holdings Pty Ltd were transferred to Lazco Ltd. Pursuant to the requirements of AASB 3 'Business Combinations', as this was a reverse acquisition transaction, the fair value of the consideration transferred is determined by reference to the fair value of the issued equity instruments of the legal parent (Lazco Ltd). Therefore, the consideration was deemed to be 7,471,500 $0.20 shares, totalling $1,494,300.

At the date of acquisition, Lazco Ltd was the dormant company. As a result of the acquisition, Lazco Ltd changed its name to Site Group International Ltd and changed its principal activity to the provision of vocational education and training.

The fair values of the identifiable assets and liabilities of Lazco Ltd as of the date of the acquisition were:

	Consolidated fair value $
Cash and cash equivalents	670,000
Trade and other receivables	80,000
Fair value of identifiable net assets	750,000
Listing expense	744,300
Consideration Paid	1,494,300

Because this transaction is classified as a reverse acquisition, the difference between the consideration paid and the fair value of identifiable net assets acquired is not treated as goodwill, but rather is booked as an expense in the statement of comprehensive income. This is considered to be the price paid to acquire a listing on the Australian stock exchange.

Acquisition date fair-value of consideration transferred:	
Shares issued at fair value	1,494,300
Total	1,494,300
The cash inflow on acquisition is as follows:	
Net cash acquired with the subsidiary	670,000
Cash Paid	-
Net consolidated cash inflow	670,000

Below is a summary of the revenue and loss of the accounting acquiree (Site Group International Limited - parent only) and of the combined entity (Site Group International Limited - Consolidated Group) as though the acquisition had occurred at the beginning of the reporting period.

	Accounts Acquiree	Combined Entity*
Revenue	11,300	984,180
Loss	(1,830,840)	(9,899,904)

* Lazco Limited did not trade from 1 July 2010 to 16/12/2011

NOTE 11 Controlled Entities (CONTINUED)

(c) Comparative information

The comparative information presented in the consolidated financial statements is that of the legal subsidiary (Site Group Holdings Pty Ltd) not that originally presented in the previous financial statements of the legal parent (Lazco Ltd, which is now known as Site Group International Ltd). The Statement of comprehensive income for the current period reflects that of the legal subsidiary (Site Group Holdings Pty Ltd) for the full period together with the post-acquisition results of the legal parent (Lazco Ltd) based on the attributed fair values. The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary (Site Group Holdings Pty Ltd) immediately before the business combination, not those of the legal parent (Lazco Ltd, which is now known as Site Group International Ltd)

Note 12 Property, Plant and Equipment

	Consolidated Group	
	2011	2010
	$	$
PLANT AND EQUIPMENT		
Leasehold improvements		
At cost	4,010,251	4,362,017
(Accumulated depreciation)	(179,555)	(31,722)
Net carrying amount - leasehold improvements	3,830,696	4,330,295
Computers		
At cost	152,033	102,654
(Accumulated depreciation)	(55,593)	(13,626)
Net carrying amount - computers	96,440	89,028
Furniture and fittings		
At cost	1,149,858	951,547
(Accumulated depreciation)	(388,800)	(192,092)
Net carrying amount - furniture and fittings	761,058	759,455
Vehicles		
At cost	155,486	140,339
(Accumulated depreciation)	(33,052)	(8,754)
Net carrying amount - vehicles	122,434	131,585
Total property, plant and equipment	4,810,628	5,310,363

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Leasehold Improvements	Computers	Furniture & Fittings	Vehicles	Total
	$	$	$	$	$
Consolidated Group:					
Balance at 1 July 2009	12,040	6,630	42,696	6,222	67,588
Additions	4,347,835	96,024	772,629	134,117	5,350,605
Disposals	-	-	(5,076)	-	(5,076)
Depreciation expense	(29,580)	(13,626)	(50,794)	(8,754)	(102,754)
Balance at 30 June 2010	4,330,295	89,028	759,455	131,585	5,310,363
Additions	216,423	59,415	299,110	63,779	638,727
Disposals	-	-	(13,533)	(29,969)	(43,502)
Depreciation expense	(163,103)	(43,083)	(210,387)	(28,700)	(445,273)
Exchange rate differences	(552,919)	(8,920)	(73,587)	(14,261)	(649,687)
Balance at 30 June 2011	3,830,696	96,440	761,058	122,434	4,810,628

Note 13 Intangible Assets

	Consolidated Group	
	2011	2010
	$	$
Goodwill		
Cost	166,379	166,379
Accumulated impaired losses	(166,379)	-
Net carrying value	-	166,379

(a) Reconciliation of carrying amounts at the beginning and end of the period

	Goodwill
	$
Year ended 30 June 2010	
Balance at the beginning of year	166,379
Additions	-
Disposals	-
Impairment losses	-
	166,379
Year ended 30 June 2011	
Balance at the beginning of year	166,379
Additions	-
Disposals	-
Impairment losses	(166,379)
Closing value at 30 June 2011	-

The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite life.

(b) Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it's recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Site Education Australia Pty Ltd at 30 June 2011 had negative net assets of $413,534 (FY10: $328,183) and made a loss of $85,015 for the period (FY10: $290,580). Historically, Site Group International Ltd recognised goodwill of $166,379 on consolidation. The goodwill was originally recognised on the acquisition of Jet Corporation Pty Ltd (now known as Site Education Australia Pty Ltd) in FY09. In light of the financial position and performance of Site Education Australia Pty Ltd, management have assessed the goodwill carrying amount as exceeding its recoverable amount and has therefore recognised an impairment loss of $166,379.

The goodwill impairment relates to the Australian operations and has been allocated to the Australian segment.

Note 14 Other Assets

	Consolidated Group	
	2011	2010
	$	$
CURRENT		
Prepayments	-	-
Supplier advances	74,760	106,190
Employee advances	40,217	24,142
Other	-	10,000
	114,977	140,332
NON-CURRENT		
Pre-paid lease rent	-	294,783
Security deposits	324,170	176,700
Other non-current assets	-	31,836
	324,170	503,319

Note 15 Trade and Other Payables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Unsecured liabilities			
Trade payables		420,624	386,474
Amounts payable to:			
— Employee related payables		209,146	280,184
— Unearned income		250,239	51,556
— Accruals		1,055,176	536,473
— Other Payables		2,358	89,352
Total trade and other payables	25	1,937,543	1,344,039

(a) **Fair Value**
Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) **Related party payables**
For terms and conditions relating to related party payables refer to note 24.

(c) **Interest rate, foreign exchange and liquidity risk**
Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 25.

Note 16 Tax

	Consolidated Group 2011 $	2010 $
(a) Income tax expense		
The major components of income tax expense are:		
Income Statement		
Current income tax		
Current income tax charge	11,197	861
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of timing differences	-	-
Income tax expense reported in the statement of comprehensive income	11,197	861

	Consolidated Group 2011 $	2010 $
(b) Numerical reconciliation between aggregate tax expense		
A reconciliation between tax expense and the product of accounting		
Accounting profit/loss before tax from continuing operations	(9,888,707)	(3,332,795)
At the Parents Entity's statutory income tax rate of 30% (2010 - 30%)	(2,966,612)	(999,839)
Deferred tax asset not recognised	(2,966,612)	999,839
Other	11,197	861
	11,197	861
Aggregate income tax expense attributed to:		
Continuing operations	(11,197)	(861)
	(11,197)	(861)
The applicable weighted average effective tax rates are:	0%	0%

	Consolidated Group 2011 $	2010 $
(c) Tax liabilities		
CURRENT		
Income tax payable	8,502	663
TOTAL	8,502	663
NON-CURRENT		
Deferred tax liability	-	-
Balance as at 30 June	-	-

	Consolidated Group 2011 $	2010 $
(d) Tax assets		
CURRENT		
Income tax	-	-
TOTAL	-	-
NON-CURRENT		
Deferred tax asset	-	-
Balance as at 30 June	-	-

(e) Tax losses

The group has not recognised a deferred tax asset in relation to tax losses as it is not deemed probable that future taxable profits will be earned against which these could unwind

Note 17 Provisions

	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT		
Employee - Annual Leave	102,756	77,522
Other - Make good provision	10,000	10,000
Balance at 30 June 2011	112,756	87,522

(a) Movement in provisions

Movements in provision's other then those relating to annual leave, are set out below:

	Make good provision	Total
At 1 July 2010	10,000	10,000
Arising during the year	-	-
Utilised	-	-
At 30 June 2011	10,000	10,000

The make good provision relates to the lease of the head office premises in Adelaide, Australia. This lease is a 12 month lease, which is renewed annually with no right of renewal. As such, the make good provision is disclosed a 'current', as the lessor has the ability to require Site Group to make good of dilapidations at the end of each lease term. The lessor has, to date, not exercised its right to require make good dilapidations. Site Group has no present plans to exit the lease.

	Consolidated Group 2011 $	Consolidated Group 2010 $
NON CURRENT		
Provision for long service leave	13,036	4,683
	13,036	4,683

(b) Movement in provisions

Movements in provisions relating to employee benefits are set out below:

	Long Service Leave	Total
At 1 July 2010	4,683	4,683
Arising during the year	8,353	8,353
Utilised	-	-
At 30 June 2011	13,036	13,036

(c) Analysis of Total Provisions

	Consolidated Group 2011 $	Consolidated Group 2010 $
Current	112,756	87,522
Non-current	13,036	4,683
	125,792	92,205

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

Note 18 Issued Capital

	Consolidated Group 2011 $	Consolidated Group 2010 $
134,035,601 fully paid ordinary shares (2010: 74,000,000)	17,107,021	5,100,001
Share Equity Contribution	-	3,373,496
Cost of Capital Raising	(519,103)	-
	16,587,918	8,473,497

(a) Ordinary Shares

	Consolidated Group No. Shares	Consolidated Group $
At 1 July 2008	-	-
Share issue on 29 May 2009	40,000,000	1
Shareholder equity contribution		53,496
At 30 June 2009	40,000,000	53,497
Share issue on 31 July 2009	32,000,000	4,800,000
Shareholder equity contribution		3,320,000
Exercise of options on 19 June 2010	2,000,000	300,000
At 30 June 2010	74,000,000	8,473,497
Share issue on 30 July 2010	18,221,121	3,644,224
Share issue on 6 October 2010	267,480	53,496
Reversal of shareholder equity contribution on issue of share capital		(53,496)
Reversal of shareholder equity contribution on issue of share capital		(3,320,000)
Share issue on 11 October 2010	8,375,000	1,675,000
Share capital of Site	100,863,601	10,472,721
Share capital of Lazco	7,471,000	1,494,300
Share issue on 16 December 2010	25,000,000	5,000,000
Share issue on 16 December 2010	700,000	105,000
Transaction costs relating to capital raising	-	(484,103)
30 June 2011 share capital	134,034,601	16,587,918

- On 29 May 2009, 40,000,000 $0.000000025 shares were issued in return for cash.
- In FY09, expenses totalling $53,496 were paid on behalf of the business by an existing shareholder.
- On 31 July 2009, 32,000,000 $0.15 shares were issued for cash.
- In FY10, expenses totalling $3,320,000 were paid on behalf of the business by an existing shareholder. These shareholder equity contributions were converted into ordinary shares in FY11.
- On 19 June 2010, 2,000,000 shares were issued on the exercise of 2,000,000 $0.15 options.
- In FY11, shareholder loans totalling $324,224 were provided to the parent entity for the purpose of funding the day to day operation of the business. On 30 July 2010, the board of directors resolved to convert these loans (in addition to the $3,320,000 previously loaned by shareholders) into 18,221,121 $0.20 ordinary shares.
- On 6 October 2010, the board of directors resolved to convert shareholder loans totalling $53,496 into 267,480 $0.20 ordinary shares.
- On 11 October 2010, 8,375,000 $0.20 shares were issued for cash.
- On 16 December 2010, Lazco Ltd acquired Site Group Holdings Pty Ltd through the issue of 7,471,500 $0.20 shares. Pursuant to the terms of AASB 3 'Business combinations' this is a reverse acquisition.
- On 16 December 2010, 25,000,000 $0.20 public offer shares were issued for cash.
- On 16 December 2010, 700,000 $0.20 advisor shares were issued for services rendered in relation to the acquisition of Site Group Holdings Pty Ltd and the issuance of public offer shares. Of the total costs of these shares, $35,000 relates to the issue of equity instruments. These costs were treated as a deduction from equity.
- Transaction costs of $484,103 were incurred which related to the issue of equity instruments. These costs are treated as a deduction from equity.

(b) Options

(i) For information relating to the Site Group International Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 22: Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year. Refer to Note 22: Share-based Payments.

(c) Capital Management

Management control the capital of the Group in order to ensure that the Group can fund its operations and continue as a going concern. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses primarily include share issues.

During 2011, management have not paid any dividends. Furthermore, management does not intend to pay any dividends whilst the group is in the start up phase. Management plans to obtain additional capital by issuing shares on the market in the first half of FY12.

Note 19 Capital and Leasing Commitments

	Consolidated Group	
	2011	2010
(a) Operating Lease Commitments	$	$
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	504,372	192,481
— between 12 months and 5 years	2,100,967	991,162
— greater than 5 years	9,353,584	13,405,722
	11,958,923	14,589,365

The Group has entered into a commercial lease for the head office location. This lease has an average life of one calendar year with a renewal option included in the contract, There are no restrictions placed upon the lessee by entering into these leases.

The group has an operation through a branch located in the Philippines. On October 30,2009, the Branch entered into a lease agreement covering a parcel of land where its office and education facilities are located. The lease agreement is for a period of 25 years with an option to renew for another 25 years. The agreement includes an escalation in lease payments of ten percent, compounded on every increase, starting on the fourth year and every three years thereafter.

On December 9, 2009 and February 5,2010, the Branch entered into a lease agreement in respect to fifteen residential houses. The lease agreement is for a period of two years and four months with an option to renew for another two years.

Note 20 Operating Segments

Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (who is the chief operating decision maker) in assessing performance and in determining the allocation of resources.

Information reported to the Group's Chief Executive Officer for the purposes of resource allocation and assessment of performance is more specifically focused on the geographical locations of customers. The principal geographical locations of customers are Australia and the Philippines.

The Group operates primarily in the training and management services industry in Australia and the Philippines.

The following is an analysis of the revenue and results for the period, and the total assets and liabilities, analysed by reportable geographical segment, for the period under review.

	Australia	Philippines	Total
	$	$	$
Year ended 30 June 2011			
Revenue			
Sales revenue	312,906	671,274	984,180
Total segment revenue	312,906	671,274	984,180
Segment net operating profit/ (loss) after tax	(5,757,775)	(4,142,129)	(9,899,904)
Interest revenue	40,665	4,531	45,196
Interest expense	-	(3,708)	(3,708)
Depreciation	(67,060)	(378,213)	(445,273)
Impairment of goodwill	(166,397)	-	(166,397)
Income tax expense	-	(11,197)	(11,197)
Segment Assets	528,027	5,402,540	5,930,567
Segment Liabilities	764,085	11,262,441	12,026,526
Intersegment eliminations	-	(9,954,689)	(9,954,689)
Total segment liabilities	764,085	1,307,752	2,071,837
Year ended 30 June 2010			
Revenue			
Sales revenue	310,952	52,535	363,487
Total segment revenue	310,952	52,535	363,487
Segment net operating profit/ (loss) after tax	(1,146,676)	(2,186,119)	(3,332,795)
Interest revenue	-	-	-
Interest expense	-	-	-
Depreciation	(36,993)	(63,664)	(100,657)
Impairment of goodwill	-	-	-
Income tax expense	-	(861)	(861)
Segment Assets	482,254	5,850,187	6,332,441
Segment Liabilities	362,361	8,106,306	8,468,667
Intersegment eliminations	-	(7,033,760)	(7,033,760)
Total segment liabilities	362,361	1,072,546	1,434,907

Note 21 Cash Flow Information

	Consolidated Group 2011 $	Consolidated Group 2010 $
(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations		
Profit (Loss) after income tax expense	(9,899,904)	(3,332,795)
Non cash items		
Depreciation of property, plant and equipment	445,273	(100,657)
Foreign exchange (gain)/ loss	1,131,539	(346,064)
Movement in provision for Employee entitlements	32,050	-
Share based payments expense	208,667	15,941
Impairment of non current assets	166,379	-
Other		
Transaction costs	826,542	-
Listing expense	744,300	-
Net (profit)/loss on sale of PPE	-	-
	(6,345,154)	(3,763,575)
Change in assets and liabilities		
(Increase)/Decrease in receivables	(44,479)	(133,452)
(Increase)/Decrease in other assets	289,779	(503,319)
(Increase)/Decrease in inventory	(69,872)	(120,211)
Increase/(Decrease) in payables and accruals	602,006	1,138,981
Increase/(Decrease) in provisions	33,587	90,063
Increase/(Decrease) in other liabilities	-	(53,030)
Net cash from operating activities	(5,534,133)	(3,344,543)

Note 22 Share-based Payments

(a) Recognised share-based payment expenses

The expense recognised for employee services received during the year is shown in the table below:

	Consolidated Group 2011	2010
Share options expense	$	$
Expense arising from equity-settles share-based payment transactions	208,667	15,941
Total expense arising from share based payment transactions	208,667	15,941

Site Group International Limited and Site Group Holdings Pty Ltd had two concurrent share based payment plans. Details of each plan are disclosed in the notes below.

(b) Site Group Holdings Pty Ltd share-based payment plan

Employee share option plan (ESOP)

The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is determined by management prior to the grant date. Each grant of options requires the employee to remain employed by SGH for a given service period.

When a participant ceases employment prior to the vesting of their share options, the share options are forfeited. In the event of a reconstruction of the issued capital of SGH:

- If SGH is listed on the ASX at the time of such a reconstruction, the rights of option holders will be reconstructed (as appropriate) in a manner consistent with the ASX listing rules as applicable at the time of reconstruction but with the intention that such reconstruction will not result in any benefits being conferred on the holder of the options which are not conferred on the shareholders; and
- subject to the provisions with respect to rounding of entitlements as sanctioned by a meeting of shareholders approving a reconstruction of capital, in all other respects the terms for the exercise will remain unchanged.

Summaries of options granted under ESOP arrangements

A summary of the movements of all company options issued is as follows:	Consolidated Group Number	Weighted average exercise price
Options outstanding as at 30 June 2009	7,750,000	$0.15
Granted	450,000	$0.15
Forfeited	(2,400,000)	$0.15
Exercised	(2,000,000)	$0.15
Expired	(1,450,000)	$0.15
Options outstanding as at 30 June 2010	2,350,000	$0.15
Granted	-	-
Forfeited	(1,100,000)	$0.15
Exercised	-	-
Replaced	(1,250,000)	$0.15
Expired	-	-
Options outstanding as at 30 June 2011	-	-
Options exercisable as at 30 June 2011:	-	-
Options exercisable as at 30 June 2010:	1,000,000	$0.15

During FY11, the SGH ESOP was modified. Of the 2,350,000 outstanding options at 30 June 2010, 1,100,000 were cancelled without replacement. These options vested in the prior period and therefore, there was no additional expense incurred upon cancellation. The remaining 1,250,000 options were modified. The modified options had different exercise prices, vesting dates and expiry dates.

As a result of this transaction, any additional fair value of the modified plan over the fair value of the original plan on the date of modification is expensed over the remaining vesting period of the modified plan. The original plan's fair value will continue to be expensed over the original vesting period.

NOTE 22 Share-based Payments (continued)

(c) Site Group International Ltd share-based payment plan

Employee share option plan (ESOP)

The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the ESOP, the exercise price of the options is determined by management prior to the grant date. Each grant of options requires the employee to remain employed by SGI for a given service period.

Summaries of options granted under ESOP arrangements

A summary of the movements of all company options issued is as follows:	Consolidated Group Number	Consolidated Group Weighted average exercise price
Options outstanding as at 30 June 2010	-	$0.00
Granted	8,835,000	$0.24
Forfeited	-	-
Exercised	-	-
Replaced	-	-
Expired	(720,000)	$0.24
Options outstanding as at 30 June 2011	8,115,000	$0.24
Options exercisable as at 30 June 2011:	6,975,000	$0.24
Options exercisable as at 30 June 2010:	-	-

The outstanding options of 8,115,000 as at 30 June 2011 is represented by:

- 570,000 options over ordinary shares with an exercise price of $0.25 each, exercisable upon remaining employed until 31 May 2012 and exercisable until 30 June 2012.
- 570,000 options over ordinary shares with an exercise price of $0.30 each, exercisable upon remaining employed until 31 May 2013 and exercisable until 30 June 2013.
- 2,000,000 options over ordinary shares with an exercise price of $0.25 each, exercisable immediately and exercisable until 1 November 2013.
- 3,675,000 options over ordinary shares with an exercise price of $0.25 each, exercisable upon remaining employed until 1 November 2010 and exercisable until 26 November 2013.
- 150,000 options over ordinary shares with an exercise price of $0.25 each, exercisable upon remaining employed until 31 May 2012 and exercisable until 30 June 2012.
- 150,000 options over ordinary shares with an exercise price of $0.30 each, exercisable upon remaining employed until 31 May 2013 and exercisable until 30 June 2013.
- 1,000,000 options over ordinary shares with an exercise price of $0.25 each, exercisable upon remaining employed until 1 November 2010 and exercisable until 1 November 2013.

(d) Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is 2.04 years (2010:nil)

(e) Range of exercise price

the range of exercise prices for options outstanding at end of the year was $0.20 - $0.30 (2010:nil)

(f) Weighted average fair value

The weighted average fair value of options granted during the year was $0.024 (2010: nil)

(g) Option pricing model: ESOP

The fair value of the equity-settled share options granted under the ESOP is estimated as at the date of grant using a Binomial Option Pricing Model taking into account the terms and conditions upon which the options were granted. The Binomial methodology produces an estimated fair value based on the assumed changes in the prices of a financial instrument over successive periods of time. The model takes into account the historic dividends and share price volatilities.
The following tables lists the inputs to the models used for the year ended 30 June 2011.

Option packet	Dividend Yield (%)	Expected volatility (%)	Risk-free interest rate (%)
Tranche #1	0	25	4.64
Tranche #2	0	25	4.80
Tranche #3	0	25	4.83
Tranche #4	0	25	4.83
Tranche #5	0	25	4.50
Tranche #6	0	25	4.50
Tranche #7	0	25	4.50
Tranche #8	0	25	4.50
Tranche #9	0	25	4.50

Option packet	Weighted average share price a measurement date	Option exercise price ($)	Expected life of option (years)
Tranche #1	0.20	0.20	0.59
Tranche #2	0.20	0.25	1.59
Tranche #3	0.20	0.30	2.59
Tranche #4	0.20	0.25	3.00
Tranche #5	0.20	0.25	3.00
Tranche #6	0.20	0.20	0.66
Tranche #7	0.20	0.25	1.66
Tranche #8	0.20	0.30	2.66
Tranche #9	0.20	0.25	3.00

Note 23 Events After the Reporting Period

On the 18th July 2011 Executive Chairman o Site Group and shareholder, Vernon Wills, agreed to advance an amount of $1,000,000 to Site Group. The funds were advanced in two instalments of $500,000, which were received by Site Group on 18th July 2011 and 9th August 2011.

On the 18th July 2011 Darryl Somerville agreed to advance an amount of $250,000 to Site Group. The funds were received by Site Group on 21st September 2011. At the time of execution of the loan deed, Mr. Somerville was not a director or shareholder of Site Group. Mr. Somerville has since been appointed as a director of the Site Group joining the board on 3rd August 2011.

Note 24 Related Party Transactions

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

i. Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the group, is Site Group International Ltd which is incorporated in Australia.

ii. 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.

For details of disclosures relating to key management personnel, refer to Note 5: Interests of 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.

The following transactions occurred with related parties:

	Consolidated Group 2011 $	2010 $
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
Subsidiaries		
Management Fees		
— Site Education Australia Pty Ltd - Management Fee	(1,089,696)	(762,664)
— Site Group Holdings Pty Ltd - Management Fee	1,089,696	762,664
Key Management Personnel		
Interest revenue		
— Interest received from directors	2,167	-
— Interest received from other key management personnel	-	-

(c) Amounts outstanding from related parties

Trade and Other Receivables

- Unsecured loans made to directors, key management personnel and other related parties are on an arm's length basis. The repayment terms in respect of the loan were 3 months. Interest is payable at market rates.

	2011	2010
Loans to Key Management Personnel		
Beginning of the year	-	-
Loans advanced	40,000	-
Loan repayment received	-	-
Interest not charged	-	-
Interest charged	2,167	-
Interest received	-	-
End of the year	42,167	-
Provision for Impairment		
Beginning of the year	-	-
Doubtful debt expense	-	-
End of the year	-	-
The number of KMP which have received loans during the period include:	1	

(d) Loans between subsidiaries

During the year a loan of $98,865 (2010: $205,360) was made from Site Group Holdings Pty Ltd to Site Education Australia Pty Ltd. No repayments were made during the year resulting in a year end balance of $329,179. The loans were interest free and were repayable on demand.

(e) Other transactions with related parties

During the year services were rendered to the Group by Baron Partners in relation to the acquisition of Site Group Holdings Pty Ltd, the issuance of public offer shares and other corporate advice.

Baron Partners were issued 700,000 $0.20 advisor shares for these services while an additional $67,049 was paid in cash.

Paul Young, a director of the company, was also an executive director of Baron Partners.

Note 25 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2011	2010
	Note	$	$
Financial Assets			
Cash and cash equivalents	8	409,449	55,055
Loans and receivables	9(b)	171,828	127,349
Total Financial Assets		581,278	182,404
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	15	1,937,543	1,344,039
— Borrowings		-	-
Total Financial Liabilities		1,937,543	1,344,039

Financial Risk Management Policies

The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts. The board reviews and agrees policies for managing each of these risks as summarised below.

(a) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables (excl. est. annual leave)	1,937,543	1,344,039					1,937,543	1,344,039
Total contractual outflows	1,937,543	1,344,039	-	-	-	-	1,937,543	1,344,039
Less bank overdrafts							-	-
Total expected outflows	1,937,543	1,344,039	-	-	-	-	1,937,543	1,344,039

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash	409,449	55,055					409,449	55,055
Trade, term and loans receivables	286,805	257,683	324,170	503,319			610,975	761,002
Total anticipated inflows	696,254	312,738	324,170	503,319	-	-	1,020,424	816,057
Net (outflow) / inflow on financial instruments	(1,241,289)	(1,031,301)	324,170	503,319	-	-	(917,119)	(527,982)

(b) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's holding of cash.

At balance date, the Group had the following mix of financial assets exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	Consolidated Group	
	2011	2010
Financial assets	$	$
Cash and cash equivalents	409,449	55,055
	409,449	55,055

The group constantly analyses its interest rate exposure. Within the analysis consideration is given to alternative financing and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit higher / (lower)		Other comprehensive income higher / (lower)	
	2011	2010	2011	2010
	$	$	$	$
Consolidated				
+1% (100 basis points)	4,094	551	-	-
-.5% (50 basis points)	(2,047)	(275)	-	-

The movements in profit are due to higher/lower interest costs from variable rate cash balances. The sensitivity is higher in 2011 then in 2010 because of an increase in cash and cash equivalents..

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate. As a result of operations in the Philippines, the Group's statement of financial position can be affected by movements in the Philippines Peso/Australian Dollar exchange rate and the Philippines Peso/United States Dollar exchange rate. The Branch's foreign currency-denominated monetary assets and liabilities are shown below.

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations. The foreign currency risk in the books of the parent is considered immaterial and is therefore not shown.

	Consolidated Group	
	2011	2010
	$	$
Financial Assets		
Cash and cash equivalents	215,873	2,522
Loans and receivables	111,317	25,772
Total Financial Assets	327,190	28,294
Financial Liabilities		
Financial liabilities at amortised cost		
— Trade and other payables	(1,295,527)	(408,574)
— Borrowings	-	-
Total Financial Liabilities	(1,295,527)	(408,574)
Net Exposure	(968,337)	(380,280)

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in exchange rates. The table indicates the impact on how profit values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Post tax profit higher / (lower)		Other comprehensive income	
	2011	2010	2011	2010
	$	$	$	$
Consolidated				
PHP to USD +15%	122,563	57,747	0	0
PHP to USD -15%	(122,563)	(57,747)	0	0
PHP to AUD +15%	(113,991)	(707)	0	0
PHP to AUD -15%	113,991	707	0	0

(d) Price risk

The group is not materially exposed to price risk.

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note)

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securities its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

Note 26 Retained Earnings and Reserves

(a) Movements in retained earnings were as follows:

	Consolidated Group 2011 $	Consolidated Group 2010 $
Balance 1 July	(3,647,546)	(314,751)
Net loss for the period	(9,899,904)	(3,332,795)
Balance 30 June	(13,547,450)	(3,647,546)

(b) Other reserves

	Consolidated Group		
	Options reserve $	Foreign currency translation reserve $	Total $
At 1 July 2010	141,248	(71,665)	69,583
Foreign currency translation		540,012	540,012
Share based payment	208,667		208,667
At 30 June 2011	349,915	468,347	818,262

(c) Nature and purpose of reserves

Foreign Currency Translation Reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Options Reserve
The options reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration. Refer to note 22 for further details on this plan.

Note 27 Going Concern

The 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 realization of assets in the ordinary course of business.

In the current year the company incurred trading losses and cash outflows relating to the ongoing start up of operations both in Australia and the Philippines. At the present time, cash receipts from training revenue are not sufficient to cover the cash flows from operations requiring cash funding of approximately $500,000 per month to fund operations. As at 30 June 2011, the company had cash reserves of $409,449, and since year end has raised a further $1.25m of capital through convertible note issue. These funds were provided by Directors of the Group. It is forecast that additional equity capital will be required over the coming year and actions are currently underway to raise these funds. On 1 September 2011, the Group announced a mandate with Claymore Capital for the raising of up to $4m through the issue of a convertible note. The Directors are confident of the ability to raise these and additional sufficient funds. Ensuring the Group's ability to finance its future operations is critical to the ability of Site Group to continue as a going concern

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 continue to have the support of its investors and can raise sufficient funds to meet the company's anticipated cash flow requirements so that it can meet its obligations as and when they fall due.

Should the directors not achieve the matters set out above, in raising sufficient capital to meet its cash flow objectives there is significant uncertainty whether the entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and/or consolidated entity not continue as going concerns.

Note 28 Company Details

The registered office of the company is:
Site Group International Limited
144 Edward Street, Brisbane. Qld 4000

The principal places of business are:
Site Group International Limited
144 Edward Street, Brisbane. Qld 4000
Hindmarsh Stadium, Holden Street, Himdmarsh, SA

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 10 to 54, are in accordance with the Corporations Act 2001 and:
   - (a) comply with Accounting Standards; and
   - (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   - (b) give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer has declared that:
   - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
   - (b) the financial statements and notes for the financial year comply with Accounting Standards; and
   - (c) the financial statements and notes for the financial year give a true and fair view; and

3. in the directors' opinion, subject to the matters described in note 1a(b) to the financial reporrt, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director ....

Vernon Wills

Dated this 30th day of September 2011

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Independent auditor's report to the members of Site Group International Ltd

Report on the financial report

We have audited the accompanying financial report of Site Group International Ltd, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 1, 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.

Opinion

In our opinion:

a. the financial report of Site Group International Ltd 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 2011 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 1

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the conclusion expressed above, we draw attention to the following matter. As a result of the matters described in Note 1a (b) Going Concern to the financial report, there is significant uncertainty whether the group will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business in the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the group not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. 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 Site Group International Ltd for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Adelaide
30 September 2011