

SITEGROUP **International**

Site Group International Limited
ABN 73 003 201 910

ASX Half-Year Information – 31 December 2012

Lodged with the ASX under Listing Rule 4.2a

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Site Group International Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Name of entity	Site Group International Limited
ABN	73 003 201 910
Half Year Ended	31 December 2012
Previous corresponding reporting period	31 December 2011

Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	\$6,207	480% increase
Profit / (loss) from ordinary activities after tax attributable to members	\$(3,397)	4.4% increase in loss
Net Profit / (loss) for the period attributable to members	\$(3,397)	4.4% increase in loss
Dividends		
	Amount per security	Franked amount per security
Final dividend	Nil	Not applicable
Interim dividend	Nil	
Record date for determining entitlements to the dividends (if any)	Not applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
Refer to directors report on page 7.		

Dividends

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

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	2.58 cents	5.16 cents

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

Control Gained Over Entities Having Material Effect

Name of entity (or group of entities)	Axis Training Group Pty Ltd
Date control gained	1 July, 2012
Contribution by entity to Consolidated profit / (loss) from ordinary activities since the date in the current period on which control was acquired	\$251,103
Profit / (loss) from ordinary activities of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

Foreign Entities Accounting Framework

Same accounting principles have been applied for the subsidiary operating in the Philippines as the Australian entities.

Audit / Review Status

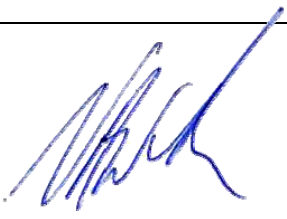
This report is based on accounts to which one of the following applies:
(Tick one)

The accounts have been audited	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
--------------------------------	--------------------------	------------------------------------------	-------------------------------------

If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:

Not Applicable

Attachments Forming Part of Appendix 4D

Attachment #	Details
Signed by (Director / Company Secretary)	
Print Name	Vernon Wills
Date	21 February 2013



Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half Year ended 31 December, 2012

Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half Year ended 31 December, 2012

Contents

Directors' Report.....	7
Auditors Independence Declaration	11
Independent Review Report	12
Directors' Declaration	14
Statement of Comprehensive Income	15
Statement of Financial Position	16
Statement of Changes in Equity.....	17
Statement of Cash Flows	18
Notes to the Financial Statements.....	19

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2012.

Directors

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

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

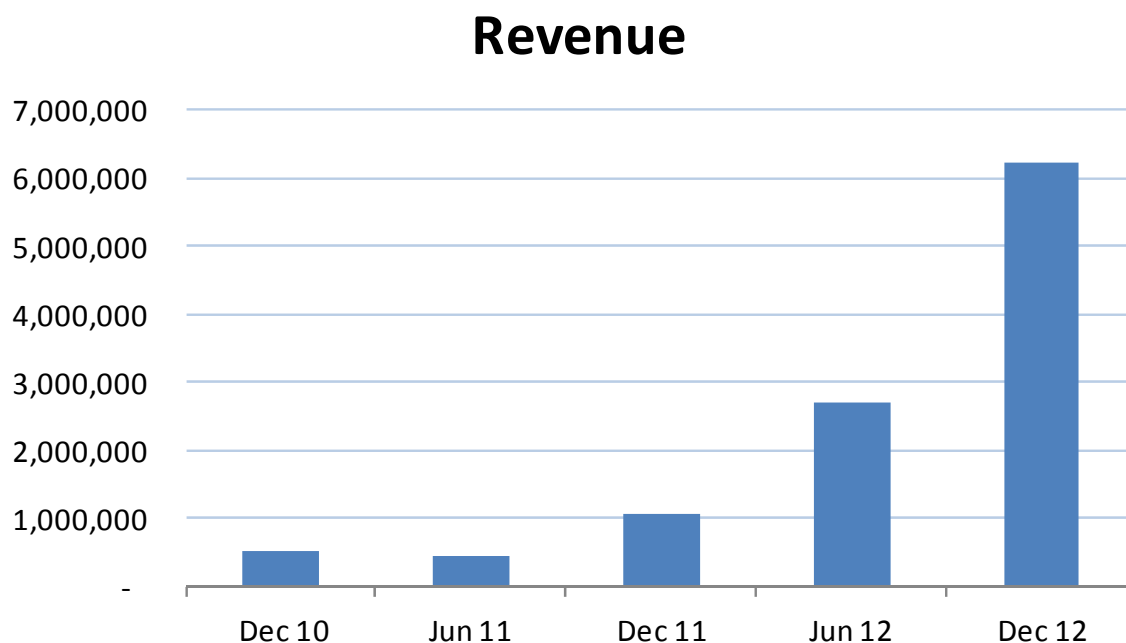
Principal Activities

The principal activities of the consolidated entity during the half-year were the provision of vocational education through the Site Skills Training business in Australia and the Philippines and recruitment services through the Site WorkReady business in the Philippines. There has been no significant change in the principal activities of the consolidated entity during the period.

Review of operations and results

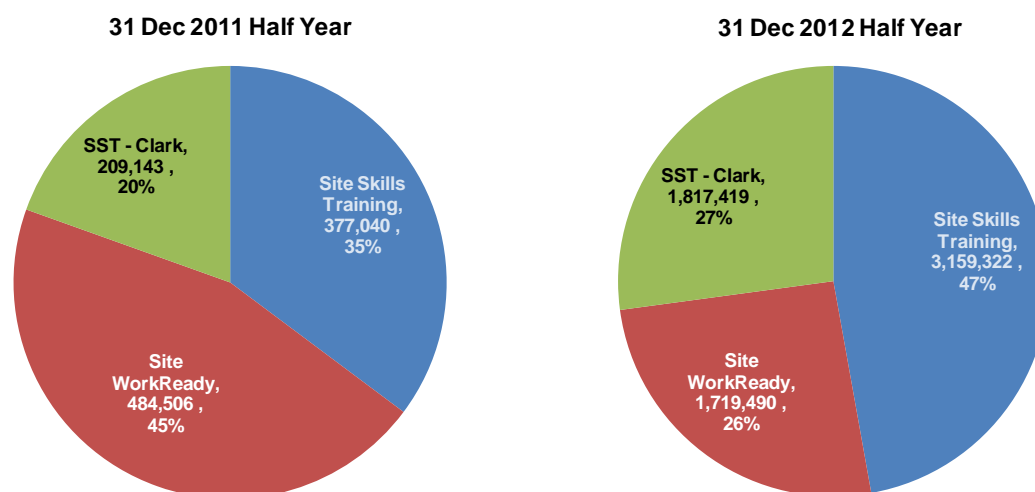
Group

Total revenue from operations was \$6,207,366 (2011: \$1,070,689) a 480% increase over the prior comparative period. This half year represents the third consecutive period of revenue growth as illustrated in the following graph:



Graph 1 Reported Half Yearly Revenue - December 2010 to December 2012

Revenue contribution and activity by each business is illustrated in the two charts below. Of particular note is the strong growth in Site Skills Training reflecting the ramp up of the Australian domestic training business.



Graph 2 Gross Revenue by Business December 2011 versus December 2012 (excludes eliminations)

	Half Year to 31 December		Change	30 June		Change
	2012	2011	%	2012	2011	%
Revenue	6,207,366	1,070,689	479.8%	3,789,107	984,180	285.0%
Loss for the period	(3,397,438)	(3,254,811)	(4.4%)	(7,750,684)	(9,899,904)	21.7%
add back						
Depreciation and Amortisation	719,530	274,097	162.5%	759,599	445,273	70.6%
Interest Paid	54,698	22,946	138.4%	40,894	3,750	990.5%
deduct						
Interest Income	16,085	11,777	36.6%	37,568	45,196	(16.9%)
EBITDA*	(2,639,295)	(2,969,545)	11.1%	(6,987,759)	(9,496,077)	26.4%
Operating Cash Flow	(3,781,035)	(2,920,081)	(57.4%)	(7,427,068)	(5,534,133)	(34.2%)

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

Table 1 Financial Summary

For the half-year ended 31 December 2012, Site Group International Limited reported a loss after tax of \$3,397,438 compared to a \$3,254,811 loss in the previous corresponding period. Operating loss before income tax was \$3,397,438 for the period (2011: \$3,250,329).

This result in part reflects the corporate investment into areas such as corporate systems, quality assurance and compliance, financial administration, additional scope registration and marketing services as we continue the ramp up of the business. The expenditure was incurred with an eye to the future. We also experienced a second quarter decline in our Site WorkReady business for reasons which are explained in detail below. Without this downturn Site Workready would have had additional revenue of approximately \$300,000 and an additional \$200,000 margin in addition to the segment result. It is estimated that the slower than expected Gladstone uptake directly affected the profit by circa \$250,000.

Additionally several other factors had an impact on the half year result, these were:

- Seasonal reduction in revenue over the festive season - training days reduced by seven days
- Cost of implementing new capability - including redundancy for staff
- Costs associated with pre-agreed milestone performance bonuses as part of the Axis Training Group acquisition

It is encouraging to see that earnings before interest, taxes and depreciation and amortisation (EBITDA) loss has reduced by 11% to \$2,639,295 versus the prior comparative period (2011:\$2,969,545) and continues the annual improvement that was delivered at 30 June 2012.

This trading period has seen the inclusion of the Axis Training Group Pty Ltd business results in Perth and Darwin. The acquisition of this business expands the delivery of on-site training services in Australia and throughout Asia and the Middle East. This acquisition has been very successful with the addition of new business in both Western Australia and Internationally as well as the acquisition of an experienced vocational training and assessment team.

Site Skills Training

In the six months to 31 December 2012 Site Group continued the ramp up of training and assessment activity at the newly established facilities of Perth, Gladstone and Darwin while the Landsborough facility continued to perform in line with expectations. The build of activity at the Clark facility in the Philippines continued to gain momentum.

Overall the revenue of \$3,159,322 for the training and assessment business excluding Clark was an increase of 738% over the 31 December 2011 half year result (\$377,040) and 164% over the six months to 30 June 2012 (\$1,197,048). Within the 31 December 2012 half year the second quarter revenue increased by 34% over the first quarter. This rate of growth is expected to continue through the end of the 2013 Financial Year.

Of the Australian locations Perth in particular showed strong growth with existing clients such as Laing O'Rourke, OMSA, Monadelphous, MacMahon, GE subsidiary Granite and a large number of other contractors. An additional notable achievement included successfully completing a tender process to become a preferred supplier of training for Rio Tinto. Western Australian on-site training services continued to expand with Site Trainers servicing projects such as Wheatstone, Cape Lambert and Solomon.

Darwin built slowly for the six months but finished with a successful completion of preferred supplier audit and the award of a services contract for the Itchys Project in December. This contract will provide a solid platform of training and assessment services in Darwin commencing in 2013.

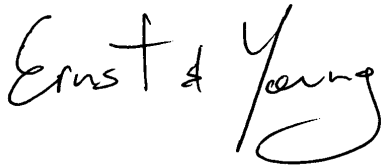
Landsborough showed a steady performance with an increase in onsite training in Southern Queensland.

As mentioned earlier the Gladstone facility did not ramp up at the rate we expected or that we have experienced in Perth and Clark. This in part reflects the state of progress in the development of the LNG plants and pipelines being constructed in and around Gladstone. We remain confident that Gladstone activity will improve in the 2013 calendar year as the construction activity ramps up.

As detailed in our 2012 Annual Report, Site Skills Training in the Clark Freeport Zone in the Philippines now only caters for employer sponsored training – with all user pay training being completed during the past half year. This change in focus is yielding results with revenue of \$1,817,419 for the six months to 31 December 2012. This represents an increase of 769% over the prior comparative period of \$209,143 and is up 120% over the six months to 30 June 2012 (\$824,842). This reflects delivery of training to the Shell operated Malampaya Project, the Compass PBU Group and a list of contractors such as Monadelphous, MacMahons, Leightons, Cape, AMEC, and others.

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

In relation to our review of the financial report of Site Group International Limited for the half-year ended 31 December 2012, 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.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Ric Roach' in a cursive style.

Ric Roach
Partner
21 February 2013

To the members of Site Group International Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Site Group International Limited, which comprises the statement of financial position as at 31 December 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Site Group International Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

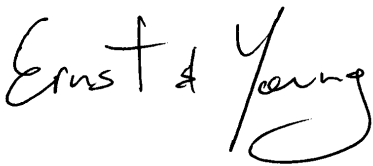
Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 within Note 1 to the half-year financial report under the heading *Going Concern* (page 20), there is material uncertainty whether the consolidated entity 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 at 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 consolidated entity not continue as a going concern.

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized font.

Ernst & Young

A handwritten signature in black ink that reads 'Ric Roach' in a cursive, stylized font.

Ric Roach
Partner
Brisbane
21 February 2013

Directors' Declaration

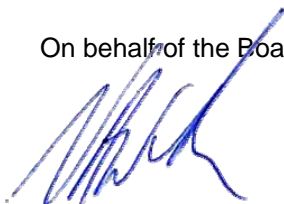
In accordance with a resolution of the directors of Site Group International Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity as set out on pages 15 to 27 are in accordance with the Corporations Act 2001, including :
 - i. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - ii. give a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half year ended on that date

- (b) subject to the matters discussed in Note 1 there are reasonable grounds to believe that the parent entity will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Vernon Wills
Director
21 February 2013

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

Statement of Comprehensive Income

	Consolidated Group	
	Half-year ended 31-Dec-12 \$	Half-year ended 31-Dec-11 \$
Continuing operations		
Revenue	6,207,366	1,070,689
Interest Income - external	16,085	10,615
Interest Income - related parties	-	1,163
Cost of sales	(2,840,725)	(534,289)
Gross Profit/(Loss)	3,382,726	548,178
Employee benefits expense	(2,811,214)	(1,715,175)
Depreciation and amortisation expense	(719,530)	(274,097)
Finance costs (Note 2)	(54,698)	(22,946)
Other expenses (Note 3)	(2,105,192)	(1,666,691)
Occupancy expenses	(1,080,019)	(440,007)
Foreign currency gain/(loss)	(9,511)	320,409
Loss before Tax	(3,397,438)	(3,250,329)
Income Tax benefit / (expense)	-	(4,482)
Loss for the period from continuing operations	(3,397,438)	(3,254,811)
Loss for the period	(3,397,438)	(3,254,811)
Other Comprehensive Income		
Items that may be reclassified subsequently to Profit or Loss		
Translation of foreign operations	(47,815)	(191,404)
Total Other Comprehensive Income	(47,815)	(191,404)
Total Comprehensive Income	(3,445,253)	(3,446,215)
Earnings/(loss) per share		
Basic and diluted (cents per share)	(1.19)	(2.27)

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES AS AT 31 DECEMBER 2012**

Statement of Financial Position

	Consolidated Group	
	31-Dec-12	30-Jun-12
	\$	\$
Assets		
Current Assets		
Cash and cash equivalents	932,836	586,380
Trade and other receivables	2,627,775	1,399,514
Inventories	58,305	48,005
Intangible assets	223,917	223,917
Prepayments	79,354	14,528
Security deposits	508,427	-
Other financial assets	-	4,765
Total Current Assets	4,430,614	2,277,109
Non-Current Assets		
Property, plant and equipment	6,488,617	6,202,196
Intangible assets	1,155,303	1,080,374
Prepayments	268,610	73,412
Security deposits	411,657	490,365
Other non-current financial assets	-	325
Total Non-Current Assets	8,324,187	7,846,672
Total Assets	12,754,801	10,123,781
Liabilities		
Current Liabilities		
Trade and other payables	1,239,890	1,426,650
Interest bearing debt	402,996	2,017,193
Current tax liabilities	22,063	2,632
Provisions and other current financial liabilities	170,384	129,438
Total Current Liabilities	1,835,333	3,575,913
Non-Current Liabilities		
Other provisions	1,367,664	1,329,539
Interest bearing debt	21,879	24,317
Total Non-Current Liabilities	1,389,543	1,353,856
Total Liabilities	3,224,876	4,929,769
Net Assets	9,529,925	5,194,012
Equity		
Issued capital	32,944,091	25,362,928
Reserves	1,281,406	1,129,218
Retained earnings	(24,695,572)	(21,298,134)
Total Equity	9,529,925	5,194,012

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

Statement of Changes in Equity

	Share Capital	Retained Earnings/ (Accumulated Losses)	Reserves		Total
	Ordinary		Foreign Currency Translation Reserve	Option Reserve	
	\$	\$	\$	\$	\$
Consolidated Group					
Balance at 1 July 2011	16,587,918	(13,547,450)	468,347	349,915	3,858,730
Comprehensive income					
Profit/ (Loss) for the period		(3,254,811)			(3,254,811)
Other comprehensive income for the period			(191,404)		(191,404)
Total comprehensive income for the period	-	(3,254,811)	(191,404)	-	(3,446,215)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	8,223,200				8,223,200
Transaction costs	(657,412)				(657,412)
Shares to be issued	70,000				70,000
Share-based Payments				(25,416)	(25,416)
Total transactions with owners and other transfers	7,635,788	-	-	(25,416)	8,022,887
Balance at 31 December 2011	24,223,706	(16,802,261)	276,943	324,499	8,022,887
Balance at 1 July 2012	25,362,928	(21,298,134)	710,640	418,578	5,194,012
Comprehensive income					
Profit/(Loss) for the period		(3,397,438)			(3,397,438)
Other comprehensive income for the period			(47,815)		(47,815)
Total comprehensive income for the period	-	(3,397,438)	(47,815)	-	(3,445,253)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	7,926,234				7,926,234
Transaction costs	(345,071)				(345,071)
Share-based Payments				200,003	200,003
Total transactions with owners and other transfers	7,581,163	-	-	200,003	7,781,166
Balance at 31 December 2012	32,944,091	(24,695,572)	662,825	618,581	9,529,925

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

Statement of Cash Flows

	Consolidated Group	
	Half-year ended	Half-year ended
	31 Dec 2012	31 Dec 2011
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers (Inclusive of GST)	5,601,677	877,505
Payments to suppliers and employees (Inclusive of GST)	(9,344,100)	(3,777,905)
Interest received	16,085	11,778
Finance costs	(54,698)	(22,946)
Income tax paid	-	(8,515)
Net cash provided by/(used in) operating activities	(3,781,036)	(2,920,081)
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(1,157,795)	(78,432)
Payment for business/subsidiary, net of cash acquired	47,292	(1,000,000)
Cash backed performance bonds	(500,000)	-
Net cash provided by/(used in) investing activities	(1,610,503)	(1,078,432)
Cash Flows From Financing Activities		
Proceeds from issue of shares	7,083,608	8,223,200
Transaction costs on shares issued	(345,071)	(657,412)
Repayment of interest bearing debt	(1,000,000)	-
Net cash provided by/(used in) financing activities	5,738,537	7,565,788
Net increase/(decrease) in cash held	346,998	3,567,274
Net foreign exchange differences	(542)	7,293
Cash and cash equivalents at beginning of period	586,380	409,449
Cash and cash equivalents at end of period	932,836	3,984,016

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 31 DECEMBER 2012**

Notes to the Financial Statements

1 Significant accounting policies

Reporting entity

Site Group International Limited (parent) is a company limited by shares incorporated in Australia whose shares are publically traded on the Australian Stock Exchange (ASX Code: SIT). The consolidated interim financial report of the company as at and for the six months ended 31 December 2012 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'Group').

Statement of compliance

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

The consolidated interim financial report was approved by the Board of Directors on 21 February 2013.

Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of other comprehensive income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]
This standard requires entities to group items presented in other comprehensive income on the basis of whether they might be classified subsequently to profit or loss and those that will not.

The adoption of these amendments has not resulted in any major changes to the Groups accounting policies and has not had any effect on the financial position and performance of the Group for the half-year ended 31 December 2012. The consolidated entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In December 2010, Site Group Holdings Pty Ltd acquired Lazco Limited (now known as Site Group International Limited) by way of reverse acquisition (SGH, was the in substance acquirer, Lazco Limited was the legal acquirer). As such, the consolidated financial statements are a continuation of those of the legal acquirer (Lazco Limited).

Estimates

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

In preparing the consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2012.

Going Concern

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

In the six months to 31 December 2012 the company continued to incur trading losses and net cash outflows relating to the ongoing start-up of operations both in Australia and the Philippines. Current forecasts of operational performance and capital expenditure requirements, for the ongoing start-up of new training facilities, indicate that this situation will continue into the third quarter of the 2013 financial year with cash receipts from training revenue starting to match the cash outflows from operations and capital expenditure.

Successful completion of the facilities in Gladstone, Perth, Darwin and additions to Clark related to the Shell Contract provide a platform for the company being self-funding in the fourth quarter of the 2013 financial year. As at 31 December 2012, the company had cash reserves and undrawn short term debt facilities of \$2,528,695 which based on the operating cash requirements in the second quarter 2012 and the expected improvement of profitability in the second half of the year will be sufficient to meet the company's expected cash funding requirements in the short to medium term.

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

In the event that the company does not meet its forecast operational cash flows or, if required, raise sufficient capital to meet its cash flow objectives there is material uncertainty whether the entity will continue as a going concern and as a result 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

2 Finance Costs

	Half Year Ended 31-Dec-12	Half Year Ended 31-Dec-11
Finance Costs		
Interest Expense - Third Parties	4,827	22,946
Interest Expense - Related Parties (Wayburn Holdings)	49,871	-
	<u>54,698</u>	<u>22,946</u>

3 Other Expenses

	Half Year Ended 31-Dec-12	Half Year Ended 31-Dec-11
Other expenses		
Legal, accounting and other professional fees	836,414	428,454
Travel and accommodation	345,134	334,629
Marketing expense	264,364	112,495
Other operating expenses	659,280	791,112
	<u>2,105,192</u>	<u>1,666,691</u>

4 Segment information

For management purposes Site Group International Limited has organised its business into three separate units based on the products and services offered – the Directors and Executive Management of the company review the results on this basis. This financial report is the first time that business unit results have been included. The previous disclosure, which will continue, was geographic given the Group's substantial investment in both Australia and the Philippines - reporting to the Board is also aligned to geographic location.

The three reportable business segments of the Group are:

- **Site Skills Training** which delivers vocational training and assessment services through four training facilities located at Perth, Gladstone, Darwin and Landsborough. At these locations our experienced team assesses, up-skills and trains industry experienced candidates in the mining and processing, oil and gas, construction, camp services, hospitality and logistic sectors.
- **Site WorkReady** delivers “ready to work” international employees through an end to end service utilising the training and assessment facility at Clark Freeport Zone. Working closely with their clients the Site WorkReady team identify workers, complete assessment services and develop appropriate training. Employment candidates receive instruction in English, workplace health and safety systems as well as employer orientation training to support their transition to employment.
- **Site Skills Training - Clark Freeport Zone (CFZ)** operates a 300,000m² facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements.

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

4 Segment information continued...

The following is an analysis of the revenue and results for the period, analysed by reportable operating unit, for the period under review.

Half Year ended 31 December 2012

	Site Skills Training	Site WorkReady	Site Skills Training CFZ	Corporate & Eliminations	Total
	\$	\$	\$	\$	\$
Revenue					
Sales revenue – External customer	3,159,322	1,719,490	1,328,554	-	6,207,366
Sales revenue – Inter-segment			488,865	(488,865)	-
Total segment revenue	3,159,322	1,719,490	1,817,419	(488,865)	6,207,366
Segment net operating profit/(loss) after tax	(1,082,351)	115,555	(716,035)	(1,714,607)	(3,397,438)
Interest revenue				16,085	16,085
Interest expense				(54,698)	(54,698)
Depreciation and amortisation expense	(272,310)	-	(325,860)	(121,360)	(719,530)
Income tax expense					-
Statement of Financial Position					
Segment Assets	3,544,362	921,493	6,615,982	1,672,964	12,754,801
Segment Liabilities	496,456	198,293	2,001,480	528,647	3,224,876

Half Year ended 31 December 2011

	Site Skills Training	Site WorkReady	Site Skills Training CFZ	Corporate & Eliminations	Total
	\$	\$	\$	\$	\$
Revenue					
Sales revenue – External customer	377,040	484,506	209,143	-	1,070,689
Sales revenue – Inter-segment					-
Total segment revenue	377,040	484,506	209,143	-	1,070,689
Segment net operating profit/(loss) after tax	(16,493)	174,847	(2,253,057)	(1,160,108)	(3,254,811)
Interest revenue				11,777	11,777
Interest expense				(22,946)	(22,946)
Depreciation and amortisation expense	(22,329)		(233,423)	(18,344)	(274,096)
Income tax expense			(4,482)		(4,482)
Statement of Financial Position as at 30 June 2012					
Segment Assets	2,165,117	851,754	5,466,017	1,640,893	10,123,781
Segment Liabilities	204,555	423,034	1,701,821	2,600,359	4,929,769

4 Segment information continued...

The following is an analysis of the revenue and results for the period, analysed by reportable geographic location, for the period under review.

Half Year ended 31 December 2012

	Australia \$	Philippines \$	Eliminations \$	Total \$
Revenue				
Sales revenue – External customer	4,878,812	1,328,554	-	6,207,366
Sales revenue – Inter-segment	303,312	488,865	(792,177)	-
Total segment revenue	5,182,124	1,817,419	(792,177)	6,207,366
Segment net operating profit/(loss) after tax	(2,681,403)	(716,035)		(3,397,438)
Interest revenue	13,744	2,341		16,085
Interest expense	(54,698)	-		(54,698)
Depreciation and amortisation expense	(393,670)	(325,860)		(719,530)
Income tax expense				-
Statement of Financial Position				
Segment Assets	6,138,819	6,615,982		12,754,801
Segment Liabilities	1,223,396	2,001,480		3,224,876

Half Year ended 31 December 2011

	Australia \$	Philippines \$	Elimination \$	Total \$
Revenue				
Sales revenue – External customer	861,546	209,143		1,070,689
Sales revenue – Inter-segment	481,646		(481,646)	
Total segment revenue	1,343,192	209,143	(481,646)	1,070,689
Segment net operating profit/(loss) after tax	(1,002,812)	(2,251,999)		(3,254,811)
Interest revenue	10,615	1,162		11,777
Interest expense	(22,842)	(104)		(22,946)
Depreciation and amortisation expense	(40,674)	(233,423)		(274,097)
Income tax expense		(4,482)		(4,482)
Statement of Financial Position				
as at 30 June 2012				
Segment Assets	4,657,764	5,466,017		10,123,781
Segment Liabilities	3,227,948	1,701,821		4,929,769

5 Issued Capital

Issued capital as at 31 December 2012 amounted to \$32,944,091 (305,758,114 ordinary shares) (30 June 2012: \$25,362,928 (229,563,482 shares)).

During the period the following movements in contributed equity occurred.

Movement in ordinary shares on issue	No. Shares	\$
30 June 2011 share capital	134,535,101	16,587,918
Share Issue - 4 November 2011	18,210,000	1,871,090
Share Issue - 18 November 2011	38,186,275	4,200,490
Share Issue - 20 December 2011	21,517,106	2,158,738
Share Issue - 16 February 2012	750,000	70,000
Share Issue - 26 April 2012	2,085,000	-
Share Issue - 9 May 2012	7,030,000	-
Share Issue - 20 June 2012	7,250,000	649,800
Shares to be Issued post 30 June 2012	-	502,000
Transaction costs relating to capital raising	-	(677,108)
30 June 2012 share capital	229,563,482	25,362,928
Share Issue – 4 July 2012	32,908,270	3,446,992
Share Issue – 4 July 2012	5,750,000	-
Share Issue – 31 July 2012	8,091,681	971,002
Share Issue – 27 September 2012	1,343,101	220,000
Share Issue – 27 September 2012	750,000	-
Share Issue – 5 October 2012	27,213,450	3,265,614
Share Issue – 6 November 2012	138,130	22,626
Transaction costs relating to capital raising	-	(345,071)
31 December 2012 share capital	305,758,114	32,944,091

- On 4 November 2011 18,210,000 shares were issued to holders of convertible notes issued in October 2011 the conversion price was \$0.10 per share
- On 18 November 2011 the company completed a fully underwritten rights issue and issued 38,186,275 shares at \$0.11 per share
- On 20 December 2011, following approval by shareholders the company issued 21,517,106 shares to related parties for the conversion of convertible notes
- On 16 February 2012 the company issued 750,000 shares to the vendors of Sun Coast Training and Accreditation valued at \$70,000 as part of the transaction consideration
- On 26 April 2012 the company issued 2,085,000 shares as sign on bonuses to employees whilst the issue value per share varied the total valuation of the issue was \$289,770 however for accounting purposes the value is recognised as a movement in the Option Reserve over the vesting period of the shares.
- On 9 May 2012 7,030,000 shares were issued under the Employee Share Plan. For accounting purposes the nature of the Share Plan results in the shares been valued as if these were options with a result that the issue price of \$0.20 per share will not be recorded until the conditions of issue are satisfied.
- On 20 June 2012 following the approval of shareholders 1,250,000 shares were issued to Directors and associates under terms similar to the Employee Share Plan as well as 6,000,000 shares issued as part of the transaction to secure the services of CYBA Services valued at \$649,800

5 Issued Capital continued...

- On 28 June 2012 the company received part proceeds from the private placement of shares at \$0.12 per share; the shares were issued on 4 July 2012
- On 4 July 2012 the company completed the issue of 32,908,270 shares under a private placement of shares at \$0.12 per share in addition 5,750,000 shares were issued to Directors and certain contractors under terms similar to the Employee Share Plan
- On 31 July 2012 the company completed the issue of 8,091,681 shares under a Share Purchase Plan with an issue price of \$0.12 cents per share
- On 27 September 2012 under the terms of the acquisition agreement for Axis Training Group Pty Ltd, the company issued 1,343,101 shares to the vendor shareholder at the issue price of \$0.1638 per share in addition 750,000 shares were issued at nil consideration and escrowed for certain employees of Axis to be awarded on the completion of milestone performance requirements
- On the 5 October 2012, following approval of shareholders at the Annual General Meeting, the company issued 27,213,450 shares (being a significant portion of the SPP issue shortfall) at a price of \$0.12 per share
- On 6 November 2012 in accordance with the agreement for the acquisition of Axis Training Group Pty Ltd the company issued the vendor shareholder an additional 138,130 shares at an issue price of \$0.1638 per share representing the value of the improved working capital position over the agreed balance sheet position specified in the contract

6 Business Combinations

On 1 July, 2012, the Group acquired 100% of the shares in Axis Training Group Pty Ltd (Axis) a business that provides training and assessment services in Western Australia, Northern Territory and throughout Asia and the Middle East. The acquisition has been accounted for using the acquisition method. The acquisition date fair value of the acquired business is preliminary and may be adjusted as a result of obtaining a formal valuation within 12 months in accordance with AASB 3 Business Combinations.

The provisional fair value of the identifiable assets and liabilities of Axis Training Group Pty Ltd as at the date of acquisition was:

	Fair value recognised on acquisition
	\$
Assets	
Cash	47,292
Debtors	108,191
Property, plant and equipment	1,545
	153,028
Liabilities	
Client deposits	1,725
Accruals and accounts payable	105,712
	107,437
Provisional fair value of identifiable net assets	45,591
Goodwill arising from acquisition	197,035
Purchase consideration	242,626
	Unaudited \$
Acquisition date fair value of purchase consideration transferred:	
Shares in Site Group International Limited, at fair value	242,626
Cash paid	-
Total consideration	242,626
Net cash acquired with the subsidiary	47,292
Cash paid	-
Net cash inflow	47,292

The goodwill recognised on the acquisition of Axis is attributed to the expected benefits of combining its Western Australian assets and activities with Site's existing training and assessment business in Perth; its established access to the Darwin market and the addition of its established international training business to Clark. None of the recognised goodwill is expected to be deductible for income tax purposes.

From the date of acquisition (1 July, 2012), Axis Training Group Pty Ltd has contributed \$561,920 of revenue and \$251,103 of net profit before tax to the Group.

Transaction costs associated with the acquisition of Axis of \$18,339 have been expensed and are included in other expenses in the statement of comprehensive income and are part of operating cash flows in the statement of cash flows.

7 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.

(b) Transactions with related parties:

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

(c) Loans from Related Parties

	31-Dec-12 \$	30-Jun-12 \$
Interest bearing loan – Wayburn Holdings Pty Ltd	398,044	2,012,240
Interest paid for the period – Wayburn Holdings Pty Ltd	49,871	12,240

On 3 May 2012 Wayburn Holdings Pty Ltd, a company associated with Managing Director and CEO Mr Vernon Wills established an unsecured loan facility for \$2.0 million. The interest rate of 7.5% per annum on the drawn component calculated and credited monthly. The facility is for a 12 month term and may be repaid by the company at any time up to maturity. The facility was fully drawn at 30 June 2012.

In October, 2012 the company repaid \$1,000,000 in cash and Wayburn Pty Ltd converted \$600,000 of the facility to shares in Site Group International Ltd as part of the placement of the SPP shortfall. There have been no subsequent drawings against this facility.

8 Property, plant and equipment

During the six months ended 31 December 2012, the group acquired assets with a cost of \$1,157,795 (2011: \$78,432), excluding property plant and equipment acquired through a business combination (see Note 6). There were no asset disposals during the six months ended 31 December 2012 (2011: Nil).

9 Subsequent events

The directors are not aware of any subsequent events which have a material impact on the financial statements.