Site

ASX RELEASE

23 February 2018

Appendix 4D and Half year Financial Statements

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

- Appendix 4D – Half Year Report for the 6 months ended 31 December 2017: and
- Half year financial statements

The attached half year report details the result of the group over the last 6 months.

The result continues to reflect the Productivity Partners business separately as a discontinued operation. As previously advised, the company continues to correspond with the Department of Education and Training (DET) regarding the balance claimed by PP being $29.0m.

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Media and Investors

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Site

Site Group International Limited and Controlled Entities
ABN 73 003 201 910

ASX Half-Year Information – 31 December 2017

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 2017 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 2017
Previous corresponding reporting period	31 December 2016

Results for Announcement to the Market

	$'000	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	$15,089	1.4% increase
Profit / (loss) from ordinary activities after tax attributable to members	$1,015	6.7% decrease
Net Profit / (loss) for the period attributable to members	$1,015	6.7% decrease

Dividends	**Amount per security**	**Franked amount per security**
Final dividend	Nil	Not applicable
Interim dividend	Nil	Not applicable
Record date for determining entitlements to the dividends (if any)	Not applicable	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to directors' report on page 7.		

Dividends

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

NTA Backing

	Current Period	**Previous corresponding period**
Net tangible asset backing per ordinary security	0.50 cents	(0.13) cents

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

Foreign Entities Accounting Framework

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

Audit / Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited		The accounts have been subject to review	X
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	23 February 2018

Site Group International Limited and Controlled Entities
ABN 73 003 201 910

Financial Statements for the Half-Year ended 31 December, 2017

Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half-Year ended 31 December, 2017

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2017.

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)
Joseph Ganim
Peter Jones

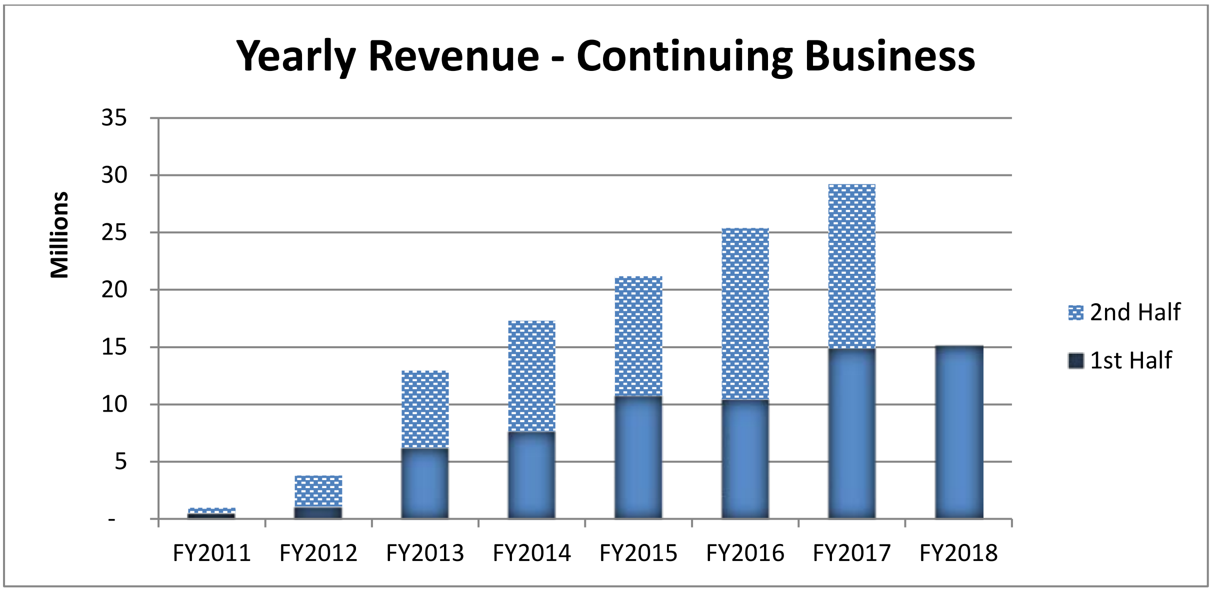
Principal activity

The principal activity of the Company during the half-year was the provision of training and education services in Australia and Internationally. The Company is delivering workforce solutions across a variety of industries to both retail and corporate clients. Other than the discontinuance of the Productivity Partners business within the tertiary education segment, there has been no significant change in the principal activities of the consolidated entity during the period

Review of operations and results

Group

Site continues to focus on growing its continuing business and the existence of a strong sales funnel supporting an expected trend of improving revenue growth year on year. Total revenue and other income from operations was $15,088,627 (2016: $14,877,557).The half year result is illustrated in the following graph:



Graph 1: Half on Half revenue for the continuing business - December 2010 to December 2017

Group continued…

For the half-year ended 31 December 2017, Site Group International Limited reported a loss after tax from continuing operations of $3,328,323 compared to a $1,731,232 loss in the previous corresponding period. Operating loss before income tax was $3,245,310 for the period compared to a $2,948,115 loss before tax in the corresponding period in 2016.

Consistent with the 30 June 2017 annual report, the closure of the Productivity Partners (PP) business and closure of the VET FEE-HELP related campuses has meant that this business has been reported as a discontinued operation in the 6 months to 31 December 2017 and the comparative.

For comparability with the trading result in the prior periods, the below table shows the results for the Group including the discontinued operations over the last 4 periods: -

	31-Dec 2017	2016	Change 17-16 %	31-Dec 2015	Change 16-15 %	31-Dec 2014	Change 15-14 %
Revenue and other receipts*	20,078,740	24,677,999	(19%)	35,685,777	(31%)	20,536,151	74%
Net profit / (loss)	1,015,214	1,087,983	(7%)	3,359,148	(68%)	160,765	1,989%
add back							
Depreciation and amortisation	1,073,275	1,219,095	(12%)	1,432,241	(15%)	904,638	58%
Interest paid	24,683	181,435	(86%)	60,762	199%	31,175	95%
Income tax expense / (benefit)	86,959	1,056,412	-	(130,045)	-	61,761	-
deduct							
Interest income	7,003	9,037	(23%)	11,727	(23%)	16,074	(27%)
EBITDA*	2,193,128	3,535,888	(38%)	4,710,379	(25%)	1,142,265	312%
Non-recurring items **	(4,490,113)	2,461,000	-	(597,961)	-	(214,491)	-
EBITDA before non-recurring items	(2,296,985)	5,996,888	-	4,112,418	46%	927,774	343%
Operating cash inflow /(outflow)	1,438,358	2,793,623	(49%)	(4,320,106)	165%	(2,542,699)	(70%)

** EBITDA is a non-IFRS measure however the Directors believe that it is a readily calculated measure that has broad acceptance and is used by regular users of published financial statements as a proxy for overall operating performance. EBITDA is not an audited/reviewed number. In addition revenue and other receipts is a non-IFRS measure including the write back of the provision for impairment for debtors following the receipt from DET of $4.9m.*
*** Non-recurring items consist of write back of provision for impairment for debtors and impairment of goodwill in the energy services cash generating unit in the 6 months to December 2017 and an impairment of goodwill in the tertiary education cash generating unit in the 6 months to December 2016.*

Table 1 Financial Summary

The earnings before interest, taxes, depreciation and amortisation (EBITDA*) was $2,193,128 compared to $3,535,888 in the prior comparative period.

The significant investment made in the expansion of the Group's capability, through expansion of the service offering, will enable Site to continue to maximise the return on its investment through its existing facilities and through leveraging the existing client base.

Site Skills Training - Domestic

Site Skills Training – Domestic division delivered a revenue increase to $6,788,531 in the 6 months to 31 December 2017 (2016: $5,504,891) and an improved EBITDA* loss of $197,495 (2016: EBITDA* loss of $551,829).

Site Skills Training continues to service a broad range of clients in industries including construction, mining, logistics and energy and has delivered courses to over 90,000 persons in the three years from 2014-2016.

In addition, areas such as the apprenticeship division and industry safety programs have seen an increased interaction with industry and governments leading to more opportunities to grow revenue and improve margins on programs.

Site Skills Training - International

After years of development the various areas of the international operations led by Clark are showing consistent trends leading to further optimism of the new projects in Philippines, PNG, Saudi Arabia, Myanmar and other emerging economies.

At the Clark Campus, Philippines, the focus remains on high impact training for selected industries which has allowed growth in training programs, with a focus in delivery methods expected to deliver improving margins. The facility hosts OceanaGold's underground training mine, G.E.'s gas turbine and rotational motors and the build of the latest Site Safe Live Process Plant (SLPP). The sales funnel for on campus delivery for Clark continues to support the growth expectations of the company.

Additionally, the company continues to expand its operations and college with Abdulali Al-Ajmi Company for crane and heavy equipment training college in Saudi Arabia.

Revenue for the 6 months was $5,074,788 (2016: $4,091,649) with an EBITDA* of $277,623 (2016:$273,644).

Energy Services

The Energy services division result for the 6 months was significant impacted by the delay in key international projects now expected to commence in the second half of FY18 and the reduced number of consulting hours completed domestically by Oil and Gas Specialist Wild Geese International.

Wild Geese International's involvement with the Queensland Natural Gas Exploration and Production Industry forum for the delivery of Queensland wide Industry Safety Inductions has provided services to growing numbers of contractor and operator companies in Queensland.

The Site Group International Energy division's Singapore and Malaysian operation continue to develop their relationship with the Singapore Government Agency SkillsFuture Singapore through the continual development of the National Skills Framework.

Revenue for the 6 months for the business was $2,727,359 (2016: $5,954,960) with an EBITDA* of $59,983 (2016: $1,493,269).

Tertiary Education

The closure of the PP business during the previous year with no current students has meant that this part of the tertiary education segment and the comparative has been treated as a discontinued operation.

This division reported revenue of $494,606, up from $310,774 in 2016 and an improved EBITDA* loss of $273,424 (2016: $531,505) as the business continues to build out.

International student numbers continue to grow with over 200 current enrolments in CRICOS registered courses. Site continues its investment in a range of TESOL and other conference opportunities with relationship agreements being formed to take this capability beyond Clark into the Korean, Chinese and Japanese markets.

Cash position

At 31 December 2017, the company had cash at bank of $4,519,969 and available debt facilities of $1,323,009. Given the expected operating results in the second half of the year, the company has sufficient funding to meet its medium term funding requirements.

Dividends

Subsequent to 31 December 2017 the Directors have not recommended the payment of an interim dividend.

Earnings per share

Basic earnings per share for the financial half-year is 0.16 cents (2016: 0.20 cents).

Auditor independence

The Auditor's Independence Declaration to the Directors of Site Group International Limited, which forms part of the Directors' Report, is set out on page 11 of this report.

Signed in accordance with a resolution of the Directors this 23rd day of February 2018.

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Vernon Wills - Director

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

As lead auditor for the review of Site Group International Limited for the half-year ended 31 December 2017, I declare to the best of my knowledge and belief, there have been:

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

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

This declaration is in respect of Site Group International Limited and the entities it controlled during the financial period.

Ernst & Young

Mike Reid
Partner
23 February 2018

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Independent Auditor's Review Report 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 (the Company) and its controlled entities (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2017, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial 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*.

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 control as the directors determine is 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, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2017 and its consolidated financial 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 the Group, 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*.

Ernst & Young

Mike Reid
Partner
Brisbane
23 February 2018

Directors' Declaration

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

In the opinion of the directors:

(a) The financial statements and notes of Site Group International Limited for the half-year ended 31 December 2017 are in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
   ii. complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Vernon Wills
Director
23 February 2018

Statement of Comprehensive Income

	Notes	Consolidated Group Half-year ended 31-Dec-17 $	Consolidated Group Half-year ended 31-Dec-16 $
Continuing operations			
Revenue	4	15,088,627	14,877,557
Interest income		7,003	9,037
Total income		15,095,630	14,886,594
Contractor and other service providers		(1,959,345)	(1,872,936)
Other direct fees and costs		(3,573,725)	(3,321,874)
Employee benefits expense		(7,280,846)	(7,366,293)
Depreciation and amortisation expense		(1,053,113)	(1,143,531)
Finance costs	2	(23,558)	(180,464)
Other expenses	3	(2,627,865)	(2,154,726)
Occupancy expenses		(1,779,603)	(1,662,368)
Foreign currency loss		(42,885)	(132,517)
Loss before tax from continuing operations		(3,245,310)	(2,948,115)
Income tax (expense) benefit	11	(83,013)	1,216,883
Loss for the period from continuing operations		(3,328,323)	(1,731,232)
Discontinued operations			
Profit for the period from discontinued operations	14	4,343,537	2,819,215
Profit for the period		1,015,214	1,087,983
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods:			
Translation of foreign operations		9,429	(195,394)
Total comprehensive income		1,024,643	892,589
Earnings per share			
Earnings per share for profit attributable to the ordinary equity holders of the parent			
Basic and diluted (cents per share)		0.16	0.20
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent.			
Basic and diluted (cents per share)		(0.52)	(0.33)

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

Statement of Financial Position

	Notes	Consolidated Group 31-Dec-17 $	30-Jun-17 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		4,519,969	1,528,542
Trade and other receivables	6	3,441,962	3,709,967
Inventories		46,858	38,157
Prepayments		590,897	485,161
TOTAL CURRENT ASSETS		8,599,686	5,761,827
NON-CURRENT ASSETS			
Property, plant and equipment		7,772,453	8,003,144
Intangible assets		4,972,979	5,777,124
Security deposits		638,116	630,074
Other non-current financial assets		89,856	90,022
Deferred income tax asset		994,467	1,044,462
TOTAL NON-CURRENT ASSETS		14,467,871	15,544,826
TOTAL ASSETS		23,067,557	21,306,653
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	10,149,248	10,969,305
Interest bearing debt	8	412,505	711,548
Current tax liabilities		348,578	741,861
Provisions		1,176,043	1,379,919
TOTAL CURRENT LIABILITIES		12,086,374	13,802,633
NON-CURRENT LIABILITIES			
Provisions		2,478,658	2,370,427
Interest bearing debt	8	78,397	106,552
TOTAL NON-CURRENT LIABILITIES		2,557,055	2,476,979
TOTAL LIABILITIES		14,643,429	16,279,612
NET ASSETS		8,424,128	5,027,041
EQUITY			
Issued capital	5	78,085,284	75,742,840
Reserves		2,048,493	2,009,064
Retained losses		(71,709,649)	(72,724,863)
TOTAL EQUITY		8,424,128	5,027,041

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

Statement of Changes in Equity

	Share Capital		Reserves		
	Ordinary	Retained earnings / (losses)	Foreign currency translation reserve	Share based payments reserve	Total
Consolidated Group	$	$	$	$	$
Balance at 1 July 2016	69,293,031	(22,279,765)	1,102,725	1,230,991	49,346,982
Comprehensive income					
Profit for the period	-	1,087,983	-	-	1,087,983
Other comprehensive loss for the period	-	-	(195,394)	-	(195,394)
Total comprehensive income / (loss) for the period	-	1,087,983	(195,394)	-	892,589
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	2,397,649	-	-	-	2,397,649
Share-based payments	-	-	-	180,000	180,000
Total transactions with owners and other transfers	2,397,649	-	-	180,000	2,577,649
Balance at 31 December 2016	71,690,680	(21,191,782)	907,331	1,410,991	52,817,220
Balance at 1 July 2017	75,742,840	(72,724,863)	557,389	1,451,675	5,027,041
Comprehensive income					
Profit for the period	-	1,015,214	-	-	1,015,214
Other comprehensive income for the period	-	-	9,429	-	9,429
Total comprehensive income for the period	-	1,015,214	9,429	-	1,024,643
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	2,500,000	-	-	-	2,500,000
Transaction costs	(157,556)	-	-	-	(157,556)
Share-based payments	-	-	-	30,000	30,000
Total transactions with owners and other transfers	2,342,444	-	-	30,000	2,372,444
Balance at 31 December 2017	78,085,284	(71,709,649)	566,818	1,481,675	8,424,128

Statement of Cash Flows

		Consolidated Group	
	Notes	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		19,683,409	21,874,619
Payments to suppliers and employees		(17,763,304)	(18,336,803)
Interest received		4,806	9,037
Finance costs		(63,172)	(295,286)
Income tax paid		(423,381)	(457,944)
Net cash provided by operating activities		1,438,358	2,793,623
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(574,850)	(621,896)
Proceeds from disposals of plant and equipment		33,412	-
Cash backed performance bonds		(5,702)	52,993
Payment for business / subsidiary, net of cash acquired		-	(475,200)
Net cash (used in) investing activities		(547,140)	(1,044,103)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,254,000	-
Proceeds from borrowings		225,000	-
Repayment of borrowings		(225,000)	(2,048,864)
Transaction costs on shares		(157,556)	-
Net cash provided by/(used in) financing activities		2,096,444	(2,048,864)
Net increase / (decrease) in cash held		2,987,662	(299,344)
Effect of exchange rates on cash holdings in foreign currencies		3,765	(38,615)
Cash and cash equivalents at beginning of the period		1,528,542	2,982,679
Cash and cash equivalents at end of the period		4,519,969	2,644,720

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

Notes to the Financial Statements for the Half-Year Ended 31 December 2017

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 2017 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. 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 23 February 2018.

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 2017 annual financial report for the financial year ended 30 June 2017.

The financial statements provide comparative information in respect of the previous period. Where required, this information has been reclassified to comply with current period presentation.

Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 December 2017 are outlined in the table below:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement. Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group
		(FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held. There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch. Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss. For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB 9, including the embedded derivative separation rules and the criteria for using the FVO. The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9. The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.		
AASB 15, and relevant amending standards	*Revenue from Contracts with Customers*	AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB 117 (or AASB 16 Leases, once applied). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps: ► Step 1: Identify the contract(s) with a customer ► Step 2: Identify the performance obligations in the contract ► Step 3: Determine the transaction price ► Step 4: Allocate the transaction price to the performance obligations in the contract ► Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	1 July 2018
AASB 2016-5	*Amendments to Australian Accounting Standards –*	This Standard amends AASB 2 *Share-based Payment*, clarifying how to account for certain types of share-based payment transactions. The	1 January 2018	1 July 2018

Reference	Title	Summary	Application date of standard	Application date for Group
	Classification and Measurement of Share-based Payment Transactions	amendments provide requirements on the accounting for: ► The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments ► Share-based payment transactions with a net settlement feature for withholding tax obligations ► A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.		
AASB Interpretation 22	*Foreign Currency Transactions and Advance Consideration*	The Interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.	1 January 2018	1 July 2018
AASB 16	*Leases*	AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117 *Leases*. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.	1 January 2019	1 July 2019
IFRIC 23	*Uncertainty over Income Tax Treatments*	The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: ► Whether an entity considers uncertain tax treatments separately ► The assumptions an entity makes about the examination of tax treatments by taxation authorities ► How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates ► How an entity considers changes in facts and circumstances.	1 January 2019	1 July 2019

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

AASB 9 introduces among other things an expected credit loss model which replaces the incurred credit loss model of AASB 139. The impact of this change is not yet finally assessed. Therefore we cannot make a reliable estimation of the quantitative impact at this stage of the implementation project.

AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced.

A review of Site Group's current revenue recognition policy is currently being undertaken. However based on a preliminary indication, no material change in business practice, policy or procedure is required to achieve compliance with the requirements of AASB 15.

As AASB 16 requires the Company to account for all leases on balance sheet, a detailed and complete impact assessment has not yet been finalised, and will be completed during the course of the next financial year.

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 2017.

Going concern

The half year financial report has been prepared using the going concern basis of accounting as the consolidated entity is continuing to meet its financial obligations as and when they fall due and continuing 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 2017 the company made a net profit of $1,015,214 (2016: $1,087,983) and a cash inflow from operating activities of $1,438,358 (2016: $2,793,623). Current forecasts of operational performance and capital expenditure requirements indicate that the company will continue to be cash flow positive in the 2018 financial year.

At 31 December 2017, the company had a net current asset deficiency of $3,486,688 (30 June 2017: $8,040,806). This position reflects a liability to creditors and staff in excess of $5,000,000 which is contractually payable only on settlement with DET. The company had cash reserves of $4,519,969 and has reduced the current interest bearing debt to $412,505. The existing loan facility of approximately $1,300,000 provided by Wayburn Holdings Pty Ltd was extended to 1 September 2018 to provide additional funding should it be required.

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 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.

No adjustment has been made to the current asset and liability amounts and classifications should the entity be unable to continue as a going concern.

2 Finance costs

	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Finance costs		
Interest expense - third parties	19,587	92,824
Interest expense - related parties	1,979	86,539
Facilities fee	1,992	1,101
	23,558	180,464

3 Other expenses

	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Other Expenses		
Legal, accounting and other professional fees	292,928	256,468
Travel and accommodation	528,266	478,736
Marketing expense	489,208	465,151
Consultants cost	311,007	426,990
Impairment of intangibles (Note 13)	500,000	-
Other operating expenses	506,456	527,381
	2,627,865	2,154,726

4 Segment information

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

4 Segment information continued

The four reportable business segments of the Group are:

- **Site Skills Training - Domestic** which delivers vocational training and assessment services through five training facilities located at Perth, Gladstone, Darwin, Landsborough and Logan. At these locations our experienced team assesses, up-skills and trains industry experienced candidates in the mining and processing, oil and gas, construction, camp services, hospitality and logistic sectors.

- **Site Skills Training - International** operates a 300,000m^2 facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements. This division also incorporates Site WorkReady being the recruitment and assessment division for international clients.

- **Energy Services** provides specialised energy training and services delivered to the Oil and Gas industry.

- **Tertiary Education** delivers Diploma and certificate level courses at Site's campuses in Australia through the Site Institute brand and also English language courses and conferences internationally through the TESOL Asia business

Period ended 31 December 2017

	Site Skills Training (Domestic)	Site Skills Training (International)	Energy Services	Tertiary Education	Total Segments	Corporate and Eliminations	Total
	$	$	$	$	$	$	$
Revenue							
Sales revenue - External customer	6,788,531	5,051,677	2,727,359	494,606	15,062,173	26,454	15,088,627
Sales revenue - Inter-segment	-	23,111	-	-	23,111	(23,111)	-
Total segment revenue	6,788,531	5,074,788	2,727,359	494,606	15,085,284	3,343	15,088,627
Segment net operating profit/ (loss) before tax	(630,595)	13,224	(263,194)	(280,678)	(1,161,243)	(2,084,067)	(3,245,310)
Interest revenue	-	2,369	359	-	2,728	4,275	7,003
Interest expense	(6,847)	(3,062)	-	(44)	(9,953)	(11,613)	(21,566)
Depreciation and amortisation	(426,253)	(263,706)	(323,536)	(7,210)	(1,020,705)	(32,408)	(1,053,113)
EBITDA	**(197,495)**	**277,623**	**59,983**	**(273,424)**	**(133,313)**	**(2,044,321)**	(2,177,634)
Segment assets as at 31 December 2017	3,854,553	7,983,989	4,906,986	964,744	17,710,272	1,795,370	19,505,642
Segment liabilities as at 31 December 2017	1,819,518	3,626,787	179,278	119,340	5,744,923	3,159,238	8,904,161
Capital expenditure as at 31 December 2017	416,451	134,961	8,800	6,981	567,193	7,657	574,850

Notes to the Financial Statements for the Half-Year Ended 31 December 2017 continued

4 Segment information continued

Period ended 31 December 2016

	Site Skills Training (Domestic)	Site Skills Training (International)	Energy Services	Tertiary Education	Total Segments	Corporate and Eliminations	Total
	$	$	$	$	$	$	$
Revenue							
Sales revenue - External customer	5,504,891	4,062,234	5,954,960	310,774	15,832,859	(955,302)	14,877,557
Sales revenue - Inter-segment	-	29,415	-	-	29,415	(29,415)	-
Total segment revenue	5,504,891	4,091,649	5,954,960	310,774	15,862,274	(984,717)	14,877,557
Segment net operating profit/ (loss) before tax	(1,015,994)	(10,472)	1,143,641	(543,431)	(426,256)	(2,521,859)	(2,948,115)
Interest revenue	-	2,535	1,110	-	3,645	5,392	9,037
Interest expense	(3,194)	(2,843)	-	(437)	(6,474)	(172,889)	(179,363)
Depreciation and amortisation	(460,971)	(283,808)	(350,738)	(11,489)	(1,107,006)	(36,525)	(1,143,531)
EBITDA	**(551,829)**	**273,644**	**1,493,269**	**(531,505)**	**683,579**	**(2,317,837)**	**(1,634,258)**
Segment assets as at 31 December 2016	3,537,441	8,948,764	14,805,865	1,229,701	28,521,771	1,520,431	30,042,202
Segment liabilities as at 31 December 2016	1,627,470	3,529,422	490,081	699,194	6,346,167	8,719,215	15,065,382
Capital expenditure as at 31 December 2016	161,063	405,299	1,390	44,376	612,128	9,768	621,896

The segment disclosures above do not include the discontinued operations. Refer to note 14 for more information.

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

	Half-year ended 31-Dec-17	Half-year ended 31-Dec-16
	$	$
Reconciliation of loss		
Segment loss	(1,161,243)	(426,256)
Inter-company management fees	570,000	72,000
Head office occupancy costs	(77,304)	(72,908)
Corporate employee benefits including directors costs	(1,448,451)	(1,387,157)
Legal accounting and other professional fees	(146,123)	(204,017)
Travel costs	(87,750)	(126,410)
Other corporate costs	(894,439)	(803,367)
Group loss before tax from continuing operations	(3,245,310)	(2,948,115)

4 Segment information continued

	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Reconciliation of assets		
Segment operating assets	17,710,272	28,521,771
Cash at bank	695,213	135,674
Security deposits	357,010	348,168
Intangibles	197,896	198,161
Other assets	545,251	838,428
Group operating assets	19,505,642	30,042,202
Reconciliation of liabilities		
Segment operating liabilities	5,744,923	6,346,167
Corporate trade payables	2,010,513	1,701,267
Contingent consideration liability	-	70,742
Interest bearing debt	350,988	1,993,786
Current tax liabilities	521,225	4,654,883
Other liabilities	276,512	298,537
Group operating liabilities	8,904,161	15,065,382

5 Issued capital

Issued capital as at 31 December 2017 amounted to $78,085,284 (690,247,154 ordinary shares) (30 June 2017: $75,742,840 (597,017,765 shares). Movement in ordinary shares on issue:

	No. Shares	$
30 June 2016 share capital	522,792,229	69,293,031
Share issue - 8 November 2016	730,000	-
Share issue - 8 November 2016	418,858	78,777
Share issue - 17 November 2016	4,865,348	915,027
Share issue - 17 November 2016	940,219	176,854
Share issue - 24 November 2016	4,382,111	1,226,991
Share issue - 22 June 2017	62,889,000	2,515,560
Transaction costs relating to capital raising	-	(126,862)
Shares to be issued as repayment for loan - 30 June 2017	-	1,663,462
30 June 2017 share capital	597,017,765	75,742,840
Share issue - 18 September 2017	41,586,531	-
Share issue - 21 September 2017	15,165,000	606,600
Share issue - 11 October 2017	10,375,000	415,000
Share buy back - 8 December 2017	(10,857,142)	-
Share issue - 14 December 2017	36,960,000	1,478,400
Transaction costs relating to capital raising	-	(157,556)
31 December 2017 share capital	690,247,154	78,085,284

5 Issued capital continued

- On 8 November 2016, the company issued 730,000 sign-on shares at no cost to employees in lieu of cash based remuneration and allowing management to participate in the growth of Site Group International Limited as shareholders.
- On 8 November 2016, the company issued 418,858 bonus shares at an issue price of 18.8 cents. The shares were issued at no cost to employees in lieu of cash based remuneration and allowing management to participate in the growth of Site Group International Limited as shareholders.
- On 17 November 2016, under the terms of the acquisition agreement for Wild Geese International Pty Ltd, the company issued 4,865,348 shares to the vendor shareholder at the issue share price of $0.19 per share.
- On 17 November 2016, under the terms of the acquisition agreement for Site Institute Pty Ltd, the company issued 940,219 shares to the vendor shareholder at the issue share price of $0.19 per share.
- On 24 November 2016, the company completed the issue of 4,382,111 shares to Directors at the issue share price of $0.28 per share.
- On 22 June 2017, the company completed the issue of 62,889,000 shares under a private placement of shares at $0.04 per share.
- On 30 June 2017, the Company converted $1,663,462 in loans payable to equity. The shares are to be issued pending shareholder approval. The share conversion the agreements were signed pre 30 June 2017. Where shareholder approval is merely a governance exercise, then it can be deemed to be under the control of the Company. The debt is then effectively extinguished at the date of the signed agreement and the shareholders committed to subscribing for the shares.
- On 18 September 2017 - the Company completed the issue of 41,586,531 shares under a private placement of shares at $0.04 per share.
- On 21 September 2017 – the Company issued 15,165,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.
- On 11 October 2017 - the Company issued 10,375,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.
- On 8 December 2017 – the Company completed a buy-back of shares issued under the Employee Share Plan and sign on of shares forfeited by employees when they resigned from the Group.
- On 14 December 2017 - the Company issued 36,960,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.

6 Trade and other receivables

	Consolidated Group	
	31-Dec-17 $	30-Jun-17 $
Current		
Trade receivables	24,026,033	29,212,007
Provision for impairment	(21,140,832)	(26,145,867)
	2,885,201	3,066,140
Other receivables	556,761	643,827
Total current trade and other receivables	3,441,962	3,709,967

6 Trade and other receivables continued

Trade receivables includes an amount of $21,140,832 receivable from the Government Department of Education and Training (DET). In December 2017, the Company received $4,869,133 of the amount outstanding. The Company continues to respond to DET regarding the difference in reconciliation amounts. The Company is assessing its position with regard to whether legal action is required to be taken to recover the balance remaining.

In light of the uncertain circumstances with regard to the reconciliation payment, Management took the decision to write down the full debtor value in the accounts at 30 June 2017. During the six month period to 31 December 2017 the provision was written back by $5,005,035 following tuition re-credits and the DET payment received. The provision will continue to be re-assessed as the matter progresses and does not in any way alter the belief of the Board and Management that the Company is entitled to the full reconciliation amount of $28,969,145 in full and that the monies are legitimately due and payable under the relevant legislation as it then applied.

The Company has also taken up a provision for tuition re-credits amounting to $683,647 at 31 December 2017. During the six month period to 31 December 2017 tuition re-credits totalled $121,000. In assessing the provision balance, the Company has taken into account the DET reconciliation balance owed.

7 Trade and other payables

	Consolidated Group	
	31-Dec-17	30-Jun-17
	$	$
Unsecured liabilities		
Trade payables	6,776,315	7,000,957
Employee related payables	522,317	592,830
Unearned income	608,568	1,231,415
Accruals	2,113,671	2,074,048
Other payables	128,377	70,055
Total trade and other payables	10,149,248	10,969,305

Trade payables includes commission payable on receipt of the reconciliation payment receivable from the DET.

8 Interest bearing debt

	Consolidated Group	
	31-Dec-17	30-Jun-17
Current	$	$
Finance lease liability due within 12 months	54,725	73,168
Unsecured related party loans due within 12 months	350,988	638,380
Unsecured loans due within 12 months	6,792	-
	412,505	711,548

	Consolidated Group	
	31-Dec-17	30-Jun-17
Non-Current	$	$
Finance lease liability	78,397	81,825
Unsecured loan	-	24,727
	78,397	106,552

9 Related party transactions

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

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

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

(c) Loans from related parties:

	31-Dec-17 $	30-Jun-17 $
Interest bearing loan payable – Wayburn Holdings Pty Ltd	350,988	580,842
Interest paid for the period – Wayburn Holdings Pty Ltd	16,145	127,372
Interest paid for the period – Non-Executive Directors	1,229	40,843
Reversal of prior period interest – Non-Executive Directors	(15,395)	-

On 24 September 2017, the Company made a repayment to Wayburn Holdings Pty Ltd with the issue of 6,150,000 shares at $0.04 per share. At 31 December 2017 the Company owed $350,988 to Wayburn Holdings Pty Ltd at an interest rate of 7% per annum.

On 15 September 2017, the Company drew down $45,000 with loan facilities with non-executive directors. The facility was repaid in full on 7 December 2017. At 31 December 2017 the Company had no outstanding balances with non-executive directors.

Notes to the Financial Statements for the Half-Year Ended 31 December 2017 continued

10 Property, plant and equipment

During the six months ended 31 December 2017, the Group acquired assets with a cost of $574,850 (2016: $621,896).

11 Taxation

	Consolidated Group	
	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Income taxes		
Current income tax		
Current income tax charge	-	(881,589)
Adjustments in respect of current income tax of previous years	36,963	(293,602)
Deferred income tax		
Relating to origination and reversal of timing differences	46,050	(41,692)
Income tax expense (benefit) reported in the statement of comprehensive income	83,013	(1,216,883)
Aggregate income tax expense (benefit) attributed to: Continuing operations	83,013	(1,216,883)
Aggregate income tax expense attributed to: Discontinued operations	3,946	2,273,295
	86,959	1,056,412

12 Financial instruments

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

13 Impairment

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The recoverable amount of non-current assets is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of future cash flow projections over a five-year period including a terminal value calculation where applicable.

There were no significant changes to the assumptions in respect of cash generating units from those disclosed in the annual financial statements for the year ended 30 June 2017, other than as below.

Energy services cash-generating unit

The Group used the cash-generating unit’s value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the latest budgets and a pre-tax discount rate of 16.6% (30 June 2017: 16.6%) was applied. The terminal growth rate applied is 0% (30 June 2017: 0%). There were no other significant changes to the assumptions from those disclosed in the annual financial statements for the year ended 30 June 2017.

As a result of the updated analysis, management recognised an impairment charge of $500,000 against goodwill for this cash-generating unit. The remaining goodwill allocated to this cash generating unit is $3,237,413.

14 Discontinued Operations

In December 2016, the Group publicly announced the closure of Productivity Partners Pty Ltd's business, and the closure of VET FEE-HELP related campuses. The closure was a direct result of the Government passed legislative changes.

With Productivity Partners Pty Ltd being classified as a discontinued operation, the company is no longer included in the 'tertiary education' segment of the segment note. The results of Productivity Partners Pty Ltd for the year are presented below.

	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Revenue and other income	-	9,800,443
Expenses	(642,630)	(2,246,933)
Operating income	(642,630)	7,553,510
Write back of provision for impairment of debtors	4,990,113	-
Impairment of intangible assets	-	(2,461,000)
Profit before tax from discontinued operations	4,347,483	5,092,510
Tax expense	(3,946)	(2,273,295)
Profit after tax from discontinued operations	4,343,537	2,819,215

The net cash flows incurred by Productivity Partners Pty Ltd are as follows:

	Half-year ended 31-Dec-17 $	Half-year ended 31-Dec-16 $
Operating	3,210,842	1,818,750
Investing	(209,368)	(3,294,893)
Net cash inflow / (outflow)	3,001,474	(1,476,143)

	Half-year ended 31-Dec-17	Half-year ended 31-Dec-16
Earnings per share		
Basic and diluted profit for the year from discontinued operations (cents per share)	0.68	0.53

15 Subsequent events

Other than as disclosed elsewhere in this report, there have been no significant events after balance date.