Site

ASX RELEASE

26 February 2021

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 2020: and
- Half year financial statements

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

Authorised for release by the Board.

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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 2020

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 2020 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 2020
Previous corresponding reporting period	31 December 2019

Results for Announcement to the Market

	$'000	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	$10,429	27.98% decrease
Profit / (loss) from ordinary activities after tax attributable to members	($6,356)	Decrease of loss
Net Profit / (loss) for the period attributable to members	($6,356)	Decrease of loss

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	(2.532 cents)	(0.058) 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	Craig Dawson
Date	26 February 2021

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

Financial Statements for the Half-Year ended 31 December 2020

Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half-Year ended 31 December 2020

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2020.

Directors

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

Peter Jones (Chairman)
Nicasio Alcantara
Vernon Wills (resigned 30 November 2020)
Craig Dawson (appointed 30 November 2020)

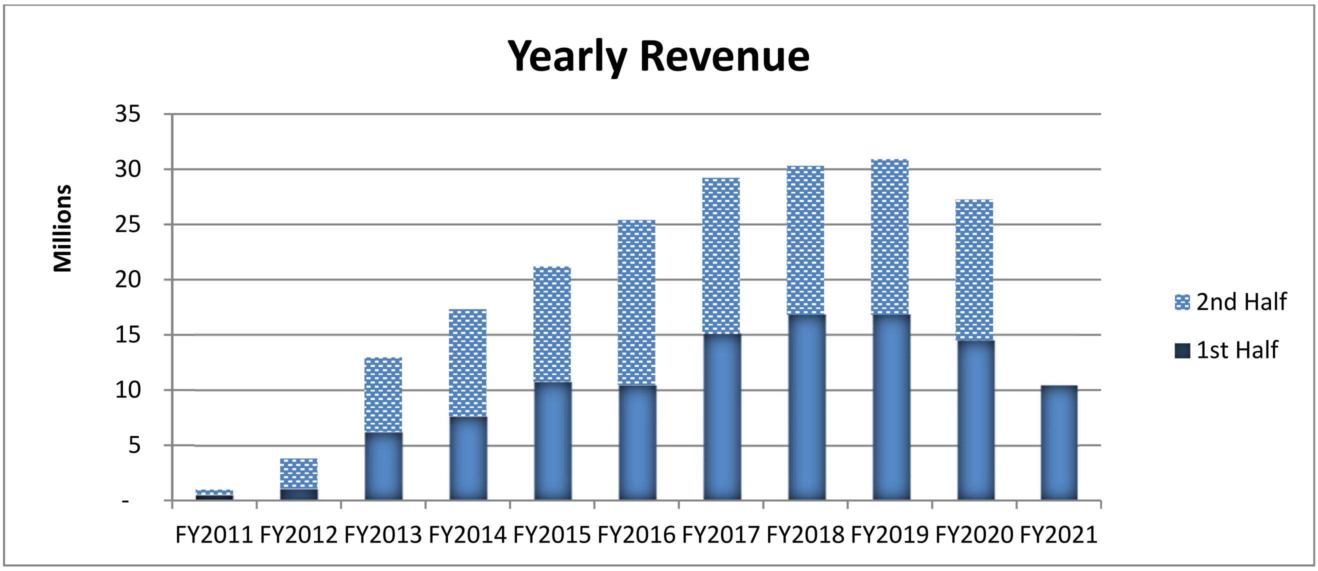
Principal activity

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

Review of operations and results

Group

Site's 6 monthly business revenue is demonstrated in the below graph with total revenue from operations down 28% to $10,428,749 (2019: $14,479,377).



Graph 1: Half on Half revenue for the continuing business - December 2010 to December 2020

For the half-year ended 31 December 2020, Site Group International Limited reported a loss after tax from continuing operations of $6,194,055 compared to a $6,265,506 loss in the previous corresponding period. This result includes a non-cash impairment of $3,961,403 against the assets of the Energy division CGU, the SST International CGU and the SST Domestic CGU. Operating loss for the period was $6,356,383 compared to a $6,488,721 in the corresponding period in 2019.

ABN: 73 003 201 910

Review of operations and results continued

As previously reported in the quarterly report on 29 January 2021, COVID-19 continues to have a global impact. Whilst some training continues in most countries in which Site has a presence, there is still no clear sign of a return to previous levels of activity or growth. The decline in international revenues experienced towards the end of FY20 has continued into FY21, however the previously announced renewal of the contracts in Kingdom of Saudi Arabia for 2 years at the existing NCTC facility and likely contract awards on new projects in the Kingdom should provide predicted relief and return to full services.

The expectations of significant training contracts wins in KSA and Bahrain previously alluded to remain a likely indicator that the Middle East and North Africa region will drive significant growth for the International business during 2021.

Additionally the impact of COVID-19 vaccinations roll out though out the second half of 2021 should lead to a vastly improved and growing International business.

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

	31-Dec 2020	2019	Change 20-19 %	31-Dec 2018	Change 19-18 %	31-Dec 2017	Change 18-17 %
Revenue	10,428,749	14,479,377	(28%)	16,790,482	(14%)	15,088,627	11%
Net profit / (loss)	(6,356,383)	(6,488,721)	2%	(890,949)	-	1,015,214	-
add back							
Depreciation and amortisation	1,393,344	1,161,647	20%	755,886	54%	1,073,275	(30%)
Interest paid	965,794	719,095	34%	115,576	522%	24,683	368%
Income tax expense / (benefit)	(124,361)	19,590	-	(1,471,558)	-	86,959	-
deduct							
Interest income	8,783	7,580	16%	7,061	7%	7,003	1%
EBITDA*	(4,130,389)	(4,595,969)	10%	(1,498,106)	(207%)	2,193,128	-
Non-recurring items							
Fair value adjustment of financial liabilities	(812,069)	3,263,339		-		-	
Reversal of write down of DET debtor	-	-		-		(4,990,113)	
Impairment of PP&E, intangibles and ROU Assets	3,961,403	-		-		500,000	
EBITDA before non-recurring items	(981,055)	(1,332,630)	26%	(1,498,106)	11%	(2,296,985)	35%
Operating cash inflow /(outflow)	(601,426)	(2,100,295)	71%	(1,438,612)	-	1,438,358	-

** Earnings before interest, tax depreciation and amortisation (EBITDA) is a non-IFRS measure which is readily calculated and 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.*
***This is a non-IFRS measure and is not an audited number.*

Table 1 Financial Summary

The earnings before interest, taxes, depreciation and amortisation (EBITDA*) was a loss of $981,055 compared to a loss of $1,332,630 in the prior comparative period.

Site continues to pursue the potential development of its 30 hectare Clark Leasehold property as part of the strategy to maximise international asset values. Commercial discussions around the property are continuing with interested parties. A market evaluation process is underway with increasing signs of interest in the Clark precinct as Covid restrictions ease in the Philippines.

Site Skills Training - Domestic

Site Skills Training (SST) – Domestic division delivered revenue totalling $6,354,459 in the 6 months to 31 December 2020 (2019: $6,230,580) and an EBITDA* loss of $637,242 (2019: EBITDA* loss of $517,139).

Site Skills Group today announced the sale of it Site Skills Training Assets in Australia for up to circa $4.5 million to Competency Training a wholly owned subsidiary of Verbrec Limited (ASX:VBC). Further details are disclosed in the subsequent events note in the accounts.

Review of operations and results continued

Site Skills Training - International

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).

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 with growing numbers and opportunities for expansion into other colleges and areas being tendered. Unfortunately the border closure and the closure of the College due to COVID-19 significantly impacted the results for the 6 months.

Revenue for the 6 months decreased sharply to $1,474,118 (2019: $5,354,295) with an EBITDA* loss of $3,746,425 (2019: EBITDA of $726,407) following impairment being taken against right of use assets and Property Plant and Equipment of $3,413,164.

Energy Services

The Energy services division incorporates the Wild Geese International business in Perth and the international based Site Group International Energy division, provide specialist training and consultancy services to the Oil and Gas industry.

Revenue for the 6 months for the business was $283,682 (2019: $1,146,869) with an EBITDA* loss of $492,585 (2019: $12,072).

Tertiary Education

This segment provides tertiary education for international students seeking to develop careers in a range of different disciplines

The growth rate of this division slowed from previous years with reported revenue of $2,046,264, up from $1,796,303 in 2019 and a consistent EBITDA* of $273,906 (2019: $247,727) as the business continues to build out on the back of growing student numbers and enrolments.

Revenues are expected to continue to grow as international students take the opportunity to study engineering and manufacturing technology courses with Site Institute.

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 2020, the company cash reserves had decreased to $141,834, however this was improved post year end with the loan facility for $1M. The Company maintains its financing facility with Punta Properties for US$4M which is drawn to US$2.9M and has today announced the sale of the Assets of Site Skills Training with initial consideration of circa A$1.44m expected on completion within 5 weeks and a further $500,000 following satisfaction of the conditions.

Dividends

Subsequent to 31 December 2020 the Directors have not recommended the payment of an interim dividend.

Earnings per share

Basic earnings (losses) per share for the financial half-year is (0.74) cents (2019: (0.85) 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 39 of this report.

Signed in accordance with a resolution of the Directors this 26th day of February 2021.

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Craig Dawson - Director

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	Half-year ended 31-Dec-20 $	Half-year ended 31-Dec-19 $
Continuing operations			
Revenue from contracts with customers	4	10,428,749	14,479,377
Interest income		8,783	7,580
Total income		10,437,532	14,486,957
Contractor and other service providers		(1,595,478)	(2,476,551)
Other direct fees and costs		(1,850,581)	(2,700,455)
Employee benefits expense		(5,560,467)	(6,646,958)
Sales and marketing expense		(746,679)	(839,151)
Occupancy expenses		(889,318)	(1,401,073)
Depreciation and amortisation expense		(1,393,344)	(1,161,647)
Impairment expense		(3,961,403)	-
Finance costs	2	(970,445)	(722,800)
Foreign currency gain (loss)		698,166	63,989
Fair value gain (loss) of financial liabilities at fair value through profit and loss		812,069	(3,263,339)
Other expenses	3	(1,298,468)	(1,584,887)
Loss before tax from continuing operations		(6,318,416)	(6,245,915)
Income tax expense	14	124,361	(19,591)
Loss for the period from continuing operations		(6,194,055)	(6,265,506)
Loss for the period from discontinued operations	17	(162,328)	(223,215)
Loss for the period		(6,356,383)	(6,488,721)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent years (net of tax):			
Translation of foreign operations		(235,565)	76,638
Total other comprehensive income /(loss)		(235,565)	76,638
Total comprehensive loss		(6,591,948)	(6,412,083)
Earnings per share			
Earnings per share for (loss) attributable to the ordinary equity holders of the parent Basic and diluted (cents per share)		(0.75)	(0.85)
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent. Basic and diluted (cents per share)		(0.74)	(0.82)

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

Consolidated Statement of Financial Position

	Notes	Consolidated Group 31-Dec-20 $	Consolidated Group 30-Jun-20 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		141,834	1,246,819
Trade and other receivables	6	1,852,655	2,656,525
Contract assets		191,416	496,950
Inventories		23,249	18,823
Prepayments		768,857	431,835
Current tax assets		39,565	37,261
TOTAL CURRENT ASSETS		3,017,576	4,888,213
NON-CURRENT ASSETS			
Property, plant and equipment	11	4,649,656	8,339,642
Right-of-use assets	13	6,231,514	6,100,739
Intangible assets	12	1,105,672	1,250,608
Security deposits		1,006,694	1,033,030
Other non-current financial assets		16,435	226,233
Deferred income tax asset		1,065,708	921,060
TOTAL NON-CURRENT ASSETS		14,075,679	17,871,312
TOTAL ASSETS		17,093,255	22,759,525
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	6,122,308	4,420,245
Contract liabilities	8	243,257	812,474
Interest bearing debt	9	2,016,204	2,015,680
Lease liabilities	13	1,946,657	1,461,187
Current tax liabilities		2,912	84,082
Provisions		584,377	628,241
Financial liabilities at fair value through profit or loss	15	127,321	324,606
TOTAL CURRENT LIABILITIES		11,043,036	9,746,515
NON-CURRENT LIABILITIES			
Trade and other payables	7	5,595,083	5,595,083
Provisions		561,507	611,303
Interest bearing debt	9	4,777,950	4,970,972
Lease liabilities	13	8,503,565	8,373,206
Financial liabilities at fair value through profit or loss	15	301,156	915,940
TOTAL NON-CURRENT LIABILITIES		19,739,261	20,466,504
TOTAL LIABILITIES		30,782,297	30,213,019
NET LIABILITIES		(13,689,042)	(7,453,494)
EQUITY			
Issued capital	5	83,719,540	83,366,140
Reserves		2,733,452	2,966,017
Accumulated losses		(100,142,034)	(93,785,651)
TOTAL/ (DEFICIENCY OF) EQUITY		(13,689,042)	(7,453,494)

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

Consolidated 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 2019	78,085,284	(83,513,722)	1,134,288	1,520,903	(2,773,247)
Comprehensive income					
Profit for the period	-	(6,488,721)	-	-	(6,488,721)
Other comprehensive loss for the period	-	-	76,638	-	76,638
Total comprehensive income / (loss) for the period	-	(6,488,721)	76,638	-	(6,412,083)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	3,760,000	-	-	-	3,760,000
Transaction costs	(16,161)	-	-	-	(16,161)
Share-based payments	-	-	-	15,000	15,000
Total transactions with owners and other transfers	3,743,839	-	-	15,000	3,758,839
Balance at 31 December 2019	81,829,123	(90,002,443)	1,210,926	1,535,903	(5,426,491)
Balance at 1 July 2020	83,366,140	(93,785,651)	1,431,155	1,534,862	(7,453,494)
Comprehensive income					
Loss for the period	-	(6,356,383)	-	-	(6,356,383)
Other comprehensive income for the period	-	-	(235,565)	-	(235,565)
Total comprehensive income for the period	-	(6,356,383)	(235,565)	-	(6,591,948)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	353,400	-	-	-	353,400
Transaction costs	-	-	-	-	-
Share-based payments	-	-	-	3,000	3,000
Total transactions with owners and other transfers	353,400	-	-	3,000	356,400
Balance at 31 December 2020	83,719,540	(100,142,034)	1,195,590	1,537,862	(13,689,042)

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

Consolidated Statement of Cash Flows

	Notes	Half-year ended 31-Dec-20 $	Half-year ended 31-Dec-19 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		9,613,439	15,180,758
Payments to suppliers and employees		(10,650,303)	(17,170,428)
Interest received		8,391	8,303
Finance costs		(611,222)	(12,217)
Income tax paid		(103,085)	(106,711)
Government grants and tax incentives		1,141,354	-
Net cash used in operating activities		(601,426)	(2,100,295)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of property, plant and equipment	11	(344,466)	(271,543)
Receipt for sale of property, plant and equipment		28,143	5,719
Payment for intangible assets		(167,067)	(297,630)
Proceeds from investments		199,169	(91,509)
Receipt of cash backed performance bonds		11,766	-
Net cash used in investing activities		(272,455)	(654,963)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		323,400	3,750,000
Proceeds from exercise of employee share plan		-	10,000
Repayment of principal on lease liabilities		(540,996)	(745,782)
Proceeds from borrowings		-	2,000,000
Repayment of borrowings from related parties		-	(40,212)
Payment of transaction costs on shares		-	(16,160)
Net cash (used in)/ provided by financing activities		(217,596)	4,957,846
Net increase / (decrease) in cash held		(1,091,477)	2,202,588
Effect of exchange rates on cash holdings in foreign currencies		(13,508)	27,079
Cash and cash equivalents at beginning of the period		1,246,819	606,148
Cash and cash equivalents at end of the period		141,834	2,835,815

The above consolidated 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 2020

1 Significant accounting policies

Reporting entity

Site Group International Limited (parent) is a company limited by shares incorporated in Australia whose shares are publicly 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 2020 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 26 February 2021.

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 annual financial report for the financial year ended 30 June 2020.

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.

Going concern

In the six months to 31 December 2020 the Group made a net loss of $6,356,383 (2019: net loss $6,488,721) and the cash outflow from operating activities for the year was $601,426 (2019: $2,100,295). At 31 December 2020, the Group had deficiencies in net assets and net current assets of $13,689,042 and $8,025,460 respectively. Notwithstanding the reported results, this financial report has been prepared on a going concern basis as the directors consider that the company and the consolidated entity will be able to realise their assets and settle their liabilities in the normal course of business and at amount stated in the financial report.

The directors have made enquiries of management, examined the group current financial position and financial forecasts. Despite any material uncertainty that may cast doubt about the Group's ability to continue as a going concern, the directors have a reasonable expectation that the company and the group has adequate financial resources to continue as a going concern.

Going concern continued

Significant matters identified by the directors include:-

- The reported loss is not considered by the directors to reflect the expected future performance of the group. These results were significantly impacted by COVID-19 on industries around the world with substantially impacted face to face contact and revenues for the year.
- During the COVID-19 period the group has made significant changes to its international and domestic businesses to reflect the lessening revenues caused by the pandemic. This has included non-recurring restructuring costs, impairment and redundancies.
- The group has entered into an asset sale agreement for the Site Skills Training domestic assets which is expected to generate a cash payment of circa $1.94m in the coming 2 months and additional $1m milestone payable following FY22 and $1.5m payable after FY23.
- The group continues to maintain the support of its existing debt providers to manage any maturing debt facilities within the best interest of the group.

The continuation of the company and the group as a going concern is dependent on the ability to achieve the following objectives:-

- Forecast cash flow from operations including savings associated with restructuring and streamlining the corporate operations following completion of the asset sale of Site Skills Training;
- Forecast cash flow from realisation of the value of the Clark Property project in the form of third party investors providing funds to enable the group to proceed with its strategy of maximising the value of the leasehold. This will allow for repayment of the current debt from the Lucerne facility as well as the recovery of significant funds to recoup the investment made to date by the group in positioning the project to realise its development potential. It is expected that the funding will be utilised by the company to meet its existing working capital requirements as well as funding the development program;
- Proposed capital expenditure management; and
- Support of its investors through capital raising by way of debt or equity.

Should the above actions not generate the expected cash flow, the company may not be able to meet its debts as and when they become due and payable, and it may be required to realise assets and extinguish liabilities other than in the course of business and at amount different from those stated in the financial statements. The report does not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the company and the group not continue as a going concern.

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 2020.

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group measures derivative financial liabilities at fair value through profit and loss on a recurring basis. The valuation of these derivatives involves the use of unobservable inputs (level 3).

The carrying values of other financial assets and financial liabilities as disclosed in note 15 approximate their fair values.

Comparative figures

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

2 Finance costs

	Half-year ended 31-Dec-20 $	Half-year ended 31-Dec-19 $
Finance costs		
Interest expense - third parties	96,479	12,738
Interest expense - related parties	354,047	346,916
Interest expense - lease liabilities	515,268	359,441
Facilities fee	4,651	3,705
	970,445	722,800

3 Other expenses

	Half-year ended 31-Dec-20 $	Half-year ended 31-Dec-19 $
Other Expenses		
Legal, accounting and other professional fees	375,203	357,420
Travel and accommodation	57,127	424,225
Consultants cost	339,762	316,882
Impairment of receivables	-	128,625
Administration expenses	526,376	357,735
	1,298,468	1,584,887

4 Segment information

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

The four reportable business segments of the Group are:

- **Site Skills Training - Domestic** which delivers vocational training and assessment services through five training facilities located at Perth, Gladstone, Darwin, Sunshine Coast 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

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.

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

4 Segment information continued

Period ended 31 December 2020

	Site Skills Training (Domestic) $	Site Skills Training (International) $	Energy Services $	Tertiary Education $	Total Segments $	Corporate and Eliminations $	Total $
Revenue from contracts with customers							
Revenue from contracts with customers - external customer	6,354,459	1,474,118	283,682	2,046,264	10,158,523	270,226	10,428,749
Revenue from contracts with customers - inter-segment	-	-	-	-	-	-	-
Total segment revenue	6,354,459	1,474,118	283,682	2,046,264	10,158,523	270,226	10,428,749
Segment net operating profit/(loss) before tax	**(1,418,862)**	**(4,484,129)**	**(502,723)**	**195,842**	**(6,209,872)**	**(270,872)**	**(6,480,744)**
Interest revenue	-	(6,749)	(2)	-	(6,751)	(2,032)	(8,783)
Interest expense	121,494	318,978	1,133	5,783	447,388	523,057	970,445
Depreciation and amortisation	660,126	425,475	9,007	72,281	1,166,889	226,455	1,393,344
EBITDA	**(637,242)**	**(3,746,425)**	**(492,585)**	**273,906**	**(4,602,346)**	**476,608**	**(4,125,738)**
Segment assets as at 31 December 2020	4,632,600	7,755,594	349,448	1,436,040	14,173,682	2,919,573	17,093,255
Segment liabilities as at 31 December 2020	5,663,555	7,087,526	196,031	1,085,558	14,032,670	16,749,627	30,782,297
Capital expenditure as at 31 December 2020	315,014	25,024	-	68,453	408,490	86,145	494,636

Period ended 31 December 2019

	Site Skills Training (Domestic) $	Site Skills Training (International) $	Energy Services $	Tertiary Education $	Total Segments $	Corporate and Eliminations $	Total $
Revenue from contracts with customers							
Revenue from contracts with customers - external customer	6,230,580	5,342,418	1,084,836	1,796,303	14,454,137	25,240	14,479,377
Revenue from contracts with customers - inter-segment	-	11,877	62,033	-	73,910	(73,910)	-
Total segment revenue	6,230,580	5,354,295	1,146,869	1,796,303	14,528,047	(48,670)	14,479,377
Segment net operating profit/(loss) before tax	**(929,723)**	**23,765**	**(55,986)**	**169,649**	**(792,295)**	**(5,421,962)**	**(6,214,257)**
Interest revenue	-	(2,864)	(8)	-	(2,872)	(4,708)	(7,580)
Interest expense	26,199	272,821	283	9,321	308,624	414,018	722,642
Depreciation and amortisation	386,385	432,685	43,639	68,757	931,466	230,181	1,161,647
EBITDA	**(517,139)**	**726,407**	**(12,072)**	**247,727**	**444,923**	**(4,782,471)**	**(4,337,548)**
Segment assets as at 31 December 2019	4,204,732	15,080,013	648,129	1,423,464	21,356,338	5,046,371	26,402,709
Segment liabilities as at 31 December 2019	2,271,368	9,015,256	205,966	1,001,194	12,493,784	13,585,887	26,079,671
Capital expenditure as at 31 December 2019	259,393	199,667	801	50,366	510,227	21,942	532,169

The segment disclosures above do not include the discontinued operations. Refer to note 17 for more information.

4 Segment information continued

	Consolidated Group	
	Half-year ended 31-Dec-20 $	Half-year ended 31-Dec-19 $
Reconciliation of loss		
Segment loss	(6,209,872)	(792,295)
Inter-company management fees	1,412,732	570,000
Head office occupancy costs	(21,997)	(127,557)
Corporate employee benefits including Directors costs	(1,236,260)	(1,260,869)
Legal accounting and other professional fees	(356,108)	(223,154)
Travel costs	(12,144)	(95,056)
Depreciation and amortisation expense	(226,455)	(230,181)
Finance costs	(523,057)	(414,176)
Fair value (loss)/gain of financial liabilities at fair value	812,069	(3,263,339)
Other corporate costs	(389,878)	(588,541)
Corporate income	270,226	(43,962)
Group loss before tax from continuing operations	**(6,480,744)**	**(6,214,257)**
Reconciliation of assets		
Segment operating assets	14,173,682	21,356,338
Corporate assets		
Cash at bank	1,862	2,009,366
Security deposits	610,152	496,231
Intangibles	66	197,366
Other assets	2,307,493	2,548,110
Total assets per statement of financial position	**17,093,255**	**26,607,411**
Reconciliation of liabilities		
Segment operating liabilities	14,032,670	12,493,784
Corporate liabilities		
Corporate trade payables	7,299,577	6,923,983
Interest bearing debt	8,128,254	8,262,317
Other current financial liabilities	428,477	3,481,970
Other liabilities	893,319	871,848
Total liabilities per statement of financial position	**30,782,297**	**32,033,902**

4 Segment information continued

Disaggregation of revenues

The group derives its revenue from the transfer of services over time and at a point in time. The following table provides a disaggregation of revenue by major revenue class and by geographical location.

Period ended 31 December 2020

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	6,834,718	782,099	-	7,616,817
Placement services	-	444,154	-	444,154
Government subsidies received	1,666,305	99,626	252,500	2,018,431
Project income	5,015	143,896	-	148,911
Other revenue	7,312	175,398	17,726	200,436
Total revenue from contracts with customers - external	**8,513,350**	**1,645,173**	**270,226**	**10,428,749**
Revenue from contracts with customers - inter segment	-	-	-	-
Total revenue from contracts with customers	**8,513,350**	**1,645,173**	**270,226**	**10,428,749**
Timing of revenue recognition				
Goods transferred at a point in time	-	55	3,731	**3,786**
Services transferred over time	8,513,350	1,645,118	266,495	**10,424,963**
Total revenue from contracts with customers	**8,513,350**	**1,645,173**	**270,226**	**10,428,749**

Period ended 31 December 2019

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	7,131,924	4,247,548	-	11,379,472
Placement services	-	1,030,665	-	1,030,665
Government subsidies received	915,401	-	-	915,401
Project income	34,520	895,753	-	930,273
Other revenue	57,647	140,679	25,240	223,566
Total revenue from contracts with customers - external	**8,139,492**	**6,314,645**	**25,240**	**14,479,377**
Revenue from contracts with customers - inter segment	-	73,910	(73,910)	-
Total revenue from contracts with customers	**8,139,492**	**6,388,555**	**(48,670)**	**14,479,377**
Timing of revenue recognition				
Goods transferred at a point in time	-	4,785	5,625	10,410
Services transferred over time	8,139,492	6,383,770	(54,295)	14,468,967
Total revenue from contracts with customers	**8,139,492**	**6,388,555**	**(48,670)**	**14,479,377**

5 Issued capital

Issued capital as at 31 December 2020 amounted to $83,719,540 (842,361,127 ordinary shares) (30 June 2020: $83,366,140 (830,581,138 ordinary shares). Movements in ordinary shares on issue during the half-year ended 31 December 2020 were as follows:

a) Ordinary Shares

	No. Shares	$
30 June 2019 share capital	691,457,154	78,085,284
Share Issue -12 August 2019	75,000,000	3,000,000
Share Issue -19 August 2019	18,750,000	750,000
Share buy back - 4 December 2019	(5,000,000)	-
Share issue - advisory fee paid in equity - 14 April 2020	25,373,984	787,017
Share issue - 29 May 2020	25,000,000	750,000
Payments received under exercise of employee share plan	-	10,000
Transaction costs relating to capital raising	-	(16,161)
30 June 2020 share capital	830,581,138	83,366,140
Share issue 8 July 2020	11,779,989	353,400
31 December 2020 share capital	842,361,127	83,719,540

- On 12 August 2019 – the Company issued 75,000,000 under a share placement at the issue price of $0.04 per share.
- On 19 August 2019 – the Company issued 18,750,000 under a share placement at the issue price of $0.04 per share.
- On 4 December 2019 – the Company completed a buy-back of 5,000,000 shares from current and former directors issued on terms consistent with the Employee Share Plan and expired as their conditions were not met.
- On 14 April 2020 – the Company issued 25,373,984 shares to legal counsel who agreed to be remunerated via equity. Shares were issued at the price of $0.03 per share.
- On 29 May 2020 – the Company issued 25,000,000 shares under a share placement at the issue price of $0.031 per share.
- On 8 July 2020 – the Company issued 11,779,989 shares under a share placement at the issue price of $0.030 per share.

5 Issued capital continued

b) Options

i. Employee share plan:

The table below shows the movement in employee shares on issue during the half-year. No new employee shares were issued during the period. For accounting purposes these shares are treated as if they were share options, as whilst the shares have been issued to the employee their rights to access the shares are subject to both a time based requirement (continued employment to escrow dates) and valuation uncertainty (share price exceeds issue price at date of escrow release). Accordingly shares issued under the plan are valued using a Black Scholes Option Valuation Model with the expense being recognised over the escrow period as a share-based payment. All shares are exercisable at 4 cents per share.

	2021 No. of shares	2020 No. of shares
Outstanding at beginning of period	7,450,000	12,700,000
Granted during the period	-	-
Exercised during period	-	250,000
Expired during period	-	5,000,000
Outstanding at end of period	7,450,000	7,450,000
Exercisable (vested) at the end of the period	7,450,000	7,450,000

ii. Other Options:

No options were issued to key management personnel during the half year ended 31 December 2020.

c) Capital Management

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

6 Trade and other receivables

	Consolidated Group	
	31-Dec-20 $	30-Jun-20 $
Current		
Receivables from contracts with customers	22,674,455	23,473,161
Allowances for expected credit losses	(21,118,645)	(21,118,645)
	1,555,810	2,354,516
Other receivables	296,845	302,009
Total current trade and other receivables	1,852,655	2,656,525

Trade receivables includes an amount of $20,977,645, representing a portion of a total reconciliation payment of $28,969,145 receivable from the Commonwealth Government Department of Education and Training (DET) for services performed prior to 30 June 2017. The difference of $7,991,500 was impaired in an earlier period, which should not be taken as an assertion by the Group that the Group is not entitled to this amount.

The expected loss rate for this balance (refer below) has been set at 100% in light of the uncertain circumstances with regard to the reconciliation payment. The loss allowance will be re-assessed as the matter progresses and does not in any way alter the belief of the Board and Management that the Group 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.

a) Allowance for expected credit losses

The group applies the simplified expected credit loss model prescribed in AASB 9 to determine an allowance for expected credit losses on its receivables from contracts with customers (trade receivables) and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles for sales over a period of 3 years before 31 December 2020 and 30 June 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified forecasts GDP growth conditions to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected change in this factor.

The tables below show the calculation of the expected credit loss provision at both 31 December 2020 and 30 June 2020.

Notes to the Financial Statements for the Half-Year Ended 31 December 2020 continued

6 Trade and other receivables continued

Consolidated Group	Trade receivables - Days past due					
	Total	0-30 days	31-60 days	61-90 days	+91 days	Discontinued Operation
31 December 2020						
Expected credit loss rate		0.9%	2.3%	7.2%	8.1%	
Estimated total gross carrying amount at default	**22,674,455**	548,612	419,124	113,997	615,077	20,977,645
Expected credit loss	**21,118,645**	5,184	9,642	8,200	117,974	20,977,645
30 June 2020						
Expected credit loss rate		1.3%	2.9%	8.9%	10.0%	
Estimate	**23,473,161**	836,658	459,803	458,289	740,766	20,977,645
Expected credit loss	**21,118,645**	10,565	13,198	40,984	76,253	20,977,645

7 Trade and other payables

	31-Dec-20 $	30-Jun-20 $
Current		
Unsecured liabilities		
Trade payables	2,911,581	1,929,846
Employee related payables	1,643,505	664,759
Accruals	1,331,838	1,766,872
Other payables	235,384	58,768
Total trade and other payables	6,122,308	4,420,245

	31-Dec-20 $	30-Jun-20 $
Non-current		
Unsecured liabilities		
Trade payables	4,581,310	4,581,310
Accruals	1,013,773	1,013,773
Total trade and other payables	5,595,083	5,595,083

Non-current trade payables and accruals balances include commission payable to agents on receipt of the reconciliation payment receivable from the DET.

The non-current accruals account also includes $475,535 representing executive STI bonuses payable on receipt of the reconciliation payment receivable from the DET.

Amounts have been classified as non-current as the Group has no contractual obligation to settle the liabilities unless payment of the outstanding receivable due from the Commonwealth Government as per note 6 is received. Although the Group intends to pursue recovery of the outstanding receivable in full, as such recovery action is at the discretion of the Group. The directors are satisfied that an unconditional right of deferral exists for the liabilities until such time as the debtor is received.

8 Contract Liabilities

	31-Dec-20 $	30-Jun-20 $
At 1 July 2020	812,474	390,458
Deferred during the year	1,762,001	6,008,719
Released to statement of profit or loss	(2,331,218)	(5,586,702)
At 31 December 2020	243,257	812,474

The amount of the contract liability recognised at the beginning of the period was recognised as revenue during the 2020 year. All contract liabilities outstanding at 31 December 2020 are expected to be recognised as revenue within the next twelve months

9 Interest bearing debt

	31-Dec-20	30-Jun-20
Current	$	$
Secured loans due within 12 months	2,016,204	2,015,680
	2,016,204	2,015,680

	31-Dec-20	30-Jun-20
Non-Current	$	$
Unsecured related party loans (note 10)	4,777,950	4,970,972
	4,777,950	4,970,972

10 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.

10 Related party transactions continued

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:

Wayburn Holdings Pty Ltd

During the current and comparative periods, the group made use of an unsecured loan facility with Wayburn Holdings Pty Ltd, a company associated with former Managing Director and CEO Mr Vernon Wills.

The loan facility limit was $2.35m to 31 December 2016, and is $1.32m from that point, repayable on the earlier of collection of the receivable from the Commonwealth Department of Education and Training (refer note 6), or February 2018. During the comparative period the facility interest rate was reviewed and updated from a fixed rate of 7% per annum to 10% per annum. The rate change brings the loan facility interest rate in line with the interest rate applied to other related party loans. The rate change was applied to the lifetime of the loan resulting in an interest accrual totalling $241,763.

The remaining loan balance was paid in full as at 30 June 2020. There were no transactions in the current half-year period.

	31-Dec-20 $	30-Jun-20 $
Opening Balance	-	38,907
Drawdowns	-	243,067
Interest repayments (cash)	-	(281,974)
Closing Balance	-	-

During the current and comparative period, the group made use of unsecured loan facilities with Non-Executive Directors and their related parties, as follows:

Punta Properties Inc.

On 21 June 2018, the group announced a financing facility of US$4million with Punta Properties, a company associated with Non-executive Director, Nicasio Alcantara. Repayment of funds drawn under the facility will be via cash or equity to be issued at the last issue price of 4 cents per share subject to approval of shareholders. Settlement of the outstanding loan balance is expected to occur following a project realisation on the Clark property. The potential settlement of the loan balance (which is variable, based on the loan being denominated in a currency other than the group's functional currency of Australian dollars) through issuance of shares represents an embedded derivative liability. Interest charged on the loan will be at a fixed rate of 10% per annum.

10 Related party transactions continued

On initial drawdown of the loan, the group recognised the following derivative financial liabilities:

Date of drawdown	Drawdown amount (USD) $	Drawdown amount (AUD) $	Value of conversion option $	No of securities	Total Value $	Exercise Price $	Share price @ drawdown $	Risk Free rate	Stock volatility	Expected maturity
9/07/2018	1,000,000	1,346,149	0.0020	33,653,725	67,397	0.04	0.020	2%	50%	1/07/2021
30/09/2018	500,000	692,770	0.0037	17,319,250	64,832	0.04	0.026	2%	50%	1/07/2021
31/10/2018	200,000	275,562	0.0069	6,889,045	47,332	0.04	0.028	2%	50%	1/07/2021
23/11/2018	200,000	274,010	0.0067	6,850,254	45,814	0.04	0.033	2%	50%	1/07/2021
28/03/2019	200,000	279,003	0.0034	6,975,072	23,587	0.04	0.028	2%	50%	1/07/2021
11/04/2019	200,000	276,855	0.0045	6,921,373	31,460	0.04	0.031	2%	50%	1/07/2021
22/05/2019	400,000	577,284	0.0026	14,432,097	37,745	0.04	0.027	2%	50%	1/07/2021
24/06/2019	200,000	285,347	0.0024	7,133,685	16,961	0.04	0.027	2%	50%	1/07/2021
					335,128					

The conversion options were valued at inception using a Black Scholes model, with inputs as documented in the table above. Derivatives are carried at fair value through profit or loss and fall within level 2 of the fair value hierarchy. The fair value of the above options at 31 December 2020 was $301,156 (30 June 2020: $915,940). The following inputs were applied in deriving the fair value of these options:

Date of valuation	Drawdown amount (USD) $	Drawdown amount (AUD) $	Value of conversion option $	No of securities	Total Value $	Exercise Price $	Share price @ valuation $	Risk Free rate	Stock volatility	Expected maturity
31/12/2020	$ 2,900,000	3,776,041	0.003190175	94,401,018	**301,156**	0.04	0.035	0%	52.25%	1/07/2021

A fair value gain of $614,784 (31 December 2019: loss of $3,263,339) has been recognised on revaluation of the embedded derivative at 31 December 2020.

Movements in the financing facility during the period were as follows:

	31-Dec-20 $AUD	30-Jun-20 $AUD
Opening Balance	4,970,972	4,167,276
Interest accrued during the year	354,047	708,976
Foreign Currency movement	(547,069)	94,720
Closing Balance	4,777,950	4,970,972

In addition, the Company and Punta Properties agreed to a performance based incentive to develop and execute an optimisation plan for the Group's Philippines assets, associated businesses and international expansion. This incentive is payable on the total project value achieved from the optimisation plan at 5% of the total project value achieved. Should the plan reach a total project value of US$30m a further 5% fee of the gross value is payable to Mr Alcantara. There is no retainer applicable or payable to this agreement.

10 Related party transactions continued

The incentive represents a contingent liability to the group, and the group's obligation in respect of the incentive will only be confirmed by the occurrence or non-occurrence of a future obligating event, being the execution of an optimisation plan. It is not considered possible to reliably estimate the amount of the possible obligation at this point in time, having regard to the degree of uncertainty in such estimation. Uncertainties relate to the amount of timing of any outflow include the type of optimisation transaction, time for such transaction occurring, and estimated total project value.

11 Property, plant and equipment

	Consolidated Group	
	31-Dec-20 $	30-Jun-20 $
Plant and equipment		
Leasehold improvements		
At cost	9,035,538	9,573,434
Accumulated depreciation and impairment	(6,798,785)	(3,729,995)
Net carrying amount - leasehold improvements	2,236,753	5,843,439
Capital works in progress		
At cost	1,886,139	1,970,051
Computer equipment		
At cost	1,464,668	1,384,145
Accumulated depreciation and impairment	(1,314,912)	(1,272,757)
Net carrying amount - computers	149,756	111,388
Furniture and fittings		
At cost	4,533,667	4,689,755
Accumulated depreciation and impairment	(4,163,538)	(4,279,019)
Net carrying amount - furniture and fittings	370,129	410,736
Vehicles		
At cost	336,634	342,609
Accumulated depreciation	(329,755)	(338,581)
Net carrying amount - vehicles	6,879	4,028
Total property, plant and equipment	4,649,656	8,339,642

11 Property, plant and equipment continued

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the period:

	Leasehold Improvements	Capital Works in Progress	Computers	Furniture & Fittings	Vehicles	Total
	$	$	$	$	$	$
Consolidated Group:						
Balance at 30 June 2019	6,302,253	1,555,369	126,831	521,733	194,508	8,700,694
Additions	13,553	531,679	56,022	51,766	-	653,020
Transfers - in (out)	2,765	(197,544)	8,844	87,120	(175,651)	(274,466)
Disposals	-	-	-	(14,122)	-	(14,122)
Depreciation expense	(423,126)	-	(80,338)	(244,383)	(19,829)	(767,676)
Impairment expense	(345,072)	-	-	-	-	(345,072)
Exchange rate differences	293,066	80,547	29	8,622	5,000	387,264
Balance at 30 June 2020	**5,843,439**	**1,970,051**	**111,388**	**410,736**	**4,028**	**8,339,642**
Additions	788	218,867	45,983	74,388	4,440	344,466
Transfers - in (out)	95,506	(160,102)	36,662	11,038		(16,897)
Disposals	-	-	-	-	-	-
Depreciation expense	(207,858)	-	(42,590)	(102,769)	(1,310)	(354,527)
Impairment expense	(3,102,155)	-	(1,577)	(990)	-	(3,104,722)
Exchange rate differences	(392,967)	(142,677)	(110)	(22,274)	(279)	(558,307)
Balance at 31 December 2020	**2,236,753**	**1,886,139**	**149,756**	**370,129**	**6,879**	**4,649,656**

12 Intangible Assets

	Consolidated Group	
	31-Dec-20	30-Jun-20
	$	$
Non-Current		
Goodwill		
Net carrying value	441,015	441,015
Training licences and course material		
Cost	3,564,043	3,518,016
Accumulated amortisation and impairment	(3,161,213)	(2,985,969)
Net carrying value	402,830	532,047
Customer contracts		
Cost	1,615,542	1,615,542
Accumulated amortisation	(1,615,542)	(1,615,542)
Net carrying value	-	-
Software development		
Cost	1,682,123	1,596,286
Accumulated amortisation	(1,420,296)	(1,318,740)
Net carrying value	261,827	277,546
Total intangible assets	1,105,672	1,250,608

12 Intangible Assets continued

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

Movements in carrying amounts for each class of intangible between the beginning and the end of the period:

	Goodwill	Training Licences Courses	Software Development	Total
	$	$	$	$
Consolidated Group:				
Balance at 30 June 2019	638,050	643,670	227,496	1,509,216
Additions	-	270,364	137,880	408,244
Transfers in	-	-	98,895	98,895
Impairment expense	-	(271,084)	(186,725)	(457,809)
Amortisation expense	(197,035)	(112,688)	-	(309,723)
Exchange rate differences	-	1,785	-	1,785
Balance at 30 June 2020	**441,015**	**532,047**	**277,546**	**1,250,608**
Additions	-	81,229	68,940	150,169
Transfers in	-	-	16,897	16,897
Amortisation expense	-	(103,855)	(101,556)	(205,411)
Impairment expense		(106,572)	-	(106,572)
Exchange rate differences	-	(19)	-	(19)
Balance at 31 December 2020	**441,015**	**402,830**	**261,827**	**1,105,672**

13 Right of Use Asset and Lease Liabilities

Lease arrangements (31 December 2020)

The following information relates to the current year only and is presented in accordance with AASB 16 Leases.

Lease assets

	Consolidated Group	
	31-Dec-20	30-Jun-20
	$	$
Carrying amount of leased assets :		
Buildings under lease arrangements		
At cost	5,703,016	3,837,569
Accumulated depreciation and impairment	(2,783,397)	(1,484,583)
	2,919,619	2,352,986
Land under lease arrangements		
At cost	3,577,002	3,887,672
Accumulated depreciation	(346,513)	(253,300)
	3,230,489	3,634,372
Vehicles under lease arrangements		
At cost	299,356	312,068
Accumulated depreciation	(217,950)	(198,687)
	81,406	113,381
Total carrying amount of leased assets	6,231,514	6,100,739

Movements in carrying amounts for each class of right-of-use asset between the beginning and the end of the period are as follows:

	Land	Buildings	Motor Vehicles	Total
	$	$	$	$
Balance at 30 June 2019	-	-	-	-
Impact of initial adoption of AASB 16	3,887,672	3,785,876	175,651	7,849,199
Additions	-	51,693	-	51,693
Depreciation	(248,697)	(1,044,384)	(62,270)	(1,355,351)
Impairment loss	-	(441,205)	-	(441,205)
Exchange rate differences	(4,603)	1,006	-	(3,597)
Balance at 30 June 2020	**3,634,372**	**2,352,986**	**113,381**	**6,100,739**
Additions	-	1,906,570	-	1,906,570
Depreciation	(118,434)	(687,888)	(26,305)	(832,627)
Impairment loss	-	(625,756)	-	(625,756)
Exchange rate differences	(285,449)	(26,293)	(5,670)	(317,413)
Balance at 31 December 2020	**3,230,489**	**2,919,619**	**81,406**	**6,231,514**

13 Right of Use Asset and Lease Liabilities continued

Lease liabilities

	Consolidated Group	
	31-Dec-20	30-Jun-20
	$	$
Lease liabilities - current		
Land	215,580	173,046
Buildings	1,682,447	1,204,146
Motor vehicles	48,630	83,995
	1,946,657	1,461,187
Lease liabilities - non-current		
Land	5,538,251	6,252,951
Buildings	2,955,811	2,113,012
Motor vehicles	9,503	7,243
	8,503,565	8,373,206
Total carrying amount of lease liabilities	10,450,222	9,834,393

Movements in lease liabilities for each class of right-of-use asset between the beginning and the end of the period are as follows:

	Land	Buildings	Motor Vehicles	Total
	$	$	$	$
Balance at 30 June 2019	-	-	-	-
Impact of initial adoption of AASB 16	6,211,650	3,862,843	174,755	10,249,248
Additions	-	51,693	-	51,693
Lease repayments	(570,378)	(954,703)	(92,353)	(1,617,435)
Interest	643,700	345,830	8,836	998,367
Exchange rate differences	141,025	11,495	-	152,520
Balance at 30 June 2020	**6,425,997**	**3,317,158**	**91,238**	**9,834,393**
Additions	-	1,906,570	-	1,906,570
Lease repayments	(254,667)	(765,045)	(34,802)	(1,054,514)
Interest	300,890	212,679	1,698	515,267
Exchange rate differences	(718,390)	(33,105)	-	(751,495)
Balance at 31 December 2020	**5,753,831**	**4,638,257**	**58,134**	**10,450,222**

14 Taxation

	Consolidated Group 31-Dec-20 $	31-Dec-19 $
a) Income tax expense		
The major components of income tax expense are:		
Statement of profit or loss and other comprehensive income		
Current income tax		
Current income tax charge	22,451	55,277
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of timing differences	(146,812)	(35,686)
Income tax expense / (benefit) reported in the statement of profit or loss and other comprehensive income	(124,361)	19,591

15 Financial instruments at fair value through profit or loss

The carrying values of all financial instruments approximate their fair values at end of reporting period.

	Consolidated Group 31-Dec-20 $	30-Jun-20 $
Current		
Derivative Liability	127,321	324,606
	127,321	324,606

	31-Dec-20 $	30-Jun-20 $
Non-Current		
Derivative Liability	301,156	915,940
	301,156	915,940

As part of the financing agreement with Lucerne Investment Partners (Lucerne), and the drawdown of the initial $2,000,000, 16,666,667 options were issued to Lucerne. These options have an exercise price of the lower of 12 cents per share or 20% discount of the price of any future equity raise and are exercisable for up to 4 years from the initial drawdown. The options are valued using a black scholes model and are carried at fair value through the profit or loss as a current liability.

16 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 property, plant and equipment and intangible assets is 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.

The Group's five cash generating units are as follows:

- Site Skills Training - Domestic
- Site Skills Training - International
- Clark Property Development
- Tertiary Education
- Energy Services
-

Due to the impacts of COVID-19, the group sought to reassess the impairment of property, plant and equipment and intangible balances of all CGUs. As a result of testing, an impairment charge has been applied to the Site Skills Training (Domestic) CGU, Site Skills Training – International CGU and Energy Services CGU.

Site Skills Training - Domestic cash-generating unit

The recoverable amount of the Site Skills Training - Domestic CGU of $2,999,560 as at 31 December 2020 has been determined based on the consideration from the Asset sale as per Note 19 subsequent events. Key inputs into the impairment model included a pre-tax discount rate of 14.93%,

As a result of this analysis management recognised an impairment loss totalling of $530,541 and was allocated to this CGU's plant and equipment (leasehold improvements $100,699), right-of-use assets $323,524 and intangible assets (training and course material $106,318).

Site Skills Training – International cash-generating unit

The recoverable amount of the *Site Skills Training – International CGU* of $3,672,692 as at 31 December 2021 has been determined based on the cash generating unit's value in use calculation using projected cash flows from financial budgets covering a 5-year period.

Key inputs into the impairment model included a pre-tax discount rate of 15.49%, annual revenue growth rate over the 5-year forecast period of 15-65%, annual EBITDA margins of 10-16%, and a terminal growth rate of 0%.

As a result of this analysis management recognised an impairment loss totalling of $3,413,164 and was allocated to this CGU's plant and equipment (leasehold improvements $3,112,448) and right-of-use assets $300,716. The group attributes the impairment charge to the global occurrence of COVID-19 and the impact on overseas markets.

16 Impairment continued

Clark Property development cash-generating unit

The recoverable amount of the Clark Property development CGU of $19,550,307 as at 31 December 2020 has been determined based on the cash generating unit's value in use calculation using projected cash flows from financial budgets covering a 5-year period.

Key inputs into the impairment model included a pre-tax discount rate of 15.49%, annual EBITDA margins of 71-72%, and a terminal growth rate of 0%.

As a result of this analysis, management did not recognise an impairment charge.

Tertiary Education cash-generating unit

The recoverable amount of the *Tertiary Education CGU* of $863,983 as at 31 December 2020 has been determined based on the cash generating unit's value in use calculation using projected cash flows from financial budgets covering a 5-year period.

Key inputs into the impairment model included a pre-tax discount rate of 17.14% annual revenue growth rate over the 5-year forecast period of 10%, annual EBITDA margins of 3-8%, and a terminal growth rate of 0%.

As a result of this analysis, management did not recognise an impairment charge.

Energy Services cash-generating unit

The recoverable amount of the *Energy Services CGU* of $nil as at 31 December 2020 has been determined based on the cash generating unit's value in use calculation using projected cash flows from financial budgets covering a 5-year period.

Key inputs into the impairment model included a pre-tax discount rate of 17.57, an annual revenue growth rate over the 5-year forecast period of 10%, annual EBITDA margin of 5-10%, and a terminal growth rate of 0%.

As a result of this analysis management recognised an impairment loss totalling of $17,698 and was allocated to this CGU's intangible assets (training licenses and course material - $261), plant and equipment (leasehold improvements - $1702, computer equipment - $1,616, furniture & fittings - $1005), and right-of-use assets ($13,114). The group attributes the impairment charge to the impacts of ongoing regulatory uncertainty between SST and the ASQA and the global occurrence of COVID-19.

17 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 Commonwealth 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. Expenses for the discontinued operation for the year are presented below.

17 Discontinued Operations continued

	Half year ended 31-Dec-20 $	Half year ended 31-Dec-19 $
Expenses		
Contractor and other service providers	-	69,000
Employee benefits expense	16,703	3,416
Legal, accounting and other professional fees	145,625	150,799
	162,328	223,215

18 Contingencies

Legal claim contingency

As disclosed in the 30 June 2020 financial statements, the ACCC has commenced civil proceedings against Site, Productivity Partners and two former executives in relation to enrolment practices of Productivity Partners. An estimate of the financial effect of the matter has not been disclosed as it is not yet practicable to determine such an estimate, having regard to the timing of proceedings (the case was heard in June 2020), and the prevailing uncertainty surrounding the outcome of these proceedings.

19 Subsequent events

New loan facility

On 16 February 2021, the group announced it had entered into a short term loan facility of $1m provided jointly by existing shareholders Aligned Capital Partnership and it associates and Armada Trading Pty Limited.

Key terms of the Facility include:

- Repayment in full by 31 December 2021, with the right to repay earlier;
- Total Interest of $163k will be paid on drawn amounts should the loan continue to 31 December 2021;
- The granting of 12,500,000 Detachable Options each to Aligned Capital Partnership Pty Ltd and Armada Trading Pty Ltd with an exercise price of 3 cents per share. Should repayment of the facility occur after 29 May 2021 the exercise price is reduced to 2.5 cents per share;

Asset Sale of Site Skills Training Domestic business

On 26 February 2021, the group entered into an Asset sale agreement for the sale of its Australian industrial and trades training facilities, assets and training equipment to Competency Training Pty Ltd a subsidiary of Verbrec Limited (ASX:VBC). The sale of the training facilities and assets will see Site exit the domestic industry focussed RTO business in Australia.

The sale will have 3 components:

(1) An upfront payment of up to circa $1.44m in cash on settlement expected in the next 5 weeks and a further $500k paid in cash subject to satisfaction of a conditions subsequent.

(2) A milestone payment of $1m paid in cash post 30 June 2022, subject to Competency Training achieving agreed revenue targets for FY22.

(3) A milestone payment of $1.5 m paid in cash post 30 June 2023, subject to Competency Training achieving agreed revenue targets for FY23.

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 2020 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 2020 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

Craig Dawson
Director
26 February 2021

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The Directors
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BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2020, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
26 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Site Group International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Site Group International Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated balance sheet as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2020 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 Related to Going Concern

We draw attention to Note 1 in the financial report which states that as at 31 December 2020 the Group has deficiencies in net assets and net current assets of $13,689,042 and $8,025,460, respectively. The Group also incurred a net loss of $6,356,383 and the cash outflow from operating activities for the period ended 31 December 2020 was $601,426.

As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Group 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us 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 financial position as at 31 December 2020 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*.

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.

Pitcher Partners

PITCHER PARTNERS

J. Evans

JASON EVANS
Partner

Brisbane, Queensland
26 February 2021