

31 July 2019

Appendix 4C and Market Update

The Directors of Site Group International Limited ("Site", ASX:SIT) have released the Appendix 4C quarterly cash flow for the quarter ended 30 June 2019.

The results for the 12 months saw revenues of \$30.9m and an EBITDA loss of \$3.0m (unaudited). This includes significant consultancy and legal cost of \$0.7m but excludes the results of the discontinued Productivity Partners (PP) business which incurred a further \$1.18m for the year in consultants and legal costs. Operating cash flow for the quarter (including both the continued and discontinued operation) was a net outflow of \$888k with a closing cash balance of \$606k and undrawn debt facilities of \$2.6m. The audited accounts for the financial year will be lodged in late August.

Regulatory Actions

Site remains in dispute with the Australian Skills Quality Authority (ASQA) in the Administrative Appeals Tribunal (AAT) and Federal Court, and in the Federal Court with the pending ACCC litigation. These action appears likely to continue for some time, potentially into the second half of 2020.

In July, at the initial stage of the AAT hearing for Site Skills Group (SSG), the ongoing unconditional stay of the ASQA renewal of registration rejection decision was confirmed and has remained in place since 21 May 2018. The substantive issue of SSG operations remains before the AAT. Trial dates have not yet been established for the commencement of Productivity Partners proceedings brought by the ACCC.

Site remains confident in its position.

As highlighted by the regulatory decisions table on the ASQA Website, the Vocational Education and Training industry continues to be dealt with in a draconian manner by the federal regulator, with over 440 Registered Training Organisations having their licences cancelled or renewal rejected by ASQA since January 2018.

Australian Operations

Australian operations have been hindered primarily by ongoing regulatory uncertainty between SSG and the ASQA. While SSG revenue has been negatively impacted, with a year-on-year reduction of close to ten percent primarily as a result of contracts suspended or missed due to the regulatory uncertainty, SSG continues to receive exceptional customer engagement, satisfaction and completion rates amongst individual and corporate clients which all outperform industry targets.

SSG has invested substantially in compliance resources and systems over the past 36 months and Site has full confidence in the independent executive and management team to continue to deliver above and beyond the expectations of its tens of thousands of students and hundreds of corporate clients across high risk and nationally critical industries. SSG acknowledges all of its students, clients and partners, including State and Territory Governments, who have been willing to support and continue with SSG through this period.

Also, SSG continues to invest in its systems and delivery platforms and launched a new website in July. As announced in July 2018, Site continues to investigate options for the optimization of its Australian services.

International Operations

Clark

The Clark operations continue to provide the platform for our International expansion with existing customers OceanaGold, FieldCore (a GE Company), Orica, Clough and Shell Brunei receiving regular services. Additionally, Site WorkReady is increasing the provision of skilled trades people for markets in Australia, New Zealand and the Africa's.

The group's e-learning division, Site Online Learning continues to gain recognition and has been awarded by the **12th Global LearnX Live Awards** with:



GOLD for Best Learning & Development Team for eLearning



SILVER for Best Simulated design for an eLearning project and a



FINALIST for Best Game Design for an eLearning project.



<https://www.learnx.net/winners-2019/>

In addition, TESOL Asia is continuing to grow its conference market internationally with a complete schedule for the coming 12 months.

Site has been constructing its 3rd Safe Live Process Plant (SLPP) for utilization in Clark or other identified precincts such as Singapore where feasibility studies are underway to determine locations for further SLPP's.

The other two fully commissioned plants are in Myanmar and PNG.

Clark Property

In several announcements over the last 12 months, Site has identified the 30-hectare leasehold at Clark having potential for increased utilization and optimization.

Clark Freeport Zone and the general Clark Area is seen as the next growth area after Metro Manila. Over recent years there has been a noticeable surge of investment and investors looking to take advantage of the current government push to make Clark the new government centre. This includes the extension of the Clark Airport terminal to cater for in excess of 8 million passengers per year from March 2020 with a plan for more than 30 million passengers per year by 2030. This is further supported by the announcement of a new runway and the building of a new railway from Manila to Clark to be completed by 2023.

In addition, investment into new hotels by chains such as Hilton, Hyatt, Marriott and others are seeing an increase in new business locators and recreation facilities into the Clark Freeport Zone. There are strong possibilities that the existing leased property can take advantage of this growth.

There has been a new master plan of Clark prepared by world-renowned architect, master planner and urban renewal specialists, Palafox for the Philippine government agency Clark Development Corporation which envisages a major urban renewal plan for the Clark precinct including Site's facility.

The leasehold land held by Site's wholly owned subsidiary Site Group Holdings (SGH) is currently approved as a mixed-use educational campus and related training facilities with the ability to sublease for mixed use purposes.

SGH recently appointed Palafox to develop a concept plan for the facility. This development work is continuing, and Site expects to make further market updates on this project in the near term.

Myanmar

Ongoing delivery with in-country partners, Uniteam will see 31 PTTEP (the Thai national petroleum exploration and production company) trainee technicians complete their training end of August 19. This is the fifth group to be trained at the centre, a total of 200 successfully trained technicians over the last 5 years.

A further proposal has been submitted to global energy leader, Total, for the training and development of their next batch of technicians through the Myanmar facility.

Papua New Guinea (PNG)

The commissioning of the Safe Live Process Plant (SLPP) is complete with final payment being received for the SLPP from Kumul Petroleum. The training facility in Port Moresby is now expected to benefit with an inflow of additional candidates to be trained in the 12-month Competence Based Junior Technician program for the major Oil and Gas players as part of their National Workforce Development commitment in PNG over the next 5 years. There has already been a significant

increase in enrolments by Industry training PNG nationals as technicians for the future with potentially over 100 new enrolments in the program in 2020.

Site continues to investigate expansion of its SLPP and technician development plan in Singapore, Bahrain and KSA as new opportunities arise. This is largely fuelled by a rapidly ageing workforce in the industry, a significant investment into new projects around the world and a push by many countries for a workforce nationalisation training agenda.

Kingdom of Saudi Arabia (KSA)

National Construction Training Center, Nairiyah

National Construction Training Center (NCTC) has been operating since September 2017 servicing the training needs of construction companies across the Kingdom. The College is currently operating at capacity of 600 students and well in front of trainee projections to meet the 1,800 trainees contracted with another one year to run on the contract. Therefore, revenue from this contract will be higher than anticipated and reported previously.

With over 1,000 graduates entering employment, NCTC output aligns well with the Kingdom's Vision 2030. Feedback from employers is very positive and with new mega projects announced in the Eastern Province where NCTC is located, the future demand for skilled graduates in the trades serviced by NCTC is very high.

Colleges of Excellence

Site and Saudi partner AbdulAli Al Ajmi Company recently developed five Training Unit Improvement Plans for five Saudi Arabian operated Vocational Schools and Colleges across the Kingdom. These plans form the basis of an upcoming tender for the 3 Year Phase 2 projects implementing the plans.

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Media and Investors

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About Site

Site Group International Limited ("Site") operates several businesses specialising in the delivery of education, training and labour services. Services are delivered to government, corporate and individual clients, predominately operating in energy, mining, construction, oil and gas and industrial sectors.

Site Group International Limited is an emerging company with a strategic business model pursuing earnings-accretive growth based on previous acquisitions along with organic growth.

Site Skills Training - www.siteskillstraining.com.au

An Australian Registered Training Organisation, Site Skills Training delivers Accredited and Non-Accredited High-Risk Licence, Health and Safety and industry programs extensively throughout Australia and internationally. Site deliver ~25,000 short course programs in Australia each year including delivery of Apprenticeships and Traineeships, and VET in Schools programs.

Site Institute - www.si.edu.au/home

Site Institute is an Australian Registered Training Organisation and International CRICOS education provider. Site Institute has students studying in Australia from countries including Argentina, Brazil, Chile, Colombia, Mexico, Peru and South Korea, with additional networks being established in other countries.

Site Online - www.siteonlinelearning.edu.au

Site established an online learning, learning software and platform development business. Site Online services and hosts Site's learning, student and competency management systems across its businesses, develops online learning programs, and converts existing learning content into online programs.

Site Online is also established to service requirements of clients including those of other business units.

Site Group International Pte Ltd

The Site Group International business division builds immersive training environments for the purposes of undertaking competency development, specifically the Engineering, Procurement, Construction and Commissioning of Safe Live Process Plant environments.

SGL is based in Singapore and Malaysia and services predominately oil and gas industry clients throughout the world, utilising industry best practice and international standards for the development of competency frameworks and implementation of training programs.

TESOL Asia - www.tesol.asia

TESOL Asia is a training and industry focussed organisation for Teachers in the English as a Second Language (ESL) sector. It provides access to training, consulting, industry conferences and academic journals around the world. Teaching English to Speakers of Other Languages (TESOL) focusses on bringing English language acquisition academics together with professional teachers to support and develop the industry globally.

Wild Geese International - www.wildgeese.com.au

Site operate a Perth based specialist Oil and Gas Competency Development and Design consultancy business unit, out of Perth, and had been operating for ~15 years prior to joining Site. An Australian Registered Training Organisation, Wild Geese have integrated into Site's broader national and international service capability.

Site Axial - www.siteaxial.com

Site established a co-sourcing business to address the growing demand in reduced labour budgets and efficiencies within the engineering and construction industries. Based in Clark, Philippines, the business aligns client's business processes to achieve economies of scale from co-sourcing.

Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

Name of entity

Site Group International Limited

ABN

73 003 201 910

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	6,889	30,223
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	(143)	(876)
(d) leased assets	(24)	(94)
(e) staff costs	(3,629)	(13,713)
(f) administration and corporate costs	(4,017)	(19,945)
1.3 Dividends received (see note 3)		
1.4 Interest received	10	64
1.5 Interest and other costs of finance paid	(5)	(25)
1.6 Income taxes paid	31	1,602
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(888)	(2,764)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(260)	(1,827)
(b) businesses (see item 10)	-	-
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1	(d) intellectual property (e) other non-current assets		
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	8	8
	(b) businesses (see item 10)		
	(c) investments		
	(d) intellectual property		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (cash securing bank guarantees)	14	(133)
2.6	Net cash from / (used in) investing activities	(238)	(1,952)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,139	4,007
3.6	Repayment of borrowings	(160)	(242)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	979	3,765

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,326	1,533
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(888)	(2,764)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(238)	(1,952)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	979	3,765

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	10	24
4.6	Cash and cash equivalents at end of quarter	606	606

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	606	743
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	606	743

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

116

The payments at 6.1 are for directors fees

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	7,018	4,430
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Research and development	
9.2 Product manufacturing and operating costs	
9.3 Advertising and marketing	(200)
9.4 Leased assets	(20)
9.5 Staff costs	(3,200)
9.6 Administration and corporate costs	(4,500)
9.7 Other (provide details if material)	
9.8 Total estimated cash outflows	(7,920)

10. Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)	Acquisitions	Disposals
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



(Director/Company secretary)

Date: ..31 July 2019

Print name: ...Vernon Wills.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.