

27 February 2019

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 2018: and
- Half year financial statements

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

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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 2018

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 2018 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 2018
Previous corresponding reporting period	31 December 2017

Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
Revenue from ordinary activities	\$16,790	11.28% increase
Profit / (loss) from ordinary activities after tax attributable to members	(\$891)	Decrease to loss
Net Profit / (loss) for the period attributable to members	(\$891)	Decrease to 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	(0.058 cents)	(0.001) 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	<input type="checkbox"/>	The accounts have been subject to review	<input checked="" type="checkbox"/>
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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	27 February 2019

Site

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

Financial Statements for the Half-Year ended 31 December 2018

Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half-Year ended 31 December 2018

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Directors' Report

Your Directors submit their report for the half-year ended 31 December 2018.

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
Peter Jones (Chairman)

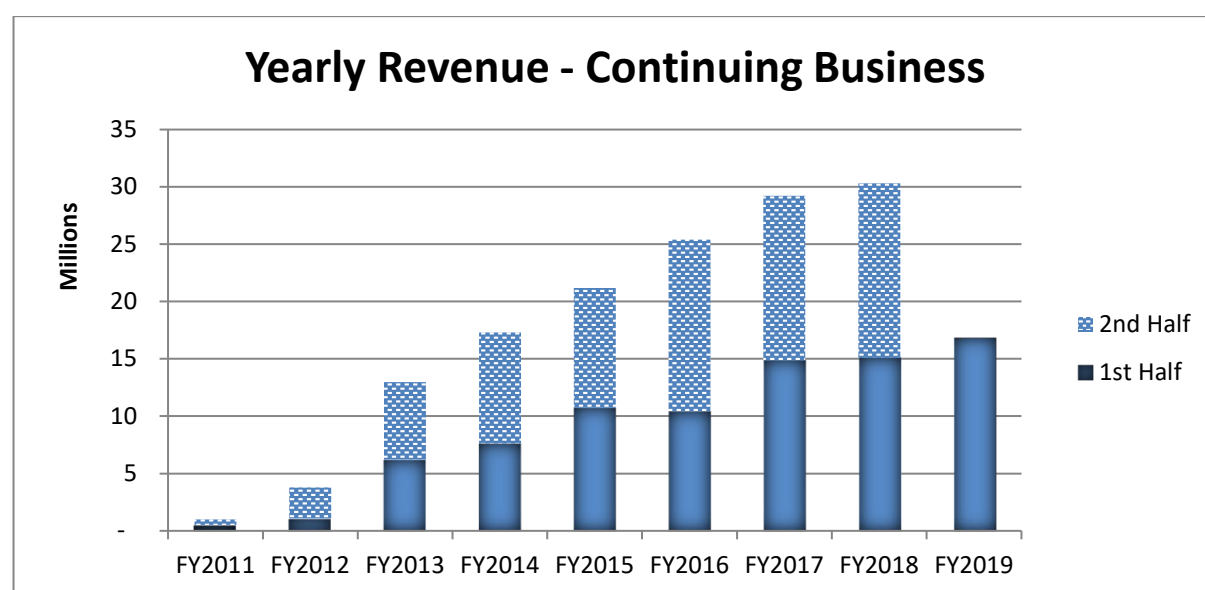
Principal activity

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's continuing business growth in revenue is demonstrated in the below graph. Total revenue from operations was up 11% to \$16,790,482 (2017: \$15,088,627).



Graph 1: Half on Half revenue for the continuing business - December 2010 to December 2018

Review of operations and results continued...

For the half-year ended 31 December 2018, Site Group International Limited reported a loss after tax from continuing operations of \$1,975,857 compared to a \$3,328,323 loss in the previous corresponding period. Operating loss before income tax was \$1,845,553 for the period compared to a \$3,245,310 loss before tax in the corresponding period in 2017.

Consistent with the 30 June 2018 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 2018 and comparative period. Following review of the historical taxation treatment for the revenue derived by the PP business, management lodged amended income tax returns for the 2015, 2016 and 2017 income tax years resulting in income tax refund for 1,688,960 being received in January 2019.

For comparability with the trading result in the prior periods, the below table shows the results for the Group over the last 3 periods: -

	31-Dec 2018	31-Dec 2017	Change 18-17 %	31-Dec 2016	Change 17-16 %
Revenue	16,790,482	15,088,627	11%	14,877,557	1%
Net profit / (loss)	(1,975,857)	(3,328,323)	41%	(1,731,232)	(92%)
add back					
Depreciation and amortisation	752,455	1,053,113	(29%)	1,143,531	(8%)
Interest paid	115,326	21,566	435%	179,363	(88%)
Income tax expense / (benefit)	130,304	83,013	57%	(1,216,883)	-
deduct					
Interest income	7,061	7,003	1%	9,037	(23%)
EBITDA*	(984,833)	(2,177,634)	55%	(1,634,258)	(33%)
Operating cash inflow /(outflow)	(1,438,612)	1,438,358	-	2,793,623	(49%)

* 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.

Table 1 Financial Summary

The earnings before interest, taxes, depreciation and amortisation (EBITDA*) was a loss of \$984,833 compared to a loss of \$2,177,634 in the prior comparative period.

Following the announcement in June 2018 to separate the responsibility for Domestic and International business, the group continues to investigate growth and utilisation options of its leasehold in Clark, Philippines. The Clark precinct is experiencing a significant growth phase with the construction of the new airport terminal as well as the long anticipated Clark to Manila rail due for completion in 2023.

Site Skills Training - Domestic

Site Skills Training (SST) – Domestic division delivered revenue totalling \$6,643,534 in the 6 months to 31 December 2018 (2017: \$6,788,531) and an EBITDA* loss of \$795,681 (2017: EBITDA* loss of \$197,495) reflecting the ongoing compliance and legal costs incurred within this division.

Site Skills Training continues to service a broad range of clients in industries including construction, mining, logistics and energy industries. In addition to its corporate customers, SST delivers training to individuals using Western Australia, Queensland and Northern Territory subsidised training regimes.

Review of operations and results continued...

SST continues to expend significant operational resources ensuring that the company remains compliant to achieve a favourable outcome in the AAT and focus on ensuring the best interests of clients and students. The business continues to be impacted with customers postponing training until the appeal process is finalised.

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).

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.

Revenue for the 6 months increased by 43% to \$7,244,524 (2017: \$5,074,788) with an EBITDA* of \$1,151.193 (2017: \$277,623).

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.

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

The Site Group International Energy division's Singapore and Malaysian operation continue to build client relationships with expanded operation at Myanmar with the fifth group of Junior Technicians being developed for PTT EP. January 2019 has also seen the commencement of 29 ExxonMobil trainees and 11 Kumul Petroleum trainees at the Kumul Academy in Port Moresby.

Revenue for the 6 months for the business was \$1,675,377 (2017: \$2,727,359) with an EBITDA* of \$1,022 (2017: \$59,983).

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 \$1,435,134, up from \$494,606 in 2017 and an improved EBITDA* of \$79,394 (2017: EBITDA* Loss \$273,424) as the business continues to build out.

Review of operations and results continued...

International student numbers continue to grow with over 300 current enrolments in CRICOS registered courses. 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 2018, the company had cash at bank of \$1,325,762 and available debt facilities of \$2,945,500. In January 2019, the company received \$1,688,960 tax refund from the amendment of the 30 June 2016 tax return. 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 2018 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 (0.13) cents (2017: 0.16 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 27th day of February 2019.



.....
Vernon Wills - Director



PITCHER PARTNERS

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Auditor's Independence Declaration

In relation to the independent auditor's review for the half-year ended 31 December 2018, 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*.

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

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
27 February 2019

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

Simon Chun
Jeremy Jones
Tom Splatt

James Field
Daniel Colwell

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Independent Auditor's Review Report to the Members of Site Group International Limited

We have reviewed the accompanying half-year financial report of Site Group International Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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.

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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2018 and 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*.

As the auditor of Site Group International Limited, 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.

Ken Ogden
Nigel Fischer
Mark Nicholson

Peter Camenzuli
Jason Evans
Ian Jones

Kylie Lamprecht
Norman Thurecht
Brett Headrick

Warwick Face
Nigel Batters
Cole Wilkinson

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Daniel Colwell

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 an independent member of
BAKER TILLY
INTERNATIONAL

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Site Group International Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
27 February 2019

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 2018 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 2018 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
27 February 2019

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Statement of Comprehensive Income

	Notes	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Continuing operations			
Revenue	4	16,790,482	15,088,627
Interest income		7,061	7,003
Total income		16,797,543	15,095,630
Contractor and other service providers		(2,613,595)	(1,959,345)
Other direct fees and costs		(4,146,232)	(3,573,725)
Employee benefits expense		(6,405,072)	(7,280,846)
Depreciation and amortisation expense		(752,455)	(1,053,113)
Finance costs	2	(120,072)	(23,558)
Other expenses	3	(2,508,458)	(2,627,865)
Occupancy expenses		(1,969,553)	(1,779,603)
Foreign currency loss		(127,659)	(42,885)
Loss before tax from continuing operations		(1,845,553)	(3,245,310)
Income tax expense	11	(130,304)	(83,013)
Loss for the period from continuing operations		(1,975,857)	(3,328,323)
Discontinued operations			
Profit / (loss) for the period from discontinued operations	14	1,084,908	4,343,537
Profit / (loss) for the period		(890,949)	1,015,214
Other comprehensive income			
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>			
Translation of foreign operations		410,980	9,429
Total comprehensive income		(479,969)	1,024,643
Earnings per share			
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the parent			
Basic and diluted (cents per share)		(0.13)	0.16
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent.			
Basic and diluted (cents per share)		(0.29)	(0.52)

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

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES AS AT 31 DECEMBER 2018**

Statement of Financial Position

	Notes	31-Dec-18 \$	30-Jun-18 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,325,762	1,533,437
Trade and other receivables	6	3,492,908	3,334,449
Inventories		37,511	32,612
Prepayments		628,612	359,255
Current tax assets		1,754,276	-
TOTAL CURRENT ASSETS		7,239,069	5,259,753
NON-CURRENT ASSETS			
Property, plant and equipment		8,632,761	7,722,575
Intangible assets		1,404,658	1,459,065
Security deposits		787,855	630,112
Other non-current financial assets		159,791	147,237
Deferred income tax asset		825,547	959,251
TOTAL NON-CURRENT ASSETS		11,810,612	10,918,240
TOTAL ASSETS		19,049,681	16,177,993
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	5,966,451	5,282,928
Interest bearing debt	8	328,323	359,078
Current tax liabilities		-	49,254
Provisions		401,141	706,396
TOTAL CURRENT LIABILITIES		6,695,915	6,397,656
NON-CURRENT LIABILITIES			
Trade and other payables	7	5,595,083	5,595,083
Provisions		2,874,096	2,563,987
Interest bearing debt	8	2,654,423	166,508
Other financial liabilities	9	225,374	-
TOTAL NON-CURRENT LIABILITIES		11,348,976	8,325,578
TOTAL LIABILITIES		18,044,891	14,723,234
NET ASSETS		1,004,790	1,454,759
EQUITY			
Issued capital	5	78,085,284	78,085,284
Reserves		2,523,038	2,082,058
Retained losses		(79,603,532)	(78,712,583)
TOTAL EQUITY		1,004,790	1,454,759

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

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Statement of Changes in Equity

	Share Capital		Reserves		Total
	Ordinary	Retained earnings / (losses)	Foreign currency translation reserve	Share based payments reserve	
Consolidated Group	\$	\$	\$	\$	\$
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 loss for the period	-	-	9,429	-	9,429
Total comprehensive income / (loss) 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
Balance at 1 July 2018	78,085,284	(78,712,583)	570,383	1,511,675	1,454,759
Comprehensive income					
Loss for the period	-	(890,949)	-	-	(890,949)
Other comprehensive income for the period	-	-	410,980	-	410,980
Total comprehensive income for the period	-	(890,949)	410,980	-	(479,969)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share-based payments	-	-	-	30,000	30,000
Total transactions with owners and other transfers	-	-	-	30,000	30,000
Balance at 31 December 2018	78,085,284	(79,603,532)	981,363	1,541,675	1,004,790

**SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Statement of Cash Flows

	Notes	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16,676,541	19,683,409
Payments to suppliers and employees		(18,001,259)	(17,763,304)
Interest received		6,766	4,806
Finance costs		(12,904)	(63,172)
Income tax paid		(107,756)	(423,381)
Net cash provided by/(used in) operating activities		(1,438,612)	1,438,358
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(954,634)	(354,143)
Proceeds from disposals of plant and equipment		-	33,412
Purchase of intangible assets		(206,115)	(220,707)
Cash backed performance bonds		(150,065)	(5,702)
Net cash (used in) investing activities		(1,310,814)	(547,140)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,254,000
Proceeds from borrowings		2,588,491	225,000
Repayment of borrowings		(82,180)	(225,000)
Transaction costs on shares		-	(157,556)
Net cash provided by/(used in) financing activities		2,506,311	2,096,444
Net increase / (decrease) in cash held		(243,115)	2,987,662
Effect of exchange rates on cash holdings in foreign currencies		35,440	3,765
Cash and cash equivalents at beginning of the period		1,533,437	1,528,542
Cash and cash equivalents at end of the period		1,325,762	4,519,969

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 2018

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 2018 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 27 February 2019.

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 2018 annual financial report for the financial year ended 30 June 2018.

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.

New accounting standards applicable for the first time in the half-year financial report

AASB 15 Revenue from Contracts with Customers, and AASB 9 Financial Instruments, are applicable to the Group for the first time for the half-year. Neither of the standards has had a material impact on the amounts recorded within the Group's financial statements, consistent with the assessment of likely impact disclosed in the Group's 30 June 2018 financial statements. The group has made changes necessary to comply with the requirements of the new standards, specifically:

- Required disaggregation disclosures under AASB 15 are made within note 4. Revenues are disaggregated into the categories described below and by geographical location.
- The Group has adopted the simplified approach to determining an allowance for expected credit losses on trade receivables, as prescribed under AASB 9.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

Details of the group's revenue recognition policies for each category of revenue are as follows:

Revenue Stream		Previous Revenue Recognition Policy	Revenue Recognition Policy Under AASB 15	Impact
<i>Course fees and Government subsidies</i>		Revenue recognised over the period of the course as the service is provided.	Performance obligation: Delivery of course over a period of time. Transaction price (course fee) is recognised over the duration of the performance obligation (course delivery)	Nil – timing of revenue recognition is consistent with previous policy
<i>Project income</i>	<i>Specific projects with performance milestones & project delivery indicators</i>	Revenue recognised throughout the period of the project	Performance obligation: Specific project milestones as specified in contract, with a transaction price allocated to each milestone. Varies from previous revenue recognition policy, however, the projects are ad-hoc and there were no major projects being undertaken during the half-year. Further, project delivery in most instances will not extend over more than one financial period. The contract for each project, when they occur, will be brought to account based on the underlying performance obligations and contract milestones.	Nil in current period. Revenue recognition policy has changed.
	<i>Ongoing project service income</i>	Revenue recognised as the project service is provided.	Performance obligation: Delivery of service over a period of time Transaction price (service fee) is recognised over the duration of the performance obligation (service delivery)	Nil – timing of revenue recognition is consistent with previous policy
<i>Placement services</i>		Revenue recognised throughout the period of the placement activity provided recovery of fees is considered probable.	Performance obligation: 1) Placement of personnel at inception 2) Provision of employee for a fixed period of time. 1) Placement: Transaction price specific in contract for placement, recognised at time of placement (consistent with current treatment) 2) Provision of employee: Recognise revenue over period of time that person is employed at client (as specified in contract). This is consistent with current treatment	Nil – timing of revenue recognition is consistent with previous policy
<i>Other revenue</i>		Revenue is recognised at the later of point of sale or when it can be reliably measured	Transaction price is recognised at the point of sale or over the duration of the performance obligation (point of sale or where when it can be reliably measured)	Nil – timing of revenue recognition is consistent with previous policy

Accounting standards and interpretations issued but not yet effective

AASB 16 Leases will have mandatory applicability to the Group from 1 July 2019. There have been no material changes in the Group's assessment of the likely impact of this standard on initial application, which was disclosed in the Group's 30 June 2018 financial statements.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

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 2018.

Going concern

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

In the six months to 31 December 2018 the Company made a net loss of \$890,949 (2017: net profit \$1,015,214). The cash outflow from operating activities for the year was \$1,438,612 (2017: cash inflow \$1,438,358).

At 31 December 2018, the group had net current assets of \$543,154 (30 June 2018: deficiency of \$1,137,903). As a consequence of impairment recognised in the 2017 financial year, no amount has been reflected in the balance sheet for the receivable (\$20,977,645 – refer note 6) due from the Commonwealth Government Department of Education and Training (DET), even though the group maintains the position that it is entitled to the funds. The group has access to a financing facility with Punta Properties for \$US 4,000,000, of which \$US 1,900,000 (\$AU 2,664,983) has been drawn down at 31 December 2018. The loan terms, as set out in Note 9, will not result in a cash outflow from the group in settlement of the loan unless there is a significant cash inflow to fund such settlement. \$US 2,100,000 remains available for drawdown in subsequent periods to fund any future shortfall in cash flows from operations.

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 Group will continue to operate as a going concern in the foreseeable future.

2 Finance costs

	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Finance costs		
Interest expense - third parties	12,654	19,587
Interest expense - related parties	102,672	1,979
Facilities fee	4,746	1,992
	<u>120,072</u>	<u>23,558</u>

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

3 Other expenses

	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Other Expenses		
Legal, accounting and other professional fees	322,932	292,928
Travel and accommodation	474,884	528,266
Marketing expense	914,055	489,208
Consultants cost	310,551	311,007
Impairment of intangibles (Note 13)	-	500,000
Other operating expenses	486,036	506,456
	2,508,458	2,627,865

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 300,000m² facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements. 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.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

4 Segment information continued

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

Period ended 31 December 2018

	Site Skills Training (Domestic)	Site Skills Training (International)	Energy Services	Tertiary Education	Total Segments	Corporate and Eliminations	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Sales revenue - External customer	6,643,534	7,204,834	1,477,630	1,435,134	16,761,132	29,350	16,790,482
Sales revenue - Inter-segment	-	39,690	197,747	-	237,437	(237,437)	-
Total segment revenue	6,643,534	7,244,524	1,675,377	1,435,134	16,998,569	(208,087)	16,790,482
Segment net operating profit/ (loss) before tax	(1,092,724)	869,403	(129,459)	64,895	(287,885)	(1,557,668)	(1,845,553)
Interest revenue	-	(2,699)	(75)	-	(2,774)	(4,287)	(7,061)
Interest expense	2,091	5,560	-	-	7,651	107,675	115,326
Depreciation and amortisation	294,952	278,929	130,556	14,499	718,936	33,519	752,455
EBITDA	(795,681)	1,151,193	1,022	79,394	435,928	(1,420,761)	(984,833)
Segment assets as at 31 December 2018	3,940,203	10,067,003	1,189,888	936,133	16,133,227	2,701,874	18,835,101
Segment liabilities as at 31 December 2018	2,406,464	3,913,955	376,874	565,638	7,262,931	4,928,441	12,191,372
Capital expenditure as at 31 December 2018	305,217	801,122	6,805	37,182	1,150,326	49,431	1,199,757

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

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

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

4 Segment information continued

	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Reconciliation of loss		
Segment loss	(287,885)	(1,161,243)
Inter-company management fees	570,000	570,000
Head office occupancy costs	(84,225)	(77,304)
Corporate employee benefits including directors costs	(1,237,165)	(1,448,451)
Legal accounting and other professional fees	(66,991)	(146,123)
Travel costs	(82,053)	(87,750)
Other corporate costs	(444,860)	(902,057)
Corporate income	(212,374)	7,618
Group loss before tax from continuing operations	(1,845,553)	(3,245,310)

	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Reconciliation of assets		
Segment operating assets	16,133,227	17,710,272
<i>Corporate assets</i>		
Cash at bank	1,124	695,213
Security deposits	485,008	357,010
Intangibles	197,631	197,896
Other assets	329,151	545,251
Current tax asset	1,688,960	-
Group operating assets	18,835,101	19,505,642
Assets of discontinued operations (note 14)	214,580	3,561,915
Total assets per statement of financial position	19,049,681	23,067,557
Reconciliation of liabilities		
Segment operating liabilities	7,262,931	5,744,923
<i>Corporate liabilities</i>		
Corporate trade payables	1,452,170	2,010,513
Interest bearing debt	2,804,776	350,988
Current tax liabilities	-	521,225
Other current financial liabilities	225,374	-
Other liabilities	446,121	276,512
Group operating liabilities	12,191,372	8,904,161
Liabilities of discontinued operations (note 14)	5,853,519	5,739,268
Total liabilities per statement of financial position	18,044,891	14,643,429

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

4 Segment information continued

Disaggregation of revenues

As disclosed in note 1, 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 2018

	Australia \$	Asia \$	Corporate and Eliminations \$	Total \$
Sales revenue - external				
Course fees	7,024,889	5,405,768	-	12,430,657
Placement services	-	1,813,901	-	1,813,901
Government subsidies received	1,111,700	-	-	1,111,700
Project income	19,648	1,180,203	-	1,199,851
Other revenue	74,623	130,400	29,350	234,373
Total revenue - external	8,230,860	8,530,272	29,350	16,790,482
Sales revenue - inter segment	1,300	236,137	(237,437)	-
Total revenue	8,232,160	8,766,409	(208,087)	16,790,482

Period ended 31 December 2017

	Australia \$	Asia \$	Corporate and Eliminations \$	Total \$
Sales revenue - external				
Course fees	6,019,718	2,871,294	-	8,891,012
Placement services	-	2,033,371	-	2,033,371
Government subsidies received	1,430,567	-	-	1,430,567
Project income	1,620,087	878,219	-	2,498,306
Other revenue	73,256	135,661	26,454	235,371
Total revenue - external	9,143,628	5,918,545	26,454	15,088,627
Sales revenue - inter segment	-	23,111	(23,111)	-
Total revenue	9,143,628	5,941,656	3,343	15,088,627

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

5 Issued capital

Issued capital as at 31 December 2018 amounted to \$78,085,284 (688,552,154 ordinary shares) (30 June 2018: \$78,085,284 (688,552,154 ordinary shares)). There were no movements in ordinary shares on issue during the half-year. Movements in ordinary shares on issue during the comparative half-year ended 31 December 2017 were as follows:

a) Ordinary Shares

	No. Shares	\$
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	<u>690,247,154</u>	<u>78,085,284</u>
 30 June 2018 and 31 December 2018 share capital	 <u>688,552,154</u>	 <u>78,085,284</u>

- On 18 September 2017, the Company completed the issue of 41,586,531 shares at \$0.04 per share in settlement of outstanding loans payable to Directors. Agreements for conversion of debt to equity were signed prior to 30 June 2017, subject to the necessary shareholder approval which was granted at an extraordinary general meeting of the Company on 15 September 2017. The financial effects of this transaction, being a reduction to liabilities and an increase in share capital of \$1,663,462, were accounted for as at 30 June 2017 as the subsequent shareholder approval was considered to be merely a governance exercise.
- 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 10,857,142 shares issued under the Employee Share Plan and sign-on shares forfeited by employees upon resignation 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.

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). All shares are exercisable at 20 cents per share. No expenditure was recognised under the Employee Share Plan in either the current or comparative half-year periods.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

5 Issued capital continued

	2018	2017
Outstanding at the beginning of the period	9,795,000	11,490,000
Granted during the period	-	-
Forfeited during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	9,795,000	11,490,000
Exercisable (vested) at the end of the period	9,795,000	11,490,000

ii. Other Options:

No options were issued to key management personnel during the half year ended 31 December 2018.

c) Capital Management

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

6 Trade and other receivables

	Consolidated Group	
	31-Dec-18	30-Jun-18
	\$	\$
Current		
Trade receivables	24,165,951	24,450,323
Provision for impairment	(21,572,841)	(21,671,453)
	2,593,110	2,778,870
Other receivables	899,798	555,579
Total current trade and other receivables	3,492,908	3,334,449

Trade receivables includes an amount of \$20,977,645 receivable from the Commonwealth Government Department of Education and Training (DET). In December 2017, the Group received \$4,869,133 of the amount outstanding and was then advised by DET it would accept further submissions from the Group for the balance (\$28,969,145).

Following the provision of these submissions, the Group was advised that DET had decided against making the payment. The Group is now pursuing remedies available to it through the court process to compel the DET to pay the outstanding amount.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

6 Trade and other receivables continued

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 \$4,990,133 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 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.

The Group has also taken up a provision for tuition re-credits. During the 2018 financial year the provision balance reduced by \$725,592 to \$79,055. The movement being tuition re-credits of \$121,000 and a decision by management at 30 June to reduce the provision balance by a further \$604,592. There has been no movement in the provision for the six months ended 31 December 2018. In assessing the provision balance, the Group has taken into account the DET reconciliation balance owed.

7 Trade and other payables

	Consolidated Group	
	31-Dec-18	30-Jun-18
	\$	\$
Unsecured liabilities		
Trade payables	3,194,709	2,573,229
Employee related payables	756,799	437,178
Unearned income	534,118	623,824
Accruals	1,260,681	1,640,375
Other payables	220,144	8,322
Total trade and other payables	5,966,451	5,282,928

	Consolidated Group	
	31-Dec-18	30-Jun-18
	\$	\$
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 \$475,352 representing executive STI bonuses payable on receipt of the reconciliation payment receivable from the DET.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

7 Trade and other payables continued

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 Interest bearing debt

		Consolidated Group	
		31-Dec-18	30-Jun-18
Current		\$	\$
Finance lease liability due within 12 months		135,371	92,156
Unsecured related party loans due within 12 months (note 9)		192,952	266,922
		328,323	359,078
		Consolidated Group	
		31-Dec-18	30-Jun-18
Non-Current		\$	\$
Finance lease liability		83,894	166,508
Unsecured related party loans (note 9)		2,570,529	-
		2,654,423	166,508

9 Related party transactions

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

- i. **Entities exercising control over the Group:**
The ultimate parent entity, which exercises control over the group, is Site Group International Ltd which is incorporated in Australia.
- ii. **Key Management Personnel:**
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

(b) Transactions with related parties:

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

(c) Loans from related parties:

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

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

9 Related party transactions continued

The loan facility limit is \$1.32m, repayable on the earlier of collection of the receivable from the Commonwealth Department of Education and Training (refer note 6), or February 2018. To date, revised terms have not been agreed for the facility and the outstanding balance as disclosed below is repayable at call. Interest is charged on the loan at a fixed rate of 7% per annum.

	31 Dec-18 \$	30 Jun-18 \$
Opening Balance	266,922	580,842
Drawdowns	-	-
Interest accrued during the year	8,210	25,900
Principal repayment through issuance of shares*	-	(246,000)
Principal repayments (cash)	(82,180)	(93,820)
Closing balance	192,952	266,922

*Details of shares issued in settlement of outstanding loan amounts are as follows:

Date	Number of Shares	Share Price	Amount \$
24/09/2017	6,150,000	\$0.04	246,000

The share price at which the shares were issued represents the fair value of the shares at the date of issue and reflective of the external raising to other shareholders.

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

Stuart Andrew Pty Limited

Amounts were borrowed under facilities with Stuart Andrew Pty Ltd, a company associated with Peter Jones. The loans were repayable at call and interest charged on the loans was at a fixed rate of 10% per annum.

Movements in the loan balances during the period were as follows:

	31 Dec-18 \$	30 Jun-18 \$
Opening Balance	-	57,539
Drawdowns	-	45,000
Interest accrued during the year	-	1,229
Principal Repayments (cash)	-	(45,000)
Interest repayments (cash)	-	58,768
Closing balance	-	-

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

9 Related party transactions continued

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

Date of Drawdown	Drawdown Amount (USD)	Value of Conversion Option	Exercise Price	Share Price @ Drawdown	Risk Free Rate	Stock Volatility	Expected Maturity
09/07/2018	1,000,000	\$0.0020	\$0.04	\$0.020	2%	52.25%	30/06/2020
30/09/2018	500,000	\$0.0037	\$0.04	\$0.026	2%	52.25%	30/06/2020
31/10/2018	200,000	\$0.0069	\$0.04	\$0.028	2%	52.25%	30/06/2020
23/11/2018	200,000	\$0.0067	\$0.04	\$0.033	2%	52.25%	30/06/2020

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 2018 was \$0.0041. The following inputs were applied in deriving the fair value of these options:

- Spot price at 31 December 2018: \$0.029
- Risk free rate: 2%
- Stock volatility: 52.25%
- Expected maturity date: 30/06/2020

No gain/(loss) on revaluation of the conversion option liability has been recognised during the half-year.

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

	31 Dec-18 \$AUD	30 Jun-18 \$AUD
Opening Balance	-	-
Drawdowns	2,664,983	-
Interest accrued during the year	94,464	-
Principal repayment through issuance of shares*	-	-
Recognition of embedded derivative	(225,374)	-
Foreign currency movement	36,456	-
Closing balance	2,570,529	-

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

9 Related party transactions continued

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.

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.

10 Property, plant and equipment

During the six months ended 31 December 2018, the Group acquired assets with a cost of \$954,634 (2017: \$354,143)

11 Taxation

	Consolidated Group	
	Half-year ended 31-Dec-18 \$	Half-year ended 31-Dec-17 \$
Income taxes		
<i>Current income tax</i>		
Current income tax charge	84,854	-
Adjustments in respect of current income tax of previous years	-	36,963
<i>Deferred income tax</i>		
Relating to origination and reversal of timing differences	45,450	46,050
Income tax expense (benefit) reported in the statement of comprehensive income	130,304	83,013
Aggregate income tax expense attributed to: Continuing operations	130,304	83,013
Aggregate income tax (benefit) / expense attributed to: Discontinued operations	(1,601,862)	3,946
	(1,471,558)	86,959

12 Financial instruments

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

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

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 2018. No impairment charges have been recognised during the half-year.

In the comparative half-year ended 31 December 2017, management recognised an impairment charge of \$500,000 against goodwill for the energy services CGU.

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-18 \$	Half-year ended 31-Dec-17 \$
Revenue and other income	-	-
Expenses	(516,954)	(642,630)
Operating income	(516,954)	(642,630)
Write back of provision for impairment of debtors	-	4,990,113
Profit before tax from discontinued operations	(516,954)	4,347,483
Tax benefit / (expense)	1,601,862	(3,946)
Profit after tax from discontinued operations	1,084,908	4,343,537

During the half-year, the group lodged amended returns for the Australian tax consolidated group for the 2015-2017 financial years. The basis of these amendments was a reasonably arguable position that VET FEE-HELP revenue was not derived for tax purposes until the point of receipt. Historically, revenue was treated as derived at the point it was recognised for accounting purposes. Amended returns were lodged in September 2018, and a tax refund of \$1.689m was received by the group in January 2019, which relates to income tax previously paid by the group for the 2016 financial year.

Notes to the Financial Statements for the Half-Year Ended 31 December 2018 continued

14 Discontinued Operations continued

The major classes of assets and liabilities of Productivity Partners Pty Ltd as at 31 December 2018 are as follows:

	Half-year ended 31-Dec-18	Half-year ended 31-Dec-17
<i>Assets</i>	\$	\$
Intangible assets	-	30,743
Property, plant and equipment	2,212	43,225
Debtors	23,294	38,233
Cash & short term deposits	(2,440)	3,041,036
Deferred tax asset	159,365	325,562
Other assets	32,149	83,116
	214,580	3,561,915
<i>Liabilities</i>		
Creditors	(5,846,352)	(5,042,975)
Interest bearing debt	(7,167)	(12,643)
Provisions	-	(683,647)
Current tax liabilities	-	-
	(5,853,519)	(5,739,265)

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

	Half-year ended 31-Dec-18	Half-year ended 31-Dec-17
	\$	\$
Operating	(460,006)	3,210,842
Investing	459,462	(209,368)
Net cash inflow / (outflow)	(544)	3,001,475
<i>Earnings per share</i>		
Basic and diluted profit for the year from discontinued operations (cents per share)	0.16	0.68

15 Subsequent events

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