Site

ASX RELEASE

28 February 2022

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 2021: 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 Group International Limited and Controlled Entities
ABN 73 003 201 910

ASX Half-Year Information – 31 December 2021

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 2021 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 2021
Previous corresponding reporting period	31 December 2020

Results for Announcement to the Market

	$'000	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	$3,756	7.82% decrease
Profit / (loss) from ordinary activities after tax attributable to members	($3,109)	Decrease of loss
Net Profit / (loss) for the period attributable to members	($3,109)	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	(2.64 cents)	(2.53 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	28 February 2022

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

Financial Statements for the Half-Year ended 31 December 2021

Site Group International Limited
ABN 73 003 201 910

Financial Statements for the Half-Year ended 31 December 2021

Contents

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2021.

Directors

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

Nicasio Alcantara
Craig Dawson
Brett McPhee (resigned 31 January 2022)

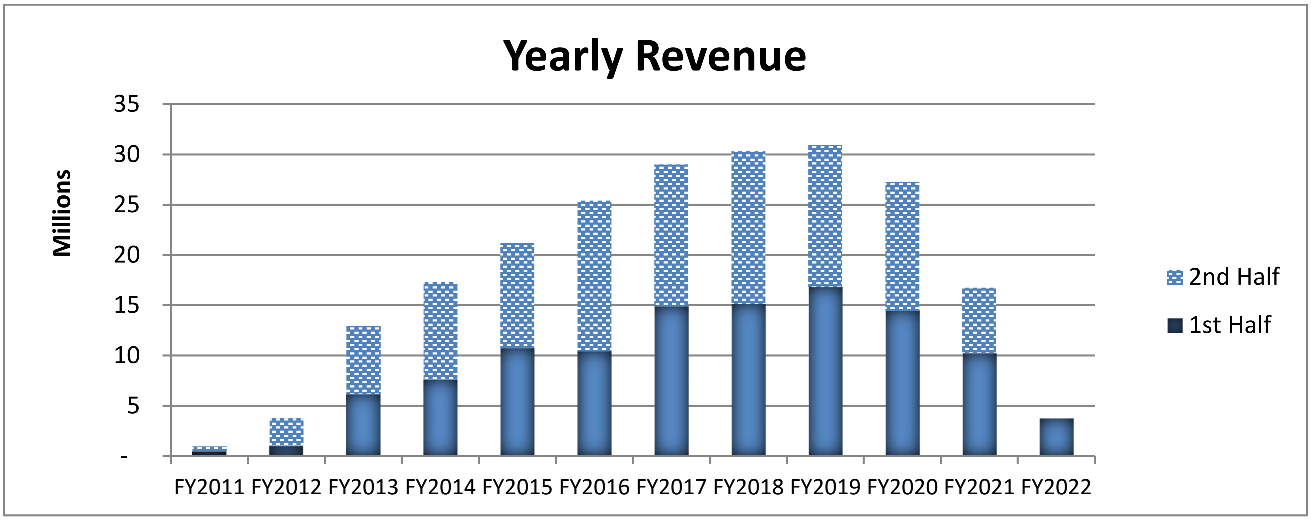
Principal activity

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 including the discontinued operations with total revenue from operations down 63% to $3,760,384 (2020: $10,428,749) following the sale of the Site Skills Training Domestic business completed in April 2021.



Graph 1: Half on Half revenue for the continuing business - December 2010 to December 2021

For the half-year ended 31 December 2021, Site Group International Limited reported a loss after tax from continuing operations of $3,071,449 compared to a $5,128,777 loss in the previous corresponding period. This result includes a non-cash impairment of $28,276 (2020: continuing operations impairment of $3,430,862) against the assets of the Energy division CGU. Operating loss for the period was $3,108,909 compared to a $6,356,384 in the corresponding period in 2020.

Review of operations and results continued

The expectations of significant training contracts wins in KSA previously alluded to remain a likely indicator that the Middle East and North Africa region will drive significant growth for the International business during 2022.

Additionally the impact of opening international borders and COVID-19 vaccinations roll out should lead to a vastly improved and growing International business as well as a return to growth for the Site Institute business as the international student market returns to Australia.

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 2021	31-Dec 2020	Change 21-20 %	31-Dec 2019	Change 20-19 %	31-Dec 2018	Change 19-18 %
Revenue	3,760,384	10,248,749	(63%)	14,479,377	(29%)	16,790,482	(14%)
Net profit / (loss)	(3,108,909)	(6,356,383)	51%	(6,488,721)	-	(890,949)	-
add back							
Depreciation and amortisation	702,376	1,393,344	(50%)	1,161,647	20%	755,886	54%
Interest paid	591,618	965,794	(39%)	719,095	34%	115,576	522%
Income tax expense / (benefit)	141,484	(124,361)	-	19,590	-	(1,471,558)	-
deduct							
Interest income	6,465	8,783	(26%)	7,580	16%	7,061	7%
EBITDA*	(1,679,896)	(4,130,389)	59%	(4,595,969)	10%	(1,498,106)	-
Non-recurring items							
Fair value adjustment of financial liabilities	(209,846)	(812,069)		3,263,339		-	
Impairment of PP&E, intangibles and ROU Assets	28,276	3,961,403		-		-	
EBITDA before non-recurring items	(1,861,466)	(981,055)	(90%)	(1,332,630)	26%	(1,498,106)	11%
Operating cash inflow /(outflow)	(957,363)	(601,426)	(59%)	(2,100,295)	-	(1,438,612)	-

** 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 $1,861,466 compared to a loss of $981,055 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. This focus led to the Company signing a non-binding term sheet on 23 August 2021, for the sale of up to 51% of the shares in Site Group Holdings Pty Limited, to an entity associated with Sites Chairman Mr Alcantara. Commercial discussions around the property are continuing with interested parties.

Site Skills Training - Domestic

Following completion of the asset sale to Competency Training of the group Site Skills Training assets in Australia for up to circa $4.5m, the results of the segment for this period and the previous corresponding period are disclosed as discontinued operations.

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 in Saudi Arabia. The National Construction Training Centre (NCTC) in Nairyah has been operating since September 2017 with growing numbers and opportunities for expansion into other colleges and areas being tendered.

Revenue for the 6 months increased to $1,820,330 (2020: $1,474,118) with an EBITDA* loss of $734,166 (2020: EBITDA loss of $3,746,425 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 $253,055 (2020: $283,682) with an EBITDA* loss of $274,583 (2020: EBITDA loss of $492,585).

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 $1,600,493 down from $2,046,264 in 2020 and an EBITDA* of $169,354 (2020: EBITDA of $273,906).

Following the reopening of international borders, 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 2021, the company had cash reserves of $812,669 and a net current asset deficiency of $8,543,191. No amount is reflected in the balance sheet for the receivable 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 Company maintains its financing facility with Punta Properties in advance of the Clark property transaction to the value of $US6M.

Dividends

Subsequent to 31 December 2021 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 (0.37) cents (2020: (0.75) 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 28th day of February 2022.

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Craig Dawson - Director

Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	Half-year ended 31-Dec-21 $	Half-year ended 31-Dec-20 $
Continuing operations			
Revenue from contracts with customers	4	3,755,721	4,074,290
Interest income		6,465	8,783
Total income		3,762,186	4,083,073
Contractor and other service providers		(537,279)	(336,448)
Other direct fees and costs		(894,031)	(831,731)
Employee benefits expense		(2,002,832)	(2,681,228)
Sales and marketing expense		(404,597)	(518,230)
Occupancy expenses		(184,022)	(322,699)
Depreciation and amortisation expense		(702,376)	(733,218)
Impairment expense		(28,276)	(3,430,862)
Finance costs	2	(594,575)	(848,951)
Foreign currency gain (loss)		(543,479)	698,169
Fair value gain (loss) of financial liabilities at fair value through profit and loss		209,846	812,069
Other expenses	3	(1,010,530)	(1,137,498)
Loss before tax from continuing operations		(2,929,965)	(5,247,554)
Income tax expense	14	(141,484)	118,777
Loss for the period from continuing operations		(3,071,449)	(5,128,777)
Loss for the period from discontinued operations	17	(37,460)	(1,227,607)
Loss for the period		(3,108,909)	(6,356,384)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent years (net of tax):			
Translation of foreign operations		(2,358)	(235,565)
Total other comprehensive income /(loss)		(2,358)	(235,565)
Total comprehensive loss		(3,111,267)	(6,591,949)
Earnings per share			
Earnings per share for (loss) attributable to the ordinary equity holders of the parent Basic and diluted (cents per share)		(0.37)	(0.75)
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent. Basic and diluted (cents per share)		(0.36)	(0.61)

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-21 $	30-Jun-21 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		812,669	166,053
Trade and other receivables	6	1,274,877	1,188,543
Contract assets		57,165	41,002
Inventories		23,224	14,521
Prepayments		349,835	232,802
Financial assets at fair value through profit or loss	15	652,571	-
Current tax assets		9,184	-
TOTAL CURRENT ASSETS		3,179,525	1,642,921
NON-CURRENT ASSETS			
Property, plant and equipment	11	3,422,970	3,680,580
Right-of-use assets	13	4,174,203	4,309,876
Intangible assets	12	443,716	445,004
Security deposits		667,848	793,776
Other non-current financial assets		16,435	16,435
Financial assets at fair value through profit or loss	15	851,698	1,504,269
Deferred income tax asset		740,156	830,838
TOTAL NON-CURRENT ASSETS		10,317,026	11,580,778
TOTAL ASSETS		13,496,551	13,223,699
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	7,578,884	6,348,256
Contract liabilities	8	44,395	88,113
Interest bearing debt	9	2,663,267	2,015,798
Lease liabilities	13	1,087,709	1,027,525
Current tax liabilities		-	11,299
Provisions		298,819	345,232
Financial liabilities at fair value through profit or loss	15	49,642	166,798
TOTAL CURRENT LIABILITIES		11,722,716	10,003,021
NON-CURRENT LIABILITIES			
Trade and other payables	7	5,595,083	5,595,083
Provisions		311,561	327,712
Interest bearing debt	9	6,898,135	5,234,958
Lease liabilities	13	6,625,567	6,515,480
Financial liabilities at fair value through profit or loss	15	1,555	94,245
TOTAL NON-CURRENT LIABILITIES		19,431,901	17,767,478
TOTAL LIABILITIES		31,154,617	27,770,499
NET LIABILITIES		(17,658,066)	(14,546,800)
EQUITY			
Issued capital	5	83,719,540	83,719,540
Reserves		2,693,281	2,695,639
Accumulated losses		(104,070,887)	(100,961,979)
TOTAL (DEFICIENCY OF) EQUITY		(17,658,066)	(14,546,800)

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 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 loss for the period	-	-	(235,565)	-	(235,565)
Total comprehensive income / (loss) 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)
Balance at 1 July 2021	83,719,540	(100,961,979)	1,157,277	1,538,362	(14,546,800)
Comprehensive income					
Loss for the period	-	(3,108,908)	-	-	(3,108,908)
Other comprehensive loss for the period	-	-	(2,358)	-	(2,358)
Total comprehensive loss for the period	-	(3,108,908)	(2,358)	-	(3,111,266)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share-based payments	-	-	-	-	-
Total transactions with owners and other transfers	-	-	-	-	-
Balance at 31 December 2021	83,719,540	(104,070,887)	1,154,919	1,538,362	(17,658,066)

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

Consolidated Statement of Cash Flows

	Notes	Consolidated Group Half-year ended 31-Dec-21 $	Half-year ended 31-Dec-20 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,809,307	9,613,439
Payments to suppliers and employees		(4,245,643)	(10,650,303)
Interest received		420	8,391
Finance costs		(501,470)	(611,222)
Income tax paid		(19,977)	(103,085)
Government grants and tax incentives		-	1,141,354
Net cash used in operating activities		(957,363)	(601,426)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of property, plant and equipment	11	(18,183)	(344,466)
Receipt for sale of property, plant and equipment		-	28,143
Payment for intangible assets		-	(167,067)
Proceeds from investments		-	199,169
Receipt of cash backed performance bonds		44,334	11,766
Net cash (used in)/ provided by investing activities		26,151	(272,455)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	323,400
Repayment of principal on lease liabilities		(428,140)	(540,996)
Proceeds from borrowings		2,016,092	-
Net cash (used in)/ provided by financing activities		1,587,952	(217,596)
Net increase / (decrease) in cash held		656,740	(1,091,477)
currencies		(10,123)	(13,508)
Cash and cash equivalents at beginning of the period		166,052	1,246,819
Cash and cash equivalents at end of the period		812,669	141,834

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 2021

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 2021 comprises the parent company and its subsidiaries (together referred to as 'the consolidated entity' or 'Group').

Statement of compliance

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

The consolidated interim financial report was approved by the Board of Directors on 28 February 2022.

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 2021. The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period, without material impact.

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 2021 the Group made a net loss of $3,108,909 (2020: net loss $6,356,384) and the cash outflow from operating activities for the year was $957,363 (2020: $601,426). At 31 December 2021, the Group had deficiencies in net assets and net current assets of $17,658,066 and $8,543,191 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.

Notes to the Financial Statements for the Half-Year Ended 31 December 2021 continued

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 sold the Site Skills Training domestic assets which generated a cash payment of $1.94m and potentially an additional $1m milestone payable following FY22 and $1.5m payable after FY23.
- The group continues to maintain the support of its existing debt providers and creditors 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 in Australia;
- 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 2021.

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-21 $	Half-year ended 31-Dec-20 $
Finance costs		
Interest expense - third parties	17,426	96,483
Interest expense - related parties	201,368	354,047
Interest expense - lease liabilities	372,815	394,979
Facilities fee	2,966	3,442
	594,575	848,951

3 Other expenses

	Half-year ended 31-Dec-21 $	Half-year ended 31-Dec-20 $
Other expenses		
Legal, accounting and other professional fees	130,729	272,928
Travel and accommodation	27,284	21,323
Consultants cost	310,656	339,762
Administration expenses	541,861	503,485
	1,010,530	1,137,498

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 three reportable business segments of the Group are:

- **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 2021

	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	1,820,330	253,055	1,600,493	3,673,878	81,843	3,755,721
Revenue from contracts with customers - inter-segment	-	-	-	-	-	-
Total segment revenue	1,820,330	253,055	1,600,493	3,673,878	81,843	3,755,721
Segment net operating profit/(loss) before tax	**(1,426,656)**	**(269,228)**	**73,317**	**(1,622,567)**	**(1,307,398)**	**(2,929,965)**
Interest revenue	6,184	-	-	6,184	281	6,465
Interest expense	(316,850)	(1,654)	(17,559)	(336,063)	(258,512)	(594,575)
Depreciation and amortisation	(381,824)	7,009	(78,478)	(453,293)	(249,083)	(702,376)
EBITDA	**(734,166)**	**(274,583)**	**169,354**	**(839,395)**	**(800,084)**	**(1,639,479)**
Segment assets as at 31 December 2021	7,646,946	101,526	1,502,749	9,251,221	2,667,476	11,918,697
Segment liabilities as at 31 December 2021	8,646,466	410,666	1,666,284	10,723,416	18,562,163	29,285,579
Capital expenditure as at 31 December 2021	6,856	-	10,265	17,121	1,000	18,121

Period ended 31 December 2020

	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	1,474,118	283,682	2,046,264	3,804,064	270,226	4,074,290
Revenue from contracts with customers - inter-segment	-	-	-	-	-	-
Total segment revenue	1,474,118	283,682	2,046,264	3,804,064	270,226	4,074,290
Segment net operating profit/(loss) before tax	**(4,484,129)**	**(502,723)**	**195,842**	**(4,791,010)**	**(456,544)**	**(5,247,554)**
Interest revenue	6,749	2	-	6,751	2,032	8,783
Interest expense	(318,978)	(1,133)	(5,783)	(325,894)	(523,057)	(848,951)
Depreciation and amortisation	(425,475)	(9,007)	(72,281)	(506,763)	(226,455)	(733,218)
EBITDA	**(3,746,425)**	**(492,585)**	**273,906**	**(3,965,104)**	**290,936**	**(3,674,168)**
Segment assets as at 31 December 2020	7,755,594	349,448	1,436,040	9,541,082	2,919,573	12,460,655
Segment liabilities as at 31 December 2020	7,087,526	196,031	1,085,558	8,369,115	16,749,627	25,118,742
Capital expenditure as at 31 December 2020	25,024	-	68,453	93,477	86,145	179,622

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-21 $	Half-year ended 31-Dec-20 $
Reconciliation of loss		
Segment loss	(1,622,567)	(4,791,010)
Inter-company management fees	661,563	1,064,732
Head office occupancy costs	(13,235)	(21,997)
Corporate employee benefits including Directors costs	(815,328)	(1,219,557)
Legal accounting and other professional fees	(77,519)	(210,756)
Travel costs	(6,083)	(12,144)
Depreciation and amortisation expense	(249,083)	(226,455)
Finance costs	(258,512)	(523,057)
Fair value (loss)/gain of financial liabilities at fair value	209,846	812,069
Other corporate costs	(840,890)	(389,605)
Corporate income	81,843	270,226
Group loss before tax from continuing operations	**(2,929,965)**	**(5,247,554)**
Reconciliation of assets		
Segment operating assets	9,251,221	9,541,082
Discontinued operations	1,577,854	4,632,600
Corporate assets		
Cash at bank	583,994	1,862
Security deposits	409,414	610,152
Intangibles	-	66
Other assets	1,686,488	2,307,493
Inter-segment receivables	(12,420)	-
Total assets per statement of financial position	**13,496,551**	**17,093,255**
Reconciliation of liabilities		
Segment operating liabilities	10,723,416	8,369,115
Discontinued operations	1,869,038	5,663,555
Corporate liabilities		
Corporate trade payables	7,399,916	7,299,577
Interest bearing debt	10,583,267	8,128,254
Other current financial liabilities	51,197	428,477
Other liabilities	527,783	893,319
Total liabilities per statement of financial position	**31,154,617**	**30,782,297**

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 2021

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	1,660,607	1,728,803	-	3,389,410
Placement services	-	(9,281)	-	(9,281)
Government subsidies received	-	-	-	-
Project income	28,240	135,667	(697)	163,210
Other revenue	-	129,842	82,540	212,382
Total revenue from contracts with customers - external	**1,688,847**	**1,985,031**	**81,843**	**3,755,721**
Revenue from contracts with customers - inter segment	-	-	-	-
Total revenue from contracts with customers	**1,688,847**	**1,985,031**	**81,843**	**3,755,721**
Timing of revenue recognition				
Goods transferred at a point in time	4,227	-	-	**4,227**
Services transferred over time	1,684,620	2,119,082	(52,208)	**3,751,494**
Total revenue from contracts with customers	**1,688,847**	**2,119,082**	**(52,208)**	**3,755,721**

Period ended 31 December 2020

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	1,750,511	782,099	-	2,532,610
Placement services	-	444,154	-	444,154
Government subsidies received	403,750	99,626.00	252,500.00	755,876
Project income	5,015	143,896	-	148,911
Other revenue	(385)	175,398	17,726	192,739
Total revenue from contracts with customers - external	**2,158,891**	**1,645,173**	**270,226**	**4,074,290**
Revenue from contracts with customers - inter segment	-	-	-	-
Total revenue from contracts with customers	**2,158,891**	**1,645,173**	**270,226**	**4,074,290**
Timing of revenue recognition				
Goods transferred at a point in time	-	55	3,731	3,786
Services transferred over time	2,158,891	1,645,118	266,495	4,070,504
Total revenue from contracts with customers	**2,158,891**	**1,645,173**	**270,226**	**4,074,290**

5 Issued capital

Issued capital as at 31 December 2021 amounted to $83,719,540 (842,361,127 ordinary shares) (30 June 2021: $83,719,540 (842,361,127 ordinary shares). There was no movement in ordinary shares on issue during the half-year ended 31 December 2020.

(a) Ordinary Shares

	No. Shares	$
30 June 2020 share capital	830,581,138	83,366,140
Share issue 8 July 2020*	11,779,989	353,400
30 June 2021 & 31 December 2021 share capital	842,361,127	83,719,540

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

No options were issued to key management personnel during the half year ended 31 December 2021.

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-21	30-Jun-21
	$	$
Current		
Receivables from contracts with customers	22,195,245	22,287,479
Allowances for expected credit losses	(21,057,645)	(21,248,645)
	1,137,600	1,038,834
Other receivables	137,277	149,709
Total current trade and other receivables	1,274,877	1,188,543

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 2021 and 30 June 2021 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. When considering macroeconomic factors, the Group has also taken into account the economic uncertainties associated with the COVID-19 pandemic.

6 Trade and other receivables continued

The tables below show the calculation of the expected credit loss provision at both 31 December 2021 and 30 June 2021.

Consolidated Group	Trade receivables - Days past due					
	Total	0-30 days	31-60 days	61-90 days	+91 days	Discontinued Operation
31 December 2021						
Expected credit loss rate		1.0%	2.2%	6.7%	18.3%	
Estimated total gross carrying amount at default	**22,195,245**	337,180	496,459	55,613	291,837	21,014,156
Expected credit loss	**21,057,645**	3,374	10,748	3,724	20,468	21,012,645
30 June 2021						
Expected credit loss rate		1.2%	5.9%	17.4%	48.7%	
Estimated total gross carrying amount at default	**22,287,479**	516,565	164,615	48,246	300,371	21,257,682
Expected credit loss	**21,248,645**	6,338	11,433	18,262	8,967	21,203,645

	Consolidated Group	
	31-Dec-21 $	30-Jun-21 $
Current		
Unsecured liabilities		
Trade payables	3,629,704	3,051,291
Employee related payables	2,033,024	1,864,159
Accruals	1,849,052	1,400,734
Other payables	97,004	32,072
Total trade and other payables	7,608,784	6,348,256

	31-Dec-21 $	30-Jun-21 $
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, the recovery action is at the discretion of the Group, as such 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

	Consolidated Group	
	31-Dec-21	30-Jun-21
	$	$
At 1 July 2021	88,113	812,474
Deferred during the year	317,182	2,801,176
Released to statement of profit or loss	(360,900)	(3,525,537)
At 31 December 2021	44,395	88,113

The amount of the contract liability recognised at the beginning of the period was recognised as revenue during the 2021 year. All contract liabilities outstanding at 31 December 2021 are expected to be recognised as revenue within the next twelve months

9 Interest bearing debt

	Consolidated Group	
	31-Dec-21	30-Jun-21
Current	$	$
Secured loans due within 12 months	2,663,267	2,015,798
	2,663,267	2,015,798

	31-Dec-21	30-Jun-21
Non-Current	$	$
Unsecured related party loans (note 10)	6,898,135	5,234,958
	6,898,135	5,234,958

Current interest bearing debt includes a new short-term loan facility provided by existing shareholder Armada Trading Pty Ltd. The $650,000 facility was entered into on 30 December 2021 and has an interest rate of 15% per annum. Repayment is to be made in full within four months of the loan commencement date.

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.

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.

10 Related party transactions continued

(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 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 (see note 15). Interest charged on the loan will be at a fixed rate of 10% per annum.

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

	31-Dec-21 $AUD	30-Jun-21 $AUD
Opening Balance	5,234,958	4,970,972
Drawdowns	1,366,092	-
Interest accrued during the year	98,255	701,327
Foreign Currency movement	198,830	(437,341)
Closing Balance	6,898,135	5,234,958

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-21	30-Jun-21
	$	$
Plant and equipment		
Leasehold improvements		
At cost	8,062,436	8,151,518
Accumulated depreciation and impairment	(6,590,287)	(6,475,035)
Net carrying amount - leasehold improvements	1,472,149	1,676,483
Capital works in progress		
At cost	1,805,224	1,816,337
Computer equipment		
At cost	788,530	785,651
Accumulated depreciation and impairment	(718,059)	(691,718)
Net carrying amount - computers	70,471	93,933
Furniture and fittings		
At cost	2,188,133	2,206,309
Accumulated depreciation and impairment	(2,113,007)	(2,112,482)
Net carrying amount - furniture and fittings	75,126	93,827
Vehicles		
At cost	54,695	55,333
Accumulated depreciation	(54,695)	(55,333)
Net carrying amount - vehicles	-	-
Total property, plant and equipment	3,422,970	3,680,580

(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 2020	5,843,439	1,970,051	111,388	410,736	4,028	8,339,642
Additions	788	238,784	59,714	81,323	4,440	385,049
Transfers - in (out)	193,774	(265,048)	36,662	11,038	-	(23,574)
Disposals	(762,779)	-	(31,542)	(229,193)	(7,494)	(1,031,008)
Depreciation expense	(410,522)	-	(80,596)	(173,037)	(2,175)	(666,330)
Impairment expense	(2,834,384)	-	(1,574)	(986)	-	(2,836,944)
Exchange rate differences	(353,833)	(127,450)	(119)	(6,054)	1,201	(486,255)
Balance at 30 June 2021	**1,676,483**	**1,816,337**	**93,933**	**93,827**	-	**3,680,580**
Additions	990	9,814	1,727	5,590	-	18,121
Depreciation expense	(189,252)	-	(26,353)	(24,186)	-	(239,791)
Impairment expense	-	-	-	-	-	-
Exchange rate differences	(16,072)	(20,927)	1,164	(105)	-	(35,940)
Balance at 31 December 2021	**1,472,149**	**1,805,224**	**70,471**	**75,126**	-	**3,422,970**

12 Intangible Assets

	Consolidated Group	
	31-Dec-21	30-Jun-21
	$	$
Non-Current		
Goodwill		
Net carrying value	441,015	441,015
Training licences and course material		
Cost	1,607,159	1,597,005
Accumulated amortisation and impairment	(1,604,458)	(1,593,016)
Net carrying value	2,701	3,989
Customer contracts		
Cost	1,615,542	1,615,542
Accumulated amortisation	(1,615,542)	(1,615,542)
Net carrying value	-	-
Software development		
Cost	115,745	115,745
Accumulated amortisation	(115,745)	(115,745)
Net carrying value	-	-
Total intangible assets	443,716	445,004

(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 2020	441,015	532,047	277,546	1,250,608
Additions	-	114,926	103,410	218,336
Transfers in	-	-	23,574	23,574
Disposals	-	(483,933)	(254,342)	(738,275)
Amortisation expense	-	(159,030)	(150,188)	(309,218)
Exchange rate differences	-	(21)	-	(21)
Balance at 30 June 2021	**441,015**	**3,989**	**-**	**445,004**
Amortisation expense	-	(1,337)	-	(1,337)
Exchange rate differences	-	49	-	49
Balance at 31 December 2021	**441,015**	**2,701**	**-**	**443,716**

13 Right of Use Asset and Lease Liabilities

Leased assets

	Consolidated Group	
	31-Dec-21	30-Jun-21
	$	$
Right-of-use assets		
Buildings under lease arrangements		
At cost	2,878,110	2,520,011
Accumulated depreciation and impairment	(1,733,296)	(1,414,297)
	1,144,814	1,105,714
Land under lease arrangements		
At cost	3,566,147	3,607,709
Accumulated depreciation	(571,651)	(460,475)
	2,994,496	3,147,234
Vehicles under lease arrangements		
At cost	230,584	232,420
Accumulated depreciation	(195,691)	(175,492)
	34,893	56,928
Total carrying amount of leased assets	4,174,203	4,309,876

	Land	Buildings	Motor Vehicles	Total
	$	$	$	$
Balance at 30 June 2020	**3,634,372**	**2,352,986**	**113,381**	**6,100,739**
Additions	-	1,906,570	-	1,906,570
Disposals	-	(1,471,001)	-	(1,471,001)
Depreciation	(227,930)	(1,201,329)	(49,936)	(1,479,195)
Impairment loss	-	(475,965)	-	(475,965)
Exchange rate differences	(259,208)	(5,547)	(6,517)	(271,272)
Balance at 30 June 2021	**3,147,234**	**1,105,714**	**56,928**	**4,309,876**
Additions	-	391,771	-	391,771
Depreciation	(117,432)	(323,729)	(21,581)	(462,742)
Impairment loss	-	(27,965)	-	(27,965)
Exchange rate differences	(35,306)	(977)	(454)	(36,737)
Balance at 31 December 2021	**2,994,496**	**1,144,814**	**34,893**	**4,174,203**

13 Right of Use Asset and Lease Liabilities continued

Lease liabilities

	Consolidated Group 31-Dec-21 $	Consolidated Group 30-Jun-21 $
Lease liabilities - current		
Land	230,276	257,584
Buildings	841,495	748,350
Motor vehicles	15,938	21,591
	1,087,709	1,027,525
Lease liabilities - non-current		
Land	5,777,820	5,597,974
Buildings	847,747	917,505
Motor vehicles	-	-
	6,625,567	6,515,480
Total carrying amount of lease liabilities	7,713,276	7,543,004

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 2020	**6,425,997**	**3,317,158**	**91,238**	**9,834,393**
Additions	-	1,949,603	-	1,949,603
Disposals	-	(2,468,332)	(18,014)	(2,486,346)
Lease repayments	(624,756)	(1,438,977)	(54,781)	(2,118,514)
Interest	577,563	355,159	3,148	935,871
Exchange rate differences	(523,247)	(48,757)	-	(572,004)
Balance at 30 June 2021	**5,855,557**	**1,665,855**	**21,591**	**7,543,004**
Additions	-	391,771	-	391,771
Lease repayments	(403,290)	(452,300)	(5,906)	(861,496)
Interest	295,320	77,243	252	372,815
Exchange rate differences	260,509	6,673	-	267,182
Balance at 31 December 2021	**6,008,096**	**1,689,242**	**15,938**	**7,713,276**

14 Taxation

	Consolidated Group	
	Half-year ended 31-Dec-21	Half-year ended 31-Dec-20
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
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of timing differences	90,790	(146,821)
Income tax expense / (benefit) reported in the statement of profit or loss and other comprehensive income	90,790	(124,370)
Income tax expense is attributable to		
Profit (loss) from continuing operations	(141,484)	118,777
Profit (loss) from discontinued operations	50,694	5,584

15 Fair value measurement of financial instruments

The group makes specific judgements and estimates in determining fair values of its financial instruments disclosed in the financial statements.

(a) Fair value hierarchy

All assets and liabilities for which fair value is measured or disclosed 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 following tables present the group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2021 and 30 June 2021 on a recurring basis:

At 31 December 2021	Level 1	Level 2	Level 3	**Total**
	$	$	$	**$**
Financial assets				
Financial assets at fair value through the profit or loss				
Contingent consideration receivable (current)	-	-	652,571	**652,571**
Contingent consideration receivable (non-current)	-	-	851,698	**851,698**
Total finanical assets	**-**	**-**	**1,504,269**	**1,504,269**
Financial liabilities				
Financial liabilities at fair value through the profit or loss				
Derivatives (current)	-	49,642	-	**49,642**
Derivatives (non-current)	-	1,555	-	**1,555**
Total finanical liabilties	**-**	**51,197**	**-**	**51,197**

15 Fair value measurement of financial instruments continued

At 30 June 2021

	Level 1 $	Level 2 $	Level 3 $	**Total $**
Financial assets				
Financial assets at fair value through the profit or loss				
Contingent consideration receivable (non-current)	-	-	1,504,269	**1,504,269**
Total finanical assets	**-**	**-**	**1,504,269**	**1,504,269**
Financial liabilities				
Financial liabilities at fair value through the profit or loss				
Derivatives (current)	-	166,798	-	**166,798**
Derivatives (non-current)	-	94,245	-	**94,245**
Total finanical liabilties	**-**	**261,043**	**-**	**261,043**

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value the financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- for foreign currency options – option pricing models (eg Black-Scholes model), and
- for other financial instruments - discounted cash flow analysis.

The contingent consideration receivable is classified as level 3 and represents earn-out conditions associated with the sale of Site Skills Training – Domestic in April 2021 (see note 17).

The current derivative liability is classified as level 2 and represents the fair value of the 41,666,667 options issued as part of the financing agreement with Lucerne Investment Partners (Lucerne), Aligned Capital & Armada Trading. These options have an exercise price of 3 cents per share and are valued using a Black-Scholes model.

The non-current derivative liability is classified as level 2 and represents the fair value of the conversion feature of the loan with Punta Properties Inc (see Note 10). The conversion options were valued at inception using a Black Scholes model, with inputs as documented in the table below.

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	0.002003	33,653,725	67,397	0.04	0.020	2%	50%	1/07/2022
30/09/2018	500,000	692,770	0.003743	17,319,250	64,832	0.04	0.026	2%	50%	1/07/2022
31/10/2018	200,000	275,562	0.006871	6,889,045	47,332	0.04	0.028	2%	50%	1/07/2022
23/11/2018	200,000	274,010	0.006688	6,850,254	45,814	0.04	0.033	2%	50%	1/07/2022
28/03/2019	200,000	279,003	0.003382	6,975,072	23,587	0.04	0.028	2%	50%	1/07/2022
11/04/2019	200,000	276,855	0.004545	6,921,373	31,460	0.04	0.031	2%	50%	1/07/2022
22/05/2019	400,000	577,284	0.002615	14,432,097	37,745	0.04	0.027	2%	50%	1/07/2022
24/06/2019	200,000	285,347	0.002378	7,133,685	16,961	0.04	0.027	2%	50%	1/07/2022
27/07/2021	500,000	681,954	0.000010	17,048,845	166	0.04	0.010	2%	50%	1/07/2022
9/09/2021	500,000	684,138	0.000002	17,103,455	34	0.04	0.009	2%	50%	1/07/2022
					335,328					

15 Fair value measurement of financial instruments continued

The fair value of the above options at 31 December 2021 was $1,555 (30 June 2021: $94,245). 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
31/12/2021	$ 3,900,000	5,380,943	0.000012	134,523,578	**1,555**	0.04	0.006	0.27%	100.00%	1/07/2022

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the half-year ended 31 December 2021.

	Contingent consideration receivable $	**Total** $
Opening balance 1 July 2021	1,504,269	**1,504,269**
Transfers	-	**-**
Additions	-	**-**
Disposals	-	**-**
Gains (losses) recognised through the profit or loss	-	**-**
Closing balance 31 December 2021	**1,504,269**	**1,504,269**

(i) Transfers between levels and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the six months to 31 December 2021. There were also no changes to made to any valuation techniques applied.

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair Value at 31 December 2021	Unobservable Inputs	Range of inputs (probability weighted average)	Realtionship to unobservable inputs to fair value
Contingent consideration receivable	1,504,269	Risk-adjusted discount rate	14.93%	A change in the discount rate by 100 bps would increase/ decrease the FV by $20,000
		Expected cash inflows	$1,500,000- $1,875,000	If expected cash flows were 10% higher or lower, the FV would increase/ decrease by $150,000

15 Fair value measurement of financial instruments continued

(iii) Valuation processes

The main level 3 inputs used by the group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business and how the current economic environment is likely to impact it.

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 four cash generating units are as follows:

- 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 Energy Services CGU.

16 Impairment continued

Site Skills Training – International cash-generating unit

The recoverable amount of the *Site Skills Training – International CGU* of $4,959,142 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 10-20%, annual EBITDA margins of 12-15%, and a terminal growth rate of 0%.

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

Clark Property development cash-generating unit

The recoverable amount of the Clark Property development CGU of $4,695,655 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 EBITDA margins of 69-71%, 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 $1,654,176 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 17.14% annual revenue growth rate over the 5-year forecast period of 10%, annual EBITDA margins of 10-13%, 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* remains $nil as at 31 December 2021 ($nil 30 June 2021). The current impairment charge is a result of the impacts of ongoing uncertainty 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. Productivity Partners Pty Ltd has been classified as a discontinued operation and the company is no longer included in the 'Tertiary Education' segment of the segment note.

In February 2021, the Group announced their intention to exit its Australian domestic industry focussed RTO business Site Skills Training - Domestic, by the way of sale of its training facilities, assets and training equipment to Competency Training Pty Ltd, a subsidiary of Verbrec Ltd (ASX:VBC). The sale of the business was finalised on 12 April 2021, and it is reported in the current period as discontinued operations

Revenue and expenses for the discontinued operations for the half-year are presented below.

	Half year ended 31-Dec-21 $	Half year ended 31-Dec-20 $
Revenue	4,663	6,354,458
Expenses	(92,818)	(7,587,649)
Profit / (loss) before income tax	(88,155)	(1,233,191)
Income tax benefit	50,693	5,584
Loss after income tax of discontinued operations	(37,462)	(1,227,607)
Net cash outflow from operating activities	(223,042)	(44,299)
Net cash outflow from investing activities	-	(315,014)
Net cash from financing activities	-	-
Net decrease in cash generated by discontinued operations	(223,042)	(359,313)
Basic earnings per share from discontinued operations	(0.004)	(0.15)

In the event that Competency Training Pty Ltd achieves certain revenue target post settlement for the periods ended 30 June 2022 and 30 June 2023 as specified in an 'earn out' clause in the sale agreement, additional cash consideration of up to $2,500,000 will be receivable.

At the time of sale the fair value of the consideration was determined to be $1,504,269. It has been recognised as a financial asset at fair value through profit or loss. Fair value was determined as a level 3 measurement with unobservable inputs of a risk adjusted discount rate of 14.93% and expected cash inflows of $750,000 for period ended 30 June 2022 and $1,125,000 for period ended 30 June 2023.

18 Contingencies

Legal claim contingency

As disclosed in the 30 June 2021 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 after an initial adverse finding on 2 July 2021, this decision has now been appealed), and the prevailing uncertainty surrounding the outcome of these proceedings

Incentive contingency

A performance-based incentive has been given to Punta Properties for the development and execution of an optimisation plan for the Group's Philippine assets based on total project value. Refer note 10.

19 Subsequent events

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

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 2021 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 2021 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

Director
28 February 2022

Pitcher Partners

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The Directors
Site Group International Limited
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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 2021, 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
28 February 2022

Pitcher Partners

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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 statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows 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 2021 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 of the financial report which states that as at 31 December 2021 the Group has deficiencies in net assets and net current assets of $17,658,066 and $8,543,191 respectively. The Group also incurred a net loss of $3,108,909 and the cash outflow from operating activities for the period ended 31 December 2021 was $957,363.

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 Group, 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 2021 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
28 February 2022