Site

ASX RELEASE

28 February 2023

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 2022: 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 2022

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 2022 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 2022
Previous corresponding reporting period	31 December 2021

Results for Announcement to the Market

	$'000	**Percentage increase / (decrease) over previous corresponding period**
Revenue from ordinary activities	$3,248	13.51% decrease
Profit / (loss) from ordinary activities after tax attributable to members	$20,909	Increase to profit
Net Profit / (loss) for the period attributable to members	$20,909	Increase to profit

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 the 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	(0.071 cents)	(3.019)

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 2023

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

Financial Statements for the Half-Year ended 31 December 2022

Financial Statements for the Half-Year ended 31 December 2022

Contents

Directors' Report

Your Directors submit their report for Site Group International Limited "the Company" and controlled entities "the Group" for the half-year ended 31 December 2022.

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
Jason Anfield

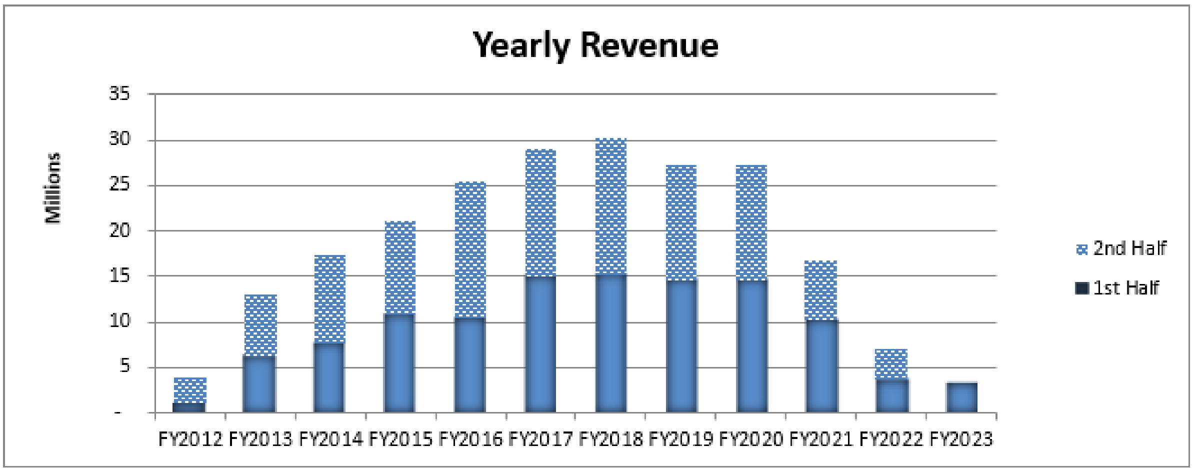
Principal activity

The principal activity of the Group during the half-year was the provision of training and education services in Australia and Internationally. The Group 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

The Group's 6 monthly business revenue is demonstrated in the below graph including the discontinued operations with total revenue from operations down 14% to $3,248,225 (2021: $3,760,384) following the sale of the Australian Site Skills Training business in April 2021.



Half on Half revenue for the continuing business - December 2010 to December 2022

For the half-year ended 31 December 2022, Site Group International Limited reported a profit after tax from continuing operations of 21,062,599 compared to a $3,071,449 loss in the previous corresponding period. Operating profit for the period was $20,908,753 compared to a $3,108,909 loss in the corresponding period in 2021. This result includes the non-recurring gain on disposal of subsidiary of $24,555,982.

Review of operations and results continued

The Group has a number of assets and business units that are now showing recovery from what has been a heavily Covid Impacted 3 years. As the Group's core assets relied on revenues generated from cross border transactions, they were impacted by closing of international borders preventing the transfer of labour and training services between jurisdictions.

The highlights of the opportunities for the Group include:

- the potential development of the Group's 30-hectare leasehold facility in Clark Philippines;
- the potential for a short to medium term leasing opportunity for approximately 9-10 hectares;
- a recovery in training projects from customers such as OceanaGold (mining training at the Clark Underground Mine training facility) and the GE turbine training at the purpose designed and constructed GE training facility at Clark;
- the open for business and development approach in the Kingdom of Saudi Arabia (KSA) including the recovery of existing projects and the winning of new contracts;
- the recovery of the PNG market post covid restrictions; and
- the recovery of the Australian CRICOS education market for international students in 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		Change 22-21	31-Dec	Change 21-20	31-Dec	Change 20-19
	2022	2021	%	2020	%	2019	%
Revenue	3,248,225	3,760,384	(14%)	10,248,749	(63%)	14,479,377	(29%)
Net profit / (loss)	20,908,753	(3,108,909)	773%	(6,356,383)	-	(6,488,721)	-
add back							
Depreciation and amortisation	622,160	702,376	(11%)	1,393,344	(50%)	1,161,647	20%
Interest paid	884,735	591,618	50%	965,794	(39%)	719,095	34%
Income tax expense / (benefit)	160,890	141,484	-	(124,361)	-	19,590	-
deduct							
Interest income	7,052	6,465	9%	8,783	(26%)	7,580	16%
EBITDA*	22,569,486	(1,679,896)	1,444%	(4,130,389)	59%	(4,595,969)	-
Non-recurring items							
Fair value adjustment of financial liabilities	4,566	(209,846)		(812,069)		3,263,339	
Gain on sale of disposal of subsidiary	(24,555,982)	-		-		-	
Impairment of PP&E, intangibles and ROU Assets	-	28,276		3,961,403		-	
EBITDA before non-recurring items	(1,981,930)	(1,861,466)	(6%)	(981,055)	(90%)	(1,332,630)	26%
Operating cash inflow /(outflow)	(2,160,963)	(957,363)	(126%)	(601,426)	-	(2,100,295)	-

** 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*) excluding the non-recurring items was a loss of $1,981,930 compared to a loss of $1,861,466 in the prior comparative period.

Following shareholder approval, the sale of 61.6% in the Company's subsidiary, Site Group Holdings Pty Ltd (SGH), the holder of the Clark lease, was concluded with the transaction completed on 23 November 2022. The Group continues to work with the new shareholders in SGH to maximise the value of the Clark asset.

Site Skills Training - International

At the Clark Campus, Philippines, several clients are utilising the facility including:

- Assessment and deployment of up to 400 suitably qualified scaffolders and riggers for the Snowy River Scheme. This project is currently live and expected to run for a further 6 months;
- Rope Access Training;
- Driver training for deployment to New Zealand; and
- Potential new electrical assessment and training for several markets.

In addition, discussions have recommenced for the utilisation of the underground mining training facility with first candidates currently being identified. GE / Fieldcore has already recommenced with some training at the facility utilising the purpose-built facility which houses the stage 6B turbine, compression and bolting systems as well as tube fitting and inspection training.

In the Kingdom of Saudi Arabia, Site offers vocational programs in welding, pipefitting, electrical, instrumentation, and safety through is Al Ajmi Consortium partnership. The Consortium supports the Saudi Government's nationalisation objectives as part of its Vision 2030. In welcome signs of the post-pandemic recovery, the December 2022 intake at the Maharat Construction Training Centre (MCTC) saw cohort numbers rise by 62% over previous intakes. An expected further 40% increase in commencements for the March 2023 cohort will see student numbers return to pre-pandemic levels and revenues increase significantly. Work has commenced on The Fire & Safety Training Centre in Jubail announced on 8 November 2022. There is high demand for Fire and Safety programs in the region. Site is currently progressing works related to the recruitment of key staff and international accreditations for the facility and its programs. The centre is expected to be operational in the second quarter of CY2023.

Revenue for the 6 months decreased to $1,679,138 (2021: $1,820,330) with an improved EBITDA* loss of $412,323 (2021: EBITDA loss of $734,166).

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 $347,616 (2021: $253,055) with an EBITDA* of $46,512 (2021: EBITDA loss of $274,583).

Tertiary Education

This segment provides tertiary education in Australia for international students seeking to develop careers in a range of different disciplines with a focus on connecting learning and industry practice in an innovative environment.

The growth rate of this division slowed from previous years with reported revenue of $1,176,825 down from $1,600,493 in 2021 and an EBITDA* of $66,579 (2021: EBITDA of $169,354).

On the back of the strengthening ELICOS sector, Site Institute recommenced its English for Engineering program during the quarter and is continuing to see increasing enquiries and applications for its certificate and diploma engineering and construction pathway courses. In anticipation of the long-awaited MEM release 3.0 (Dec 2022), course restructure and resource development work was completed to ensure a seamless transition to the new qualifications for all engineering students commencing in the January 2023 cohort. Looking forward, expansion this year will see new courses added at our Brisbane facilities and the opening of a new regional campus on the Gold Coast mid-2023.

Cash position

At 31 December 2022, the Group had cash reserves of $371,356 and a net current asset deficiency of $5,324,538. 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 Lucerne Investment Partners for $775,000 and also has a short term agreement with Armada Trading Pty Ltd drawn to $450,000.

Dividends

Subsequent to 31 December 2022 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 (2.06) cents (2021: (0.37) cents).

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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 2023.

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Craig Dawson - Director

SITE GROUP INTERNATIONAL LIMITED ABN: 73 003 201 910
AND CONTROLLED ENTITIES FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Condensed Consolidated Statement of Profit or Loss & Other Comprehensive Income

	Notes	Consolidated Group Half-year ended 31-Dec-22 $	Half-year ended 31-Dec-21 $
Continuing operations			
Revenue from contracts with customers	4	3,248,225	3,755,721
Interest income		7,052	6,465
Total income		3,255,277	3,762,186
Contractor and other service providers		(609,772)	(537,279)
Other direct fees and costs		(420,664)	(894,031)
Employee benefits expense		(1,585,784)	(2,002,832)
Sales and marketing expense		(303,040)	(404,597)
Occupancy expenses		(192,819)	(184,022)
Depreciation and amortisation expense		(622,160)	(702,376)
Impairment expense		-	(28,276)
Finance costs	2	(885,996)	(594,575)
Foreign currency loss		(726,807)	(543,479)
Fair value gain (loss) of financial liabilities at fair value through profit and loss		(4,566)	209,846
Other expenses	3	(1,264,745)	(1,010,530)
Profit on disposal of subsidiary	19	24,555,982	-
Share of net profit of associate accounted for using the equity method	19	28,583	-
Profit (Loss) before tax from continuing operations		21,223,489	(2,929,965)
Income tax expense	14	(160,890)	(141,484)
Profit (Loss) for the period from continuing operations		21,062,599	(3,071,449)
Loss for the period from discontinued operations	17	(153,846)	(37,460)
Profit (Loss) for the period		20,908,753	(3,108,909)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent years (net of tax):			
Translation of foreign operations		(58,696)	(2,358)
Total other comprehensive income /(loss)		(58,696)	(2,358)
Total comprehensive profit (loss)		20,850,057	(3,111,267)
Earnings per share			
Earnings per share for (loss) attributable to the ordinary equity holders of the parent Basic and diluted (cents per share)		2.06	(0.37)
Earnings per share for (loss) from continuing operations attributable to the ordinary equity holders of the parent. Basic and diluted (cents per share)		2.08	(0.36)
Earnings per share for (loss) from discontinuing operations attributable to the ordinary equity holders of the parent. Basic and diluted (cents per share)		(0.015)	(0.004)

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

Condensed Consolidated Statement of Financial Position

	Notes	Consolidated Group 31-Dec-22 $	30-Jun-22 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		371,356	139,287
Trade and other receivables	6	990,654	1,012,711
Contract assets		22,372	10,353
Inventories		11,045	11,471
Prepayments		340,490	159,116
Financial assets at fair value through profit or loss	15	777,297	600,000
Current tax assets		5,906	-
TOTAL CURRENT ASSETS		2,519,120	1,932,938
NON-CURRENT ASSETS			
Property, plant and equipment	11	2,966,949	3,132,956
Right-of-use assets	13	575,350	3,675,803
Intangible assets	12	1,458	2,034
Security deposits		473,990	523,910
Investments accounted for using the equity method	19	6,382,628	-
Other non-current financial assets		16,435	16,435
Financial assets at fair value through profit or loss	15	-	783,085
Deferred income tax asset		678,223	767,993
TOTAL NON-CURRENT ASSETS		11,095,033	8,902,216
TOTAL ASSETS		13,614,153	10,835,154
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	5,421,185	8,425,843
Contract liabilities	8	38,923	43,305
Interest bearing debt	9	1,269,737	10,511,908
Lease liabilities	13	781,307	1,062,640
Current tax liabilities		-	2,598
Provisions		319,354	299,024
Financial liabilities at fair value through profit or loss	15	13,152	8,585
TOTAL CURRENT LIABILITIES		7,843,658	20,353,903
NON-CURRENT LIABILITIES			
Trade and other payables	7	5,595,083	5,595,083
Provisions		254,533	232,482
Lease liabilities	13	88,426	6,406,290
TOTAL NON-CURRENT LIABILITIES		5,938,042	12,233,855
TOTAL LIABILITIES		13,781,700	32,587,758
NET LIABILITIES		(167,547)	(21,752,604)
EQUITY			
Issued capital	5	84,454,540	83,719,540
Reserves		2,641,536	2,700,232
Accumulated losses		(87,263,623)	(108,172,376)
TOTAL (DEFICIENCY OF) EQUITY		(167,547)	(21,752,604)

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

Condensed Consolidated Statement of Changes in Equity

	Share Capital		Reserves		
	Ordinary	Accumulated Losses	Foreign currency translation reserve	Share based payments reserve	Total
Consolidated Group	$	$	$	$	$
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 income / (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)
Balance at 1 July 2022	83,719,540	(108,172,376)	1,161,870	1,538,362	(21,752,604)
Comprehensive income					
Profit for the period	-	20,908,753	-	-	20,908,753
Other comprehensive loss for the period	-	-	(58,696)	-	(58,696)
Total comprehensive gain/ (loss) for the period	-	20,908,753	(58,696)	-	20,850,057
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the period	735,000	-	-	-	735,000
Transaction costs	-	-	-	-	-
Share-based payments	-	-	-	-	-
Total transactions with owners and other transfers	735,000	-	-	-	735,000
Balance at 31 December 2022	84,454,540	(87,263,623)	1,103,174	1,538,362	(167,547)

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

Condensed Consolidated Statement of Cash Flows

	Notes	Consolidated Group Half-year ended 31-Dec-22 $	Consolidated Group Half-year ended 31-Dec-21 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		3,210,312	3,809,307
Payments to suppliers and employees		(5,023,208)	(4,245,643)
Interest received		537	420
Finance costs		(342,514)	(501,470)
Income tax paid		(6,090)	(19,977)
Net cash used in operating activities		(2,160,963)	(957,363)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of property, plant and equipment	11	(6,577)	(18,183)
Proceeds from sale of subsidiary	19	3,000,240	-
Proceeds from sale of business	17	605,789	-
Receipt of cash backed performance bonds		(13,820)	44,334
Net cash (used in)/ provided by investing activities		3,585,632	26,151
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		490,000	-
Repayment of principal on lease liabilities		(464,717)	(428,140)
Proceeds from (repayment of) borrowings		(1,225,000)	2,016,092
Net cash (used in)/ provided by financing activities		(1,199,717)	1,587,952
Net increase / (decrease) in cash held		224,952	656,740
Effect of exchange rates on cash holdings in foreign currencies		7,117	(10,123)
Cash and cash equivalents at beginning of the period		139,287	166,052
Cash and cash equivalents at end of the period		371,356	812,669

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 2022

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 Group as at and for the six months ended 31 December 2022 comprises the Parent Company and its subsidiaries (together referred to as 'the 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 2023.

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 Group's annual financial report for the financial year ended 30 June 2022. 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 2022 the Group made a net profit of $20,908,753 (2021: net loss $3,108,909) and the cash outflow from operating activities for the year was $2,160,963 (2021: $957,363). At 31 December 2022, the Group had deficiencies in net assets and net current assets of $167,547 and $5,324,538 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 Group 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 and have a reasonable expectation that the Group has adequate financial resources to continue as a going concern.

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

Going concern continued

Significant matters identified by the Directors include:-

- After excluding the non-recurring gain of $24,555,982 on disposal of a subsidiary, the reported loss after tax from continuing operations of $3,493,383 is not considered by the Directors to reflect the expected future performance of the Group. The continuing operations results were significantly impacted by COVID-19 on industries around the world which substantially impacted face to face contact and consequently 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 on settlement and an $0.6m milestone payable following FY22 and a further payment payable after FY23 (estimated at $0.9m).
- The Group has sold 61.6% of Site Group holdings Pty Ltd for $US10.005m, retaining 38.4% ownership of the Clark property project. The Group has the ability to sell down further ownership interest in the project to raise funding as required.
- The Group has announced a placement to sophisticated and professional investors for the issue of 250 million fully paid ordinary shares at $0.003 per share to raise $750,000 under its existing placement capacity.
- As previously announced the Group intends to undertake a rights issue as soon as possible to existing shareholders. The Group intends to raise the maximum allowable being $3.9m based on a 1 for 1 allotment with any shortfall to be met by existing and new investors, subject to all regulatory requirements. Current substantial shareholder EGP Capital as previously announced has committed $1m to the issue. The Group's corporate adviser Lucerne Partners has brokered arrangements for the placement and rights issue along with various institutional investors raising necessary working capital for the Group to enable the continued development and participation of the Clark Property, as well as rebuild the training businesses in lucrative markets such as the Kingdom of Saudi Arabia, Bahrain, The Philippines, and Papua New Guinea.
- The Group continues to maintain the support of its existing debt providers and creditors to manage any maturing debt facilities within the best interests of the Group.

The continuation of 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;
- 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, there would be a material uncertainty which would cast significant doubt as to whether the Group would be able to meet its debts as and when they fall due, and therefore continue as a going concern. The Group 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.

Going concern continued

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 Group not continue as a going concern.

Basis of consolidation and equity accounting

The consolidated financial statements comprise the financial statements of the Group as at, and for the period ended. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- The rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(i) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(ii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Basis of consolidation and equity accounting continued

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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 end 30 June 2022.

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.

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

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.

Rounding of Amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest the nearest dollar.

2 Finance costs

	Half-year ended 31-Dec-22 $	Half-year ended 31-Dec-21 $
Finance costs		
Interest expense - third parties	218,168	17,426
Interest expense - related parties	341,402	201,368
Interest expense - lease liabilities	325,165	372,815
Facilities fee	1,261	2,966
	885,996	594,575

3 Other expenses

	Half-year ended 31-Dec-22 $	Half-year ended 31-Dec-21 $
Other expenses		
Legal, accounting and other professional fees	536,937	130,729
Travel and accommodation	75,088	27,284
Consultants cost	268,857	310,656
Administration expenses	383,863	541,861
	1,264,745	1,010,530

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 Group, 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 Group 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.

4 Segment information continued

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

- **Tertiary Education** delivers Diploma and certificate level courses at the Group'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:

Period ended 31 December 2022	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	1,679,138	347,616	1,176,825	3,203,579	44,646	3,248,225
Revenue from contracts with customers - inter-segment	-	-	-	-	-	-
Total segment revenue	1,679,138	347,616	1,176,825	3,203,579	44,646	3,248,225
Segment net operating profit/(loss) before tax	**(1,025,032)**	**44,927**	**(35,061)**	**(1,015,166)**	**22,238,655**	**21,223,489**
Interest revenue	6,196	-	-	6,196	856	7,052
Interest expense	(306,836)	(1,585)	(27,354)	(335,775)	(550,221)	(885,996)
Depreciation and amortisation	(312,069)	-	(74,286)	(386,355)	(235,805)	(622,160)
EBITDA	**(412,323)**	**46,512**	**66,579**	**(299,232)**	**23,023,825**	**22,724,593**
Segment assets as at 31 December 2022	3,912,382	126,846	699,185	4,738,413	8,035,878	12,774,291
Segment liabilities as at 31 December 2022	968,349	213,815	1,012,289	2,194,453	9,564,603	11,759,056
Capital expenditure as at 31 December 2022	6,577	-		6,577		6,577

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

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

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

4 Segment information continued

	Consolidated Group	
	Half-year ended 31-Dec-22 $	Half-year ended 31-Dec-21 $
Reconciliation of loss		
Segment loss	(1,015,166)	(1,622,567)
Inter-company management fees	393,318	661,563
Head office occupancy costs	(6,246)	(13,235)
Corporate employee benefits including Directors costs	(605,695)	(815,328)
Legal accounting and other professional fees	(482,009)	(77,519)
Travel costs	(14,320)	(6,083)
Depreciation and amortisation expense	(235,805)	(249,083)
Finance costs	(550,221)	(258,512)
Fair value (loss)/gain of financial liabilities at fair value	(4,566)	209,846
Other corporate costs	(856,429)	(840,890)
Gain on sale of Subsidiary	24,555,982	-
Corporate income	44,646	81,843
Group profit (loss) before tax from continuing operations	**21,223,489**	**(2,929,965)**
Reconciliation of assets		
Segment operating assets	4,738,413	9,251,221
Discontinued operations	839,862	1,577,854
Corporate assets		
Cash at bank	50,323	583,994
Security deposits	258,912	409,414
Investments accounted for using the equity method	6,382,628	-
Other assets	1,344,015	1,686,488
Inter-segment receivables	-	(12,420)
Total assets per statement of financial position	**13,614,153**	**13,496,551**
Reconciliation of liabilities		
Segment operating liabilities	2,194,453	10,723,416
Discontinued operations	2,022,644	1,869,038
Corporate liabilities		
Corporate trade payables	7,132,735	7,399,916
Interest bearing debt	1,794,990	10,583,267
Other financial liabilities	13,152	51,197
Other liabilities	623,726	527,783
Total liabilities per statement of financial position	**13,781,700**	**31,154,617**

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

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 2022

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	1,305,740	1,512,669	-	2,818,409
Placement services	-	35,934	-	35,934
Project income	130,008	88,693	-	218,701
Other revenue	-	130,535	44,646	175,181
Total revenue from contracts with customers - external	**1,435,748**	**1,767,831**	**44,646**	**3,248,225**
Revenue from contracts with customers - inter segment	-	-	-	-
Total revenue from contracts with customers	**1,435,748**	**1,767,831**	**44,646**	**3,248,225**
Timing of revenue recognition				
Goods transferred at a point in time	-	-	3,892	3,892
Services transferred over time	1,435,748	1,767,831	40,754	3,244,333
Total revenue from contracts with customers	**1,435,748**	**1,767,831**	**44,646**	**3,248,225**

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)
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**

5 Issued capital

Issued capital as at 31 December 2022 amounted to $84,454,540 (1,052,361,127 ordinary shares) (30 June 2022: $83,719,540 (842,361,127 ordinary shares).

(a) Ordinary Shares

	No. Shares	$
30 June 2021 & 30 June 2022 share capital	842,361,127	83,719,540
Share issue 3 August 2022*	210,000,000	735,000
31 December 2022 share capital	1,052,361,127	84,454,540

*On 3 August - the Company issued 210,000,000 shares under a placement at the issue price of $0.0035 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). 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.

	2022 No. of shares	2021 No. of shares
Exercisable (vested) at the end of the period	7,450,000	7,450,000

ii. Other Options:

No options were issued to key management personnel during the half year ended 31 December 2022.

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-22	30-Jun-22
	$	$
Current		
Receivables from contracts with customers	21,872,462	21,915,400
Allowances for expected credit losses	(21,022,655)	(21,022,645)
	849,807	892,755
Other receivables	140,847	119,956
Total current trade and other receivables	990,654	1,012,711

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 2022 and 30 June 2022 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 2022 and 30 June 2022.

Consolidated Group	Trade receivables - Days past due					
	Total	0-30 days	31-60 days	61-90 days	+91 days	Discontinued Operation
31 December 2022						
Expected credit loss rate		1.5%	2.9%	6.3%	9.8%	
Estimated total gross carrying amount at default	**21,872,462**	273,669	274,127	36,001	311,020	20,977,645
Expected credit loss	**21,022,655**	4,234	8,076	2,265	30,435	20,977,645
30 June 2022						
Expected credit loss rate		1.5%	2.9%	6.3%	14.3%	
Estimated total gross carrying amount at default	**21,915,400**	418,568	175,090	33,405	310,691	20,977,645
Expected credit loss	**21,022,645**	6,476	5,158	2,101	31,265	20,977,645

7 Trade and other payables

	Consolidated Group	
	31-Dec-22 $	30-Jun-22 $
Current		
Unsecured liabilities		
Trade payables	2,251,054	4,095,583
Employee related payables	1,698,106	2,248,607
Accruals	1,237,936	1,870,699
Other payables	234,089	210,954
Total trade and other payables	5,421,185	8,425,843

	31-Dec-22 $	30-Jun-22 $
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-22	30-Jun-22
	$	$
At 1 July 2022	43,305	88,113
Deferred during the year	183,511	569,536
Released to statement of profit or loss	(187,893)	(614,344)
At 31 December 2022	38,923	43,305

The amount of the contract liability recognised at the beginning of the period was recognised as revenue during the 2022 year. All contract liabilities outstanding at 31 December 2022 are expected to be recognised as revenue within the next twelve months

9 Interest bearing debt

	Consolidated Group	
	31-Dec-22	30-Jun-22
Current	$	$
Secured loans due within 12 months	1,269,737	10,511,908
	1,269,737	10,511,908

Secured loans due within 12 months represents loans with Lucerne Investment Partners (Lucerne) and existing shareholder Armada Trading Pty Ltd (Armada).

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 Group, 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.

On 23 November 2022, as part of the sale of Site Group Holdings Pty Ltd, outstanding payments for services rendered including an incentive fee owing to Punta Properties were paid in full (refer note 19).

10 Related party transactions continued

.(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 was to 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 was 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).

On 23 November 2022, as part of the sale of Site Group Holdings Pty Ltd, the finance facility was repaid in full (Punta conversion amount) via the issue of equity in SGH.

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

	31-Dec-22 $AUD	30-Jun-22 $AUD
Opening Balance	7,642,015	5,234,958
Drawdowns	-	1,366,092
Interest accrued during the year	291,402	458,128
Foreign Currency movement	445,032	582,837
Repayment of loan in full (via the issue of equity in SGH - refer Note 19)	(8,378,449)	-
Closing Balance	-	7,642,015

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

11 Property, plant and equipment

	Consolidated Group	
	31-Dec-22	30-Jun-22
	$	$
Plant and equipment		
Leasehold improvements		
At cost	7,883,208	7,893,709
Accumulated depreciation and impairment	(6,807,685)	(6,632,099)
Net carrying amount - leasehold improvements	1,075,523	1,261,610
Capital works in progress		
At cost	1,806,612	1,758,686
Computer equipment		
At cost	794,239	790,931
Accumulated depreciation and impairment	(758,063)	(735,491)
Net carrying amount - computers	36,176	55,440
Furniture and fittings		
At cost	2,148,338	2,146,643
Accumulated depreciation and impairment	(2,099,700)	(2,089,423)
Net carrying amount - furniture and fittings	48,638	57,220
Vehicles		
At cost	53,420	53,499
Accumulated depreciation	(53,420)	(53,499)
Net carrying amount - vehicles	-	-
Total property, plant and equipment	2,966,949	3,132,956

12 Intangible Assets

	Consolidated Group	
	31-Dec-22	30-Jun-22
	$	$
Non-Current		
Training licences and course material		
Cost	1,633,222	1,613,191
Accumulated amortisation and impairment	(1,631,764)	(1,611,157)
Net carrying value	1,458	2,034
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	1,458	2,034

Notes to the Financial Statements for the Half-Year Ended 31 December 2022 continued

13 Right of Use Asset and Lease Liabilities

Leased assets

	Consolidated Group	
	31-Dec-22	30-Jun-22
	$	$
Right-of-use assets		
Buildings under lease arrangements		
At cost	2,629,384	2,864,607
Accumulated depreciation and impairment	(2,056,600)	(2,019,621)
	572,784	844,986
Land under lease arrangements		
At cost	-	3,488,166
Accumulated depreciation	-	(675,327)
	-	2,812,839
Vehicles under lease arrangements		
At cost	226,912	227,140
Accumulated depreciation	(224,346)	(209,162)
	2,566	17,978
Total carrying amount of leased assets	575,350	3,675,803

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

	Land	Buildings	Motor Vehicles	Total
	$	$	$	$
Balance at 30 June 2021	**3,147,234**	**1,105,714**	**56,928**	**4,309,876**
Additions	-	391,771	-	391,771
Depreciation	(234,736)	(620,808)	(37,908)	(893,452)
Impairment loss	-	(28,276)	-	(28,276)
Exchange rate differences	(99,659)	(3,415)	(1,042)	(104,116)
Balance at 30 June 2022	**2,812,839**	**844,986**	**17,978**	**3,675,803**
Depreciation	(105,815)	(282,362)	(15,185)	(403,362)
Transfers (out) - sale of subsidiary	(2,736,267)	-	-	(2,736,267)
Exchange rate differences	29,243	10,160	(227)	39,176
Balance at 31 December 2022	**-**	**572,784**	**2,566**	**575,350**

13 Right of Use Asset and Lease Liabilities continued

Lease liabilities

	Consolidated Group	
	31-Dec-22	30-Jun-22
	$	$
Lease liabilities - current		
Land	-	191,528
Buildings	775,338	860,118
Motor vehicles	5,969	10,994
	781,307	1,062,640
Lease liabilities - non-current		
Land	-	5,973,047
Buildings	88,426	433,243
	88,426	6,406,290
Total carrying amount of lease liabilities	869,733	7,468,930

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 2021	**5,855,558**	**1,665,855**	**21,591**	**7,543,004**
Additions	-	391,771	-	391,771
Lease repayments	(801,716)	(921,712)	(10,597)	(1,734,025)
Interest	587,612	145,322	-	732,934
Exchange rate differences	523,121	12,125	-	535,246
Balance at 30 June 2022	**6,164,575**	**1,293,361**	**10,994**	**7,468,930**
Lease repayments	(326,199)	(539,995)	(5,025)	(871,219)
Interest	260,626	51,220	-	311,846
Transfers (out) - sale of subsidiary	(6,305,826)	-	-	(6,305,826)
Exchange rate differences	206,824	59,178	-	266,002
Balance at 31 December 2022	**-**	**863,764**	**5,969**	**869,733**

14 Taxation

	Consolidated Group	
	Half-year ended 31-Dec-22	Half-year ended 31-Dec-21
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	-	-
Adjustments in respect of current income tax of previous years	(1,220)	-
Deferred income tax		
Relating to origination and reversal of timing differences	89,852	90,790
Income tax expense / (benefit) reported in the statement of profit or loss and other comprehensive income	88,632	90,790
Income tax expense is attributable to		
Profit (loss) from continuing operations	(160,890)	(141,484)
Profit (loss) from discontinued operations	72,258	50,694

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

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 2022

	Level 1 $	Level 2 $	Level 3 $	**Total** **$**
Financial assets				
Financial assets at fair value through the profit or loss				
Contingent consideration receivable (current)	-	-	777,297	**777,297**
Total finanical assets	**-**	**-**	**777,297**	**777,297**
Financial liabilities				
Financial liabilities at fair value through the profit or loss				
Derivatives (current)	-	13,152	-	**13,152**
Total finanical liabilties	**-**	**13,152**	**-**	**13,152**

15 Fair value measurement of financial instruments continued

At 30 June 2022

	Level 1 $	Level 2 $	Level 3 $	**Total $**
Financial assets				
Financial assets at fair value through the profit or loss				
Contingent consideration receivable (current)	-	-	600,000	**600,000**
Contingent consideration receivable (non-current)			783,993	**783,993**
Total finanical assets	**-**	**-**	**1,383,993**	**1,383,993**
Financial liabilities				
Financial liabilities at fair value through the profit or loss				
Derivatives (current)	-	8,585	-	**8,585**
Total finanical liabilties	**-**	**8,585**	**-**	**8,585**

(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.

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 2022.

	Note	Contingent consideration receivable $	**Total** $
Opening balance 1 July 2022		1,383,993	**1,383,993**
Transfers		-	**-**
Additions		-	**-**
Disposals	17	(606,696)	(606,696)
Gains (losses) recognised through the profit or loss		**-**	**-**
Closing balance 31 December 2022		**777,297**	**777,297**

15 Fair value measurement of financial instruments continued

(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 2022. 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 2022	Unobservable Inputs	Range of inputs (probability weighted average)	Realtionship to unobservable inputs to fair value
Contingent consideration receivable	777,297	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

(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 Group'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 three cash generating units are as follows:

- Site Skills Training - International
- Tertiary Education
- Energy Services

16 Impairment continued

As a result of the sale of Site Group Holdings Pty Ltd, the Group no longer recognises Clark Property Development as a cash generating unit.

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 the testing, there have been no impairment charges for the period.

Site Skills Training – International cash-generating unit

The recoverable amount of the *Site Skills Training – International CGU* of $3,021,656 as at 31 December 2022 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 13-17%, 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 $978,075 as at 31 December 2022 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 11-13%, 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 $nil as at 31 December 2022 ($nil 30 June 2022).

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 passing 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

17 Discontinued Operations continued

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

	Half year ended 31-Dec-22 $	Half year ended 31-Dec-21 $
Revenue	-	4,663
Expenses	(226,104)	(92,817)
Profit / (loss) before income tax	(226,104)	(88,154)
Income tax benefit	72,258	50,694
Loss after income tax of discontinued operations	(153,846)	(37,460)

In the event 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 and was recognised as a financial asset at fair value through profit or loss.

For the period ended 30 June 2022, the Group received $605,789 from Competency Training Pty Ltd as additional cash consideration.

At 31 December 2022, the fair value for period ended 30 June 2023 was determined as a level 3 measurement with unobservable inputs of a risk adjusted discount rate of 14.93% and expected cash inflows of $900,000 ($777,297 discounted).

18 Contingencies

Legal claim contingency

As disclosed in the 30 June 2022 financial statements, the ACCC has commenced civil proceedings against the Company, 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 was appealed in May 2022), and the prevailing uncertainty surrounding the outcome of these proceedings.

19 Sale of Subsidiary

On 7 March 2022, the Group announced a transaction involving the sale of its subsidiary Site Group Holdings Pty Ltd ACN 121 485 729 (SGH). The sale was finalised on 23 November 2022 with the Group retaining a 38.4% interest in SGH, and an Investor Group holding the balance of 61.6%.

The Group has determined that it no longer controls SGH and it is deconsolidated from that date. The Group considers its investment as an associate and is equity accounted from that date.

19 Sale of Subsidiary continued

Background & Financial information

SGH is the holder of a long-term lease at Clark Freeport Zone in the Philippines consisting of 30.7136 hectares. At the date of sale, SGH was utilising only a small part of the site the subject of the Clark Lease for its training and competency assurance services operations.

The financial performance of SGH from 1 July 2022 to the date of completion of the sale (23 November 2022) is presented below:

	$
Income	
Revenue from contracts with customers	1,043,776
Interest income	5,157
Gain on intercompany debt forgiveness	3,044,320
Total income	4,093,253
Expenses	(2,123,894)
Profit before tax from continuing operations	1,969,359
Income tax expense	11,699
Profit for the period from continuing operations	1,981,058

On 23 November 2022, in accordance with the terms of the sale, the assets and liabilities of the training and competency assurance services business (Site Skills Training International) were transferred from SGH to a new company owned by the Group.

Following the transfer, the carrying value of the net liabilities in SGH as at the date of sale (23 November 2022) were as follows:

	23-Nov-22 $
ASSETS	
Cash and cash equivalents	376,735
Right-of-use assets	2,577,376
Security deposits	210,721
TOTAL ASSETS	3,164,832
LIABILITIES	
Lease liabilities - Current	93,870
Lease liabilities - Non-current	6,217,735
TOTAL LIABILITIES	6,311,605
NET LIABILITIES	(3,146,773)

Transaction details

Consideration totalling $15,055,164 (US$10.05m) was provided through a combination of cash and the partial conversion of debt owed by the Group to some members of the Investor Group.

19 Sale of Subsidiary continued

Calculation of the gain on sale is presented below:

	$
Consideration received	
Cash	3,000,240
Debt conversion amount	12,054,924
Total disposal consideration	15,055,164
Carrying value of (net assets) / liabilities deconsolidated	3,146,773
Fair value of equity interest retained	6,354,045
Gain on sale before income tax	24,555,982
Income tax	-
Gain on sale after tax	24,555,982

A breakdown of the consideration received and the Investor Group holding balance (61.6%) is provided below:

Investor Group	% share of SGH	Consideration Received	
		Debt conversion	Cash
Punta Properties	44.6%	11,004,924	-
Armada Trading Pty Ltd	9.8%	-	2,400,240
Wayburn Holdings Pty Ltd	2.6%	600,000	-
Lucerne Finance Pty Ltd	1.9%	450,000	-
Llwyn Pty Ltd ATF Llwyn York Trust & Llwyn Wentbridge Trust	2.6%	-	600,000
Total	**61.6%**	**12,054,924**	**3,000,240**

The Punta Properties debt conversion amount includes outstanding payments for services rendered and reimbursement for costs paid on behalf of the Group. A breakdown the debt conversion amount is presented below:

	$
Repayment of loan in full (Note 10)	8,378,449
Incentive fee*	316,260
Other fees & charges for services rendered	2,310,215
	11,004,924

**The incentive fee has been classified under legal, accounting and other professional fees- refer note 3*

The fair value of the equity interest retained by the Group (38.4%) is based on the independent valuation disclosed in the Independent Expert's Report prepared by Advisory Partner Connect Pty Ltd.

The Group's share of net profit in SGH for the period 24 November 2022 to 31 December 2022 totalled $28,583 and was accounted for using the equity accounting method.

20 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 the Group for the half-year ended 31 December 2022 are in accordance with the *Corporations Act 2001*, including:

  i. giving a true and fair view of the Group's financial position as at 31 December 2022 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 Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Craig Dawson
Director
28 February 2023

ABN: 73 003 201 910

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 2022, 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 2023

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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 2022, 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 2022 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to note 1 "Going Concern" in the half-year financial report. The conditions disclosed indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amount stated within the half-year financial report. Our conclusion is not modified in respect of this matter.

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 Company's financial position as at 31 December 2022 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 2023