

Site Services Holdings Trust

Interim Report - 31 December 2020

Site Services Holdings Trust
Contents
31 December 2020

Director's report	2
Auditor's independence declaration	3
Statement of profit or loss and other comprehensive income	4
Statement of financial position	5
Statement of changes in equity	6
Statement of cash flows	7
Notes to the financial statements	8
Director's declaration	14
Independent auditor's report to the members of Site Services Holdings Trust	15

General information

The financial statements cover Site Services Holdings Trust ('the Trust') as a vehicle consisting of Site Services Holdings Trust and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Site Services Holdings Trust's functional and presentation currency.

Registered office

41-47 Colin Street
West Perth WA 6005

Principal place of business

273 Great Eastern Highway
Belmont WA 6104

A description of the nature of the Trust's operations and its principal activities are included in the director's report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of the sole director, on 3 April 2021.

The Director has the power to amend and reissue the financial statements.

Site Services Holdings Trust
Director's report
31 December 2020

In accordance with the *Corporations Act 2001*, SSH Group (WA) Pty Ltd (ABN 33 165 265 029), the responsible entity of Site Services Holdings Trust (referred to hereafter as the 'the Trust') provides this report for the half-year ended 31 December 2020.

Directors

The following person was the sole director during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Daniel Cowley-Cooper

Units on issue

At 31 December 2020, 100 units of the Trust were on issue (30 June 2020: 100).

Principal activities

During the financial half-year the principal continuing activities of the Trust consisted of:

- Security services, labour hire services, contracting services, traffic management services

Trust information

The Site Services Holdings Trust ('the Trust') is a for profit unit trust, registered in Australia and constituted under a trust deed dated 19 May 2016, and acts as the sole unit holder for the following trusts (collectively 'the SSH Trust Group')

- Site Labour Hire Services Trust ('the SLHS Trust')
- Site Protective Services Trust ('the SPS Trust')
- Site Traffic Management Services Trust ('the STMS Trust')
- Site Facility Management Services Trust ('the SFMS Trust')

SSH Group (WA) Pty Ltd, the responsible entity of the Trust, is a company incorporated and domiciled in Australia.

The ultimate unit holders of the Trust are the Prosperous Capital Trust and the Principle Investment Projects Trust.

Review of operations

The profit for the Trust after providing for income tax amounted to \$1,237,636 (31 December 2019: \$75,519).

Significant changes in the state of affairs


There were no significant changes in the state of affairs of the Trust during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

Site Services Holdings Trust
Director's report
31 December 2020

This report is made in accordance with a resolution of the sole director of SSH Group (WA) Pty Ltd as responsible entity, pursuant to section 306(3)(a) of the Corporations Act 2001.


Daniel Cowley-Cooper
Director

3 April 2021
Perth

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the review of the financial statements of Site Services Holdings Trust the half year ended 31 December 2020. I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully



BENTLEYS
Chartered Accountants



MARK DEALURENTIS CA
Partner

Dated at Perth this 3rd day of April 2021

Site Services Holdings Trust
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

		Consolidated	Unaudited
	Note	31 Dec 2020	31 Dec 2019*
		\$	\$
Revenue	4	28,102,081	4,634,529
Other income	5	122,649	-
Interest revenue		7,924	-
Expenses			
Employee benefits expense		(757,516)	(532,083)
Depreciation and amortisation expense		(32,137)	(45,345)
Direct costs		(49,278)	(44,032)
Management fees		(723,600)	(517,286)
Contract labour		(24,765,601)	(3,186,873)
Administration		(357,629)	(95,074)
Finance costs		(309,257)	(138,317)
Profit before income tax expense		1,237,636	75,519
Income tax expense		-	-
Profit after income tax expense for the half-year		1,237,636	75,519
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		<u>1,237,636</u>	<u>75,519</u>
		\$	\$
Basic earnings per unit		12,376.36	755.19
Diluted earnings per unit		12,376.36	755.19

* The 31 Dec 2019 half year financial statements were not reviewed by Bentleys.

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

Site Services Holdings Trust
Statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 June 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		79,944	205,488
Trade and other receivables	6	9,822,392	4,100,514
Inventories		3,815	3,815
Total current assets		<u>9,906,151</u>	<u>4,309,817</u>
Non-current assets			
Plant and equipment	7	238,358	262,307
Intangibles		382,161	396,230
Total non-current assets		<u>620,519</u>	<u>658,537</u>
Total assets		<u>10,526,670</u>	<u>4,968,354</u>
Liabilities			
Current liabilities			
Trade and other payables	8	5,348,659	3,177,047
Borrowings	9	4,101,629	1,403,227
Provisions		52,385	42,084
Total current liabilities		<u>9,502,673</u>	<u>4,622,358</u>
Non-current liabilities			
Borrowings	9	230,682	790,317
Total non-current liabilities		<u>230,682</u>	<u>790,317</u>
Total liabilities		<u>9,733,355</u>	<u>5,412,675</u>
Net assets/(liabilities)		<u>793,315</u>	<u>(444,321)</u>
Equity			
Issued units		100	100
Reserves		36,761	36,761
Retained profits/(accumulated losses)		<u>756,454</u>	<u>(481,182)</u>
Total equity/(deficiency)		<u>793,315</u>	<u>(444,321)</u>

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

Site Services Holdings Trust
Statement of changes in equity
For the half-year ended 31 December 2020

Consolidated (Unaudited*)	Issued capital \$	Reserves \$	Accumulated losses \$	Total deficiency in equity \$
Balance at 1 July 2019	100	36,761	(559,491)	(522,630)
Profit after income tax expense for the half-year	-	-	75,519	75,519
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	75,519	75,519
<i>Transactions with unitholders in their capacity as unitholders:</i>				
Trust distributions	-	-	191,478	191,478
Balance at 31 December 2019	<u>100</u>	<u>36,761</u>	<u>(292,494)</u>	<u>(255,633)</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2020	100	36,761	(481,182)	(444,321)
Profit after income tax expense for the half-year	-	-	1,237,636	1,237,636
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	1,237,636	1,237,636
Balance at 31 December 2020	<u>100</u>	<u>36,761</u>	<u>756,454</u>	<u>793,315</u>

* The 31 Dec 2019 half year financial statements were not reviewed by Bentleys.

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

Site Services Holdings Trust
Statement of cash flows
For the half-year ended 31 December 2020

	Consolidated	Unaudited*
	31 Dec 2020	31 Dec 2019
	\$	\$
Cash flows from operating activities		
Receipts from customers	21,910,470	4,523,407
Payments to suppliers and employees	<u>(23,550,589)</u>	<u>(4,436,477)</u>
	(1,640,119)	86,930
Interest received	7,924	-
Other revenue	122,649	-
Interest and other finance costs paid	<u>(309,257)</u>	<u>(138,317)</u>
Net cash used in operating activities	<u>(1,818,803)</u>	<u>(51,387)</u>
Cash flows from investing activities		
Payment for purchase of business	(132,161)	-
Payments for plant and equipment	<u>(8,188)</u>	<u>(2,423)</u>
Net cash used in investing activities	<u>(140,349)</u>	<u>(2,423)</u>
Cash flows from financing activities		
Proceeds from borrowings	27,303,208	138,087
Repayment of borrowings	<u>(25,469,600)</u>	<u>(48,257)</u>
Net cash from financing activities	<u>1,833,608</u>	<u>89,830</u>
Net increase/(decrease) in cash and cash equivalents	(125,544)	36,020
Cash and cash equivalents at the beginning of the financial half-year	<u>205,488</u>	<u>835</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>79,944</u></u>	<u><u>36,855</u></u>

* The 31 Dec 2019 half year financial statements were not reviewed by Bentleys.

The above statement of cash flows should be read in conjunction with the accompanying notes

Site Services Holdings Trust
Notes to the financial statements
31 December 2020

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the Annual Report for the year ended 30 June 2020.

The 31 December 2019 comparatives have not been reviewed by the auditors Bentleys.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Trust 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Trust generated a profit after tax of \$1,237,636 (31 December 2019: \$75,519) for the half-year ended 31 December 2020, net cash outflows from operating activities of \$1,818,803 (31 December 2019: \$51,387) and had a working capital surplus of \$3,971,919 (30 June 2020: \$919,042).

The ability of the Trust to continue as a going concern is principally dependent upon the ability of the Trust to generate profit from its activities, raise funds from capital raising and manage cashflow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Trust to continue as a going concern.

The Director has prepared a cash flow forecast, which has an allowance for further capital to be raised and indicates that the Trust will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. The Director believes it is appropriate to prepare these accounts on a going concern basis because:

- The Trust, as part of the Site Services Holdings Group ('SSH') is in advanced discussions regarding a proposed listing on the Australian Securities Exchange via a reverse takeover. The proposed transaction will require compliance with Chapters 1 and 2 of the ASX Listing Rules and completion of a proposed capital raising of approximately \$6.25 million (before costs)

Should the Trust be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Trust be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets

The Trust tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 3. Segment information

The Director's determined that the Trust has one reportable segment, being security services, labour hire services, contracting services and traffic management services in Australia, consequently the Trust does not report segmented operations.

Note 4. Revenue

	Consolidated Unaudited*
	31 Dec 2020 31 Dec 2019
	\$ \$
<i>Revenue from contracts with customers</i>	
Services income	28,101,803 4,634,529
<i>Other revenue</i>	
Other revenue	278 -
Revenue	<u>28,102,081 4,634,529</u>

* The 31 Dec 2019 half year financial statements were not reviewed by Bentleys.

Site Services Holdings Trust
Notes to the financial statements
31 December 2020

Note 5. Other income

	Consolidated	Unaudited
	31 Dec 2020	31 Dec 2019*
	\$	\$
Subsidies and grants	<u>122,649</u>	<u>-</u>

Note 6. Trade and other receivables

	Consolidated	Consolidated
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current assets</i>		
Trade receivables	9,770,329	4,086,545
Related parties receivables	<u>52,063</u>	<u>13,969</u>
	<u>9,822,392</u>	<u>4,100,514</u>

Note 7. Plant and equipment

	Consolidated	Consolidated
	31 Dec 2020	30 June 2020
	\$	\$
<i>Non-current assets</i>		
Leasehold improvements - at cost	478	478
Less: Accumulated depreciation	<u>(18)</u>	<u>(12)</u>
	460	466
 Plant and equipment - at cost	 173,334	 240,511
Less: Accumulated depreciation	<u>(133,510)</u>	<u>(201,286)</u>
	39,824	39,225
 Motor vehicles - at cost	 233,750	 230,000
Less: Accumulated depreciation	<u>(35,676)</u>	<u>(7,384)</u>
	198,074	222,616
	<u>238,358</u>	<u>262,307</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Consolidated				
Balance at 1 July 2020	466	39,225	222,616	262,307
Additions	-	4,438	3,750	8,188
Depreciation expense	<u>(6)</u>	<u>(3,839)</u>	<u>(28,292)</u>	<u>(32,137)</u>
Balance at 31 December 2020	<u>460</u>	<u>39,824</u>	<u>198,074</u>	<u>238,358</u>

* The 31 Dec 2019 half year financial statements were not reviewed by Bentleys.

Site Services Holdings Trust
Notes to the financial statements
31 December 2020

Note 8. Trade and other payables

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Trade payables	3,446,512	1,088,557
Related parties' payable	1,226,757	1,168,142
GST and PAYG payable	598,492	700,723
Other payables	76,898	219,625
	<u>5,348,659</u>	<u>3,177,047</u>

Note 9. Borrowings

	Consolidated	
	31 Dec 2020	30 June 2020
	\$	\$
<i>Current liabilities</i>		
Bank loans	457,191	100,000
Debtor finance factoring facility (i)	3,568,441	1,231,583
Hire purchase	75,997	71,644
	<u>4,101,629</u>	<u>1,403,227</u>
<i>Non-current liabilities</i>		
Bank loans	38,334	558,167
Hire purchase	192,348	232,150
	<u>230,682</u>	<u>790,317</u>
	<u>4,332,311</u>	<u>2,193,544</u>

(i) The Group has a Debtor Finance Factoring Facility with Scottish Pacific Business Finance Pty Ltd ("ScotPac")

The Debtor Factoring Facility has been in existence since 14 July 2017 and was put in place to provide consistent cashflow to the Site Services Holdings Group ('SSH') given the extensive trading terms that may be associated with contracts. This enables SSH to maintain sufficient working capital to meet its debts as and when they fall due.

The minimum term of the facility is 12 months and the notice period required to end the facility after the end of the minimum term of the facility is 1 month.

The Group Facility Limit on 31 December 2020 was \$5.0m (30 June 2020: \$2.0m) which was increased to \$8.5m on 20 January 2021.

ScotPac have a general security agreement over all entities within SSH, with the directors of Site Services Holdings Pty Ltd, Daniel Cowley-Cooper and Stefan Finney also providing guarantees in their own capacity and through their personal entities Prosperous Capital Pty Ltd as trustee for Prosperous Capital Trust and Principle Investment Projects Pty Ltd as trustee for Principle Investment Projects Trust.

Site Services Holdings Trust
Notes to the financial statements
31 December 2020

Note 9. Borrowings (continued)

	Current borrowings \$	Non-current borrowings \$	Total \$
<i>Bank loans</i>			
Balance at 1 July 2020	100,000	558,167	658,167
Repayment of borrowings	(246,948)	-	(246,948)
Interest expense	84,306	-	84,306
Reclassification	519,833	(519,833)	-
Balance at 31 December 2020	457,191	38,334	495,525
<i>Debtor finance factoring facility</i>			
Balance at 1 July 2020	1,231,583	-	1,231,583
Proceeds from borrowings	27,303,208	-	27,303,208
Repayment of borrowings	(25,181,319)	-	(25,181,319)
Interest expense	214,969	-	214,969
Balance at 31 December 2020	3,568,441	-	3,568,441
<i>Hire purchase</i>			
Balance at 1 July 2020	71,644	232,150	303,794
Repayment of borrowings	(41,333)	-	(41,333)
Interest expense	5,884	-	5,884
Reclassification	39,802	(39,802)	-
Balance at 31 December 2020	75,997	192,348	268,345
	<u>4,101,629</u>	<u>230,682</u>	<u>4,332,311</u>

Note 10. Events after the reporting period

Jacka Resources Ltd ('Jacka') has executed a binding terms sheet agreement to acquire 100% of the entities which constitute the businesses known as Site Services Holdings Group ('SSH') which includes Site Services Holdings Pty Ltd, Complete Workforce Australia Pty Ltd and Site Services Holdings Trust. Completion of the acquisition of SSH will occur upon the Initial Public Offer ('IPO') of Jacka on the ASX including a capital raising of \$6.25 million.

Site Services Holdings Trust
Director's declaration
31 December 2020

In accordance with a resolution as the sole of the director of SSH Group (WA) Pty Ltd, responsible entity for the Site Services Holdings Trust ('the Trust'), I state that:

(1) In my opinion:

- (a) the financial statements and notes of the Trust are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Trust's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001.
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and
- (c) the financial statements also comply with International Financial Reporting Standards as disclosed in note 1.

(2) Signed in accordance with a resolution as sole director pursuant section 295(5)(a) of the Corporations Act 2001 for the half-year ended 31 December 2020.


Daniel Cowley-Cooper
Director

3 April 2021
Perth

Independent Auditor's Review Report

To the Unitholders of Site Services Holdings Trust

Conclusion

We have reviewed the accompanying half-year financial report of Site Services Holdings Trust ("the Trust") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 half-year financial report of Site Services Holdings Trust does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Site Services Holdings Trust financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *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 Trust 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* 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 Trust, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent Auditor's Review Report

To the Unitholders of Site Services Holdings Trust (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Trust incurred net cash outflows from operating activities of \$1,818,803 during the half year ended 31 December 2020. 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 Trust's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Site Services Holdings Trust 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 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 Trust's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BENTLEYS
Chartered Accountants

MARK DELAURENTIS CA
Partner

Dated at Perth this 3rd day of April 2021