Site

ASX RELEASE

30 August 2019

Appendix 4E and Annual Report

The Directors of Site Group International Limited ("Site") are pleased to announce the release of:

- Appendix 4E – Preliminary Final Report for the year ended 30 June 2019: and
- 2019 Annual Report

The attached annual report contains details of the achievements of the group over the last financial year.

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Media and Investors

Vernon Wills
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Principal & Registered Office: Level 4, 488 Queen St, Brisbane QLD 4000

Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	Site Group International Limited
ABN	73 003 201 910
Financial Year Ended	30 June 2019
Previous Corresponding Reporting Period	30 June 2018

Results for Announcement to the Market

	$'000	**Percentage increase /(decrease) over previous corresponding period**
Revenue	30,913	4% increase
Profit / (loss) after tax attributable to members	(4,742)	22% Decrease of loss
Net profit / (loss) for the period attributable to members	(4,742)	22% Decrease of loss

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	0.0 cents	0.0 cents
Interim Dividend	0.0 cents	0.0 cents
Record date for determining entitlements to the dividends (if any)	Not applicable	

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	(0.62) cents	(0.001) cents

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position

Refer attached annual report

Commentary on the Results for the Period

The earnings per security:
The current year result is a loss per share of (0.69) cents as compared to the prior year loss per share of (0.92) cents.

Results for Site Group International Limited show a revenue line of $30.9M with an EBITDA loss of the continuing operation of $3.2M. The results continue to be negatively impacted by the distraction of the regulatory action and legal cases currently underway both in terms of professional fees incurred and also the substantial commitment of management time and resources.

Despite this and in line with the strategic direction, Site has made progress in its studies as to decoupling the International and Domestic training businesses as well as progress in determining potential optimisation of its Clark leasehold property.

For further review of results please refer to the Directors report on page 8 of the attached annual report.

Returns to shareholders including distributions and buy backs:

Not applicable

Significant features of operating performance:

Refer to the Directors' Report

The results of segments that are significant to an understanding of the business as a whole:

Refer to Note 2 to the Accounts (Operating Segments)

Discussion of trends in performance:

Refer to the Directors' Report

Any other factor which has affected the results in the period or which are likely to affect results in the future, including those where the effect could not be quantified:

Refer to the Directors' Report

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	
The accounts are in the process of being audited or subject to review		The accounts have not yet been audited or reviewed	

If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:
Not Applicable
If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:
Not Applicable

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Audited financial statements 30 June 2019

Signed By (Director/Company Secretary)	
Print Name	Vernon Wills
Date	30 August 2019

Site

Site Group International Limited
and Controlled Entities

ABN 73 003 201 910

Annual report – 30 June 2019

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Annual General Meeting

The Annual General Meeting of the Company will be held at

Time:	11:00am
Date:	Thursday, 28 November 2019
Location:	488 Queen Street, Brisbane QLD 4000.

Managing Director and CEO Letter

Results for Site Group International Limited as released in July show a revenue line of $30.9M with an EBITDA loss of the continuing operation of $3.2M. The results continue to be negatively impacted by the distraction of the regulatory action and legal cases currently underway both in terms of professional fees incurred and also the substantial commitment of management time and resources.

Despite this and inline with the strategic direction, Site has made progress in its studies as to decoupling the International and Domestic training businesses as well as progress in determining potential optimisation of its Clark leasehold property.

Site recently announced the appointment of Ms Nina Cordero as President and CEO of Site Group Holdings, the Site subsidiary that holds the Clark lease. Ms Cordero is working closely with Directors Nick Alcantara and Vern Wills on the completion of feasibility studies with Urban renewal specialist Palafox as well as the development of a a business model, financial model and identification of strategic partners for any future optimisation plan for Sites 30 Hectare leasehold property in Clark, Philippines.

The Group continues to build internationally, with new opportunities evolving in competency focussed programs predominantly with existing customers targeted at workforce needs in a number of countries, both existing and new markets such as Singapore, Indonesia and Bahrain. Site's nationalisation of workforce programs continue to have great effect in countries such as PNG, Myanmar, Philippines and Saudi Arabia.

Site expects to establish new markets, particularly around its competency framework capability and Chemical and Energy Industries, over the next 12 months.

In Australia, Site continues to investigate options for the optimisation of it services. Site Skills Group (SSG) received over 27,000 enrolments across 48,000 units of competency, with the majority of those programs being delivered under pre-qualified arrangements with some of Australia`s largest and most significant projects and corporations. SSG is pleased to have the continued confidence of these companies, many of whom conduct independent audit and analysis activities before pre-qualifying SSG.

SSG student completion rates remain well above sector average at approximately 90%, with overall student satisfaction rate remaining at approximately 90%.

Regulatory Actions

There is a prevailing view amongst the Vocational Education and Training sector that its regulator, the Australian Skills Quality Authority (ASQA), is continuing with a sledgehammer approach to private sector RTOs. Since January 2018, ASQA has cancelled over 400 private Registered Training Organisations with many feeling that they have had inconsistent treatment by the regulatory authority, particularly in comparison to the regulators treatment of non-private RTOs, who seem to be given extra opportunity to rectify any non-compliances.

As disclosed in the market update of 31 July 2019, Site remains in dispute with the (ASQA) in the Administrative Appeals Tribunal (AAT) and Federal Court, and in the Federal Court with the pending ACCC litigation. This action appears likely to continue for some time, potentially into the second half of 2020.

In July 2019, at the initial AAT hearing for Site Skills Group (SSG), the ongoing unconditional stay of SSG operations was confirmed. The substantive issue of SSG operations remains before the AAT.

Trial dates have now been established for the commencement of Productivity Partners proceedings brought by the ACCC set down for June 2020.

Site remains confident in its position.

I would like to thank our ongoing directors Peter Jones (Chairman of Site Group International Limited) and Nicasio Alcantara (Chairman of Site's International Operations), CFO and Company Secretary Craig Dawson, all management and staff and equally all shareholders for their ongoing support.

Vernon Wills
Managing Director and CEO

Corporate Directory

Directors	Peter Jones (Chairman) Vernon Wills Nicasio Alcantara
Company Secretary	Craig Dawson
Chief Executive Officer	Vernon Wills
Principal registered office in Australia	Site Group International Limited Level 4, 488 Queen Street Brisbane Qld 4000 Telephone: +61 7 3114 5188
Principal place of business	Site Group International Limited Level 4, 488 Queen Street Brisbane Qld 4000 Telephone: +61 7 3114 5188
Share registry	Computershare Investor Services Pty Limited Level 1, 200 Mary Street Brisbane QLD 4000, Australia Telephone: +61 7 3237 2100
Auditor	Pitcher Partners Level 38, 345 Queen Street Brisbane QLD 4000, Australia Telephone: +61 7 3222 8444
Solicitors	Hopgood Ganim Level 8, 1 Eagle Street Brisbane Qld 4000 Telephone: +61 7 3024 0000
Bankers	National Australia Bank Cnr. Adelaide and Creek Streets Brisbane QLD 4000 Westpac Banking Corporation 45 Adelaide Street Fremantle WA 6160
Stock exchange listing	Site Group International Limited shares are listed on the Australian Securities Exchange (code: SIT)
Web site address	www.site.edu.au

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SITE GROUP INTERNATIONAL LIMITED AND CONTROLLED ENTITIES

ABN: 73 003 201 910

Financial Report for the Year Ended

30 June 2019

Directors' Report

Your Directors submit herewith the financial report of Site Group International Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2019.

Directors

The directors in office at any time during or since the end of the financial year, together with their qualifications and experience are:

Vernon Wills – Managing Director and CEO

Vern established Site to provide skills training and workforce planning solutions by initially developing a 300,000m^2 Philippines facility at the Expo Filipino site at Clark Freeport, after he identified a market gap in Australian training providers delivering international training for industry and major projects.

Prior to Site, Vern has had an extensive career in investment and finance as well as building start up and early stage companies such as Go Talk Ltd and Dark Blue Sea Ltd. Additionally he serves as a Director of Eumundi Group Ltd (since September 2004) and was previously a director of the Greg Norman Golf Foundation, CITEC, and Deputy Chair of the Queensland Government's Major Sports Facilities.

Nicasio Alcantara BA, MBA – Non-Executive Director

Mr Alcantara was appointed Director of the company on 12 October 2010 and has been a director of Site Group Holdings Pty Ltd since June 2009. Mr Alcantara is an experienced director with over 40 years' experience in both public and private companies and his diverse industry experience includes manufacturing, banking & finance, property, information technology, agriculture and power & energy.

Mr Alcantara is currently a director of Alsons Corporation, Alsons Development & Investment Corporation, C. Alcantara & Sons Inc., Lima Land Inc., Sarangani Agricultural Co. Inc, Seafront Resources Corporation (appointed 1995), the Philodrill Corporation (appointed 1991), Indophil Resources NL (appointed 29 December 2011) and BDO Private Bank Inc.

Mr Alcantara has also previously been Chairman and President of Alsons Consolidated Resources Inc., Iligan Cement Corporation, Alsons Cement Corporation, Northern Mindanao Power Corporation and Refractories Corporation of the Philippines. He was also previously Chairman and Chief Executive Officer of Petron Corporation and a director of Bank One Savings and Bancasia Capital Corporation.

Peter Jones ACA – Chairman and Non-Executive Director - Appointed director 29 May 2017 and appointed Chairman 30 June 2019

Mr. Jones is a Chartered Accountant and was formerly a founding director of Investor Group Limited (now Crowe Horwath), a listed financial services company.

Mr Jones has a strong track record as a successful investor in public and private companies. He is currently also a director of ASX listed Biotech Capital Limited (appointed 4 August 2015).

Company Secretary

Craig Dawson BCom, ACA

Mr Dawson is the Chief Financial Officer of the Group. He brings extensive financial management experience gained in ASX listed entities with both local and international operations in a variety of industries including media, financial services, gaming and wagering and most recently in the rapidly growing online sector.

Most notably, Mr Dawson was CFO of Wotif.com for over 4 years as the group experienced rapid earnings growth, greatly extended its geographical reach and expanded its brands and products through both organic and acquisition growth. Prior to that, Mr Dawson was Queensland General Manager – Corporate Services at Tatts Group Limited heading up the finance and administration divisions of Tatts Queensland operations.

Mr Dawson holds a Bachelor of Commerce and is a Chartered Accountant.

Committee membership

As at the date of this report, the company had an Audit and Risk committee and a Nomination and Remuneration committee of the board of directors. Members acting on the committees of the board during the year and up to the date of this report were:

Audit and Risk Committee (AC)

- Peter Jones (c)
- Nicasio Alcantara

Mr Jones is a Chartered Accountants and Mr Alcantara has extensive corporate experience and is qualified to serve on this Committee.

Nomination and Remuneration Committee (NRC)

- Peter Jones (c)
- Nicasio Alcantara

(c) Designates the chairman of the committee.

Meetings of Committees

	Board No.	Attended No.	AC No.	Attended No.	NRC No.	Attended No.
Vernon Wills	5	5	2	2*	1	1**
Nicasio Alcantara	5	5	2	2	1	1
Peter Jones	5	5	2	2	1	1

* ex officio attendance

** The CEO attended part of the Nomination and Remuneration Committee meeting before excluding himself from the meeting.

All directors were eligible to attend all meetings held.

Principal activity

The principal activity of the company during the period was the provision of training and education services in Australia and Internationally. The company is delivering workforce solutions across a variety of industries to both retail and corporate clients. There has been no significant change in the principal activities of the consolidated entity during the period.

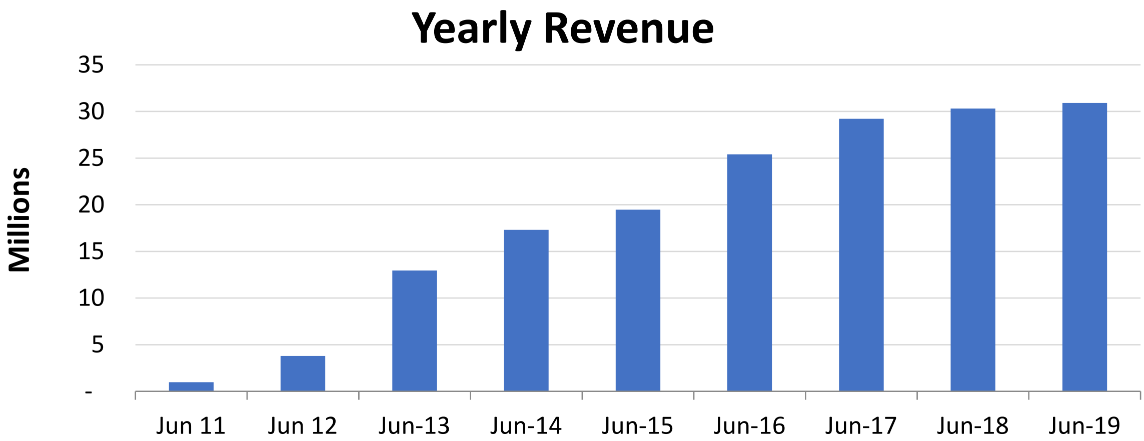
The company has adopted expansion plans via both organic growth and through prudent acquisition activity with a view to diversifying funding sources and diversifying course and program offerings.

Directors' Report continued

Operating and financial review

Group

Site business growth in revenue is demonstrated in the below graph. Total revenue from operations for the year ended 30 June 2019 was up 2% to $30,913,290 (2018: $30,306,134).

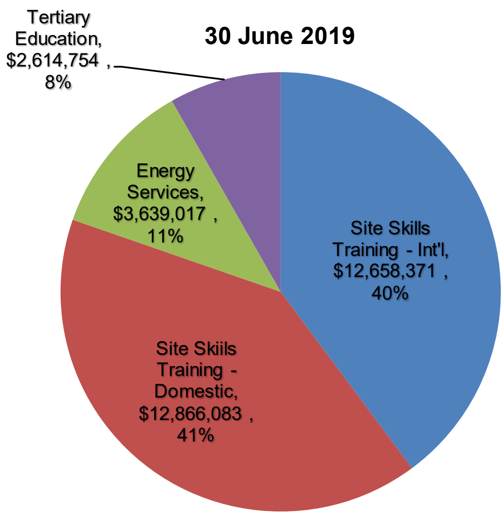


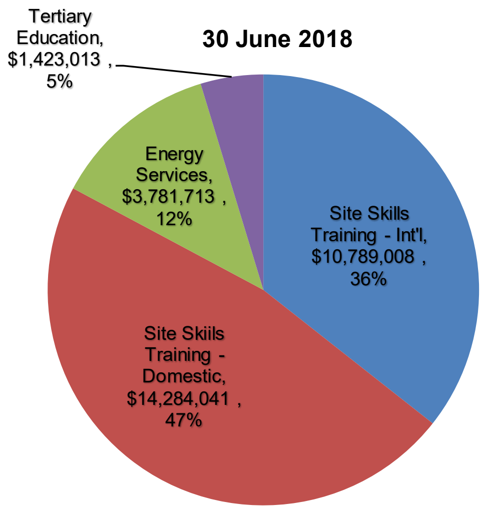
Following the initial announcement in June 2018 to separate the responsibility for the Domestic and International business, the group continues to investigate growth and utilisation options of its leasehold in Clark Freeport Zone ("Clark") Philippines. The Clark precinct is experiencing a significant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

In line with the appointment of Mr Nicasio Alcantara as Chairman of the international subsidiaries, interests associated with Mr Alcantara have provided a financing facility of $US4m to enable the continuation of the international growth strategy and provide working capital. Repayment of funds drawn under the facility will be via cash or equity to be issued at the last issue price of 4 cents per share subject to approval of shareholders. A total of US$2.9 million has been drawn to 30 June 2019.

Projected increases in revenues are expected to continue internationally from the Philippines, the Kingdom of Saudi Arabia, Papua New Guinea and Myanmar as well as new project opportunities in the Middle East which are expected to positively impact on 2020.

Revenue contribution and activity by each segment is illustrated in the two charts below. This highlights the growing revenue from the international business.





Gross Revenue by Segment June 2019 versus June 2018 (excludes eliminations)

Directors' Report continued

Operating and financial review continued

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

In July 2019, at the initial stage of the AAT hearing for Site Skills Group (SSG), the ongoing unconditional stay of the ASQA renewal of registration rejection decision was confirmed and has remained in place since 21 May 2018. The substantive issue of SSG operations remains before the AAT.

Trial dates have not yet been established for the commencement of Productivity Partners proceedings brought by the ACCC. The ACCC has commenced civil proceedings against Site, Productivity Partners and two former executives in relation to enrolment practices of the college in 2015.

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

Consistent with the 30 June 2018 annual report, the closure of the Productivity Partners (PP) business and closure of the VET FEE-HELP related campuses has meant that this business has been reported as a discontinued operation in the result to 30 June 2019 and comparative period. Following review of the historical taxation treatment for the revenue derived by the PP business, management lodged amended income tax returns for the 2015, 2016 and 2017 income tax years resulting in income tax refund for $1,688,960 being received in January 2019.

For the year ended 30 June 2019, Site Group International Limited reported a loss after tax from continuing operations of $5,082,800 compared to an after tax loss of $9,547,913 in the previous corresponding period.

For comparability with the trading result in the prior period, the below table shows the result for the Group including the discontinued operations over the last 4 years.

	30-Jun 2019 $	2018 $	Change 19-18 %	30-Jun 2017 $	Change 18-17 %	30-Jun 2016 $	Change 17-16 %
Revenue	30,913,290	30,306,134	2%	29,213,400	4%	25,406,177	15%
Net profit / (loss)	(4,742,968)	(6,042,212)	(22%)	(50,466,491)	(88%)	9,404,816	-
add back							
Depreciation and amortisation	1,413,716	2,033,252	(30%)	2,355,412	(14%)	2,855,346	(18%)
Interest paid	415,460	55,744	645%	307,304	(82%)	263,047	17%
Income tax (benefit) / expense	(1,514,919)	247,641	-	(1,025,209)	(124%)	782,430	(231%)
deduct							
Interest income	66,183	16,197	309%	16,930	(4%)	23,227	(27%)
EBITDA*	(4,494,894)	(3,721,772)	21%	(48,845,914)	(92%)	13,282,412	-
Non recurring items**							
Impairment of intangibles	-	3,797,413		23,570,460		3,177,175	
Write down / (reversal of write down) of DET debtor	-	(4,990,113)		33,944,396		-	
Write back of contingent consideration	-	-		-		(3,375,136)	
EBITDA before non recurring items	(4,494,894)	(4,914,472)	(9%)	8,668,942	-	13,084,451	(34%)
Operating cash inflow /(outflow)	(2,680,639)	(727,824)	-	(93,722)	-	(4,835,274)	-

** 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 number.*
***This a non-IFRS measure and is not an audited number.*

Table 1 Financial Summary

The earnings before interest, taxes, depreciation and amortisation (EBITDA) was a loss of $4,494,894 compared to a loss of $4,914,472 in the prior corresponding period.

Operating and financial review continued

Site Skills Training - Domestic

Site Skills Training (SST) is an Australian Registered Training Organisation with six large training facilities across Australia, in Western Australia, Northern Territory and Queensland. These Australian facilities with a combined footprint of approximately 33,500sqm have become hubs for some of Australia's largest projects in Mining, Construction and Oil and Gas including; Curtis Island Coal Seam Gas (CSG) to Liquefied Natural Gas (LNG) projects; Western Australia Northwest Shelf LNG projects; and Darwin Onshore and Offshore LNG projects; and effectively most major mine project sites across Western Australia, Northern Territory and Queensland.

The Australian operations have been hindered primarily by ongoing regulatory uncertainty between SSG and the ASQA. While SSG revenue has been negatively impacted, with a year-on-year reduction of 10% to $12,866,083 from $14,284,041 in the previous period, primarily as a result of contracts suspended or missed due to the regulatory uncertainty, SSG continues to receive exceptional customer engagement, satisfaction and completion rates amongst individual and corporate clients which all outperform industry targets.

SST has invested substantially in compliance resources and systems over the past 36 months and Site has full confidence in the independent executive and management team to continue to deliver above and beyond the expectations of its tens of thousands of students and hundreds of corporate clients across high risk and nationally critical industries.

EBITDA was a loss of $1,728,678 compared to an EBITDA loss of $189,964 in the previous year reflecting the lower revenue but also the additional compliance and legal costs incurred within this division.

In addition to its corporate customers, SST delivers training to individuals using Western Australia, Queensland and Northern Territory subsidised training regimes. In Queensland, Vocational Education and Training (VET) in Schools students has expanded and will provide further growth in the next financial year.

SST continues to invest in its systems and delivery platforms including launching a new transactional website in July 2019.

Site Skills Training – International

Site Skills Training – International division provides training and competency assurance services to organisations and governments in countries where local workforces require additional skills to meet global standards. The segment, based at Site's major training facility in Clark Freeport Zone near Manila in the Philippines, delivered a 17% increase in revenue to $12,658,371 in the 12 months to June 2019, compared with $10,789,008 in the prior year. EBITDA was $682,394 compared with an EBITDA of $698,936 in the prior year.

To date SST International has provided education and training services to countries including the Philippines, PNG, Myanmar, Saudi Arabia, United Kingdom, China, Singapore, Malaysia and has delivered services to governments and companies in locations including Timor-Leste, UAE, Azerbaijan, Africa and others.

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

Operating and financial review continued

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

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

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

Energy Services

The Energy services segment incorporating the Wild Geese International business in Perth and the internationally based Site Group International Energy division ("SGI") provides specialist training services to the oil and gas industry including workforce design and identification, skills training and competency assessment and assurance.

Revenue for the 12 months for the business fell slightly to $3,639,017 (2018: $3,781,713) with an EBITDA of $211,651 (2018: EBITDA loss of $4,600,696).

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

The Site Group International Energy division's Singapore and Malaysian operation continue to develop their relationship and delivery of services in both Myanmar and PNG.

In Myanmar, ongoing delivery with in-country partners, Uniteam will see 31 PTTEP (the Thai national petroleum exploration and production company) trainee technicians complete their training end of August 19. This is the fifth group to be trained at the centre, a total of 200 successfully trained technicians over the last 5 years. A further proposal has been submitted to global energy leader, Total, for the training and development of their next batch of technicians through the Myanmar facility.

In PNG the commissioning of the Safe Live Process Plant (SLPP) is complete with final payment being received for the SLPP from Kumul Petroleum. The training facility in Port Moresby is now expected to benefit with an inflow of additional candidates to be trained in the 12-month Competence Based Junior Technician program for the major Oil and Gas players as part of their National Workforce Development commitment in PNG over the next 5 years. There has already been a significant increase in enrolments by Industry training PNG nationals as technicians for the future with potentially over 100 new enrolments in the program in 2020.

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

In addition a new contract was completed during the year with FieldCore, a GE Company, for the development of their Global Competence Framework, comprising job competence profiles, job task profiles, performance and assessment criteria, covering their global technical workforce including the Africa, Asia/ Australia, Europe, North and South America continents. FieldCore is the field technical services company for GE Power globally. The project covers a target workforce of over 10,000 technical personnel including technicians, supervisors and management levels working in Power Services, Aero, Oil and Gas, Renewables sectors.

Directors' Report continued

Operating and financial review continued

Tertiary Education

This segment provides tertiary education for international students seeking to develop careers in a range of different disciplines. Students can choose from a range of diploma and certificate level courses in Australia.

This division reported an increase in revenue of 84% to $2,614,754 in 2019, up from $1,423,013 in 2018. EBITDA improved to a positive $110,138 compared to an EBITDA loss of $243,958 in 2018, as the scale of the business improves on the back of increased student number and enrolments

International student numbers studying in Australia continue to grow with over 280 current enrolments in CRICOS registered courses. Future revenues are expected to continue to grow during the 2020 financial year as international students take the opportunity to study engineering and manufacturing technology courses with Site Institute. Export market networks have been established for receiving inbound students from countries across Asia, Americas and Europe, with the CRICOS division now training students from countries including Argentina, Brazil, Chile, Colombia, Mexico, Peru and South Korea.

In addition, TESOL Asia is a training and industry focussed organisation for Teachers in the English as a Second Language (ESL) sector. It provides access to training, consulting, industry conferences and academic journals around the world. Teaching English to Speakers of Other Languages (TESOL) focusses on bringing English language acquisition academics together with professional teachers to support and develop the industry globally. The investment in a range of TESOL courses and conferences, and a number of strategic alliances are expected to further grow revenues with China a key market.

Cash position

At 30 June 2019, the Company had net current asset deficiency of $1,767,400. As a consequence of the impairment taken in the previous financial year, no amount has been reflected in the balance sheet for the receivable ($20,977,645) 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 has also entered into a financing facility with Punta Properties for $US4,000,000 to support the ongoing cash requirements of the business, of which $US2,9,000,000 has been drawn down during the year to fund the remaining shortfall in net current assets described above. The loan terms, as set out in note 17, will not result in a cash outflow from the Group in settlement of the loan unless there is a significant cash inflow to fund such settlement. At 30 June 2019, the Company had cash reserves of $606,148 and had reduced the current interest bearing debt to $142,519.

Risks

Risk management is overseen by the Audit and Risk Committee for the Group via the maintenance and review of a risk register.

The following sets out a summary of some of the key risks relevant to the Company and its operations:

Risk	Details
Regulatory risk	The Group operates in a highly regulated market and the Group is regulated by the Australian Federal and State Governments and the Philippine Government. Failure to meet regulatory requirements may impact materially on the business.

Risk	Details
Financing	The ability to implement its business strategy may be dependent upon the Group's capacity to raise additional capital. There is a risk that the Group may not be able to secure such funding on satisfactory terms or at all.
Sovereign risk	The Group has significant operations in the Philippines. Those operations are potentially subject to a degree of political risk and civil disobedience, although the location of Clark Education City within the Clark Freeport Zone helps mitigate such risks.
Cultural unrest	Any cultural unrest or perceived cultural unrest in the location of the campuses may result in decreased client interest.
Competition	The market for education services in Australia and worldwide is highly competitive and the group is likely to encounter strong competition from other entities as well as other countries for training and education.
Industry downturn	The industries to which the Group provides services may be affected by factors outside the Group's control.
Limited operating history	Site's business model is relatively new, and Site is yet to generate recurring profits from its group activities. The Group will be subject to all of the business risks and uncertainties associated with any developing business enterprise.
Material contracts	The Group has entered into various contracts which are important to the future of the Group. Any failure by counterparties to perform their job, or obligations could have an adverse effect on the Group.
CDC lease	The Group has entered a long term lease with Clark Development Corporation (**CDC**). There are a number of circumstances in which the CDC lease may be terminated (subject to compliance with provisions enabling certain breaches to be remedied) by CDC in which case Site does not have any rights to compensation or reimbursement for funds expended on the leased land, improvements and moveables on the leased property pass to CDC on termination. Such termination may occur where Site has breached a provision of the CDC lease or where there is an insolvency event. The CDC lease may also be terminated in the event of any governmental expropriation of the leased property. In the event that the CDC lease was terminated, Site would no longer be in a position to operate its Philippines facility which would have significant impact on the Group and the Group's ongoing operations.
Currency	Some of Site's revenue streams and expenses are denominated in currencies other than the Australian Dollar. It is possible that foreign exchange rates could move in a manner which would be unfavourable to the Company.
Large holdings by some shareholders	The two most significant existing shareholders (and their associates) have combined holdings of approximately 30% of the shares which may impact on liquidity in the public market for the sale of shares which may adversely affect the market price.
Key employees	A small number of key employees are responsible for the day to day and strategic management of the Group. The Company has sought to mitigate the risk associated with this structure through entering service and employment agreements.

Risk	Details
Natural catastrophe	The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, drought, volcanic eruption and earthquakes. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Group's operations.
Foreign judgements	Whilst there are procedures for recognising foreign laws and judgements in the Philippines, the Philippine courts may reject the applicability of foreign law or judgment when the foreign law, judgment or contract is contrary to a sound and established public policy of the forum. Additionally, Philippine prohibitive laws concerning persons, their acts or property, and those which have for their object public order, public policy and good customs shall not be rendered ineffective by laws or judgments promulgated, or by determinations or conventions agreed upon in a foreign country. Accordingly, the enforcement of rights of the Group within the Philippines with respect to foreign judgments and laws may be adversely affected by observance of Philippine procedural laws.
Material arrangements	The Group has and expects to continue to enter into arrangements which are important to the future of the Group. It may be the case that these arrangements are non-binding and therefore unenforceable. The Group is also reliant upon third parties maintaining appropriate qualifications and accreditations and to the extent that these are not maintained, there may be an adverse impact on the Group.
Geographic concentration	The Group's expansion plans include the Philippines, Western Australia, Northern Territory and Queensland as well as potentially other national and international jurisdictions. If there are circumstances which impact negatively on these jurisdictions, this may adversely affect the Group's continuing operations.

2020 Outlook

While Site continues to investigate options for the optimisation of its Australian services, as the company looks at its strategic direction, it is clear the Board believe the substantial future and growth for Site is in its international segments.

The recent contract wins demonstrate the growth opportunities for Site in its international segments. These are expected to continue into FY20, as the group focuses on the expansion and optimisation opportunities across its international business and assets.

In several announcements over the last 12 months, Site has identified the 30-hectare leasehold at Clark having potential for increased utilisation and optimisation. There has been a new master plan of Clark prepared by world-renowned architect, master planner and urban renewal specialists, Palafox for the Philippine government agency Clark Development Corporation which envisages a major urban renewal plan for the Clark precinct including Site's facility.

The leasehold land held by Site's wholly owned subsidiary Site Group Holdings (SGH) is currently approved as a mixed-use educational campus and related training facilities with the ability to sublease for mixed use purposes. SGH recently appointed Palafox to develop a full concept plan for the facility. This development work is ongoing.

Directors' Report continued

Directors' shareholdings as of the date of this report

Director	Shares
Vernon Wills	124,395,630
Peter Jones	56,819,466
Nicasio Alcantara	9,371,325

Significant changes in state of affairs

During the year the group was involved in the following significant transactions:

Capital Management

- In March 2019 the company conducted an issue of new shares under the employee share loan plan issuing 7,700,000 to existing staff members. These shares are escrowed and have a loan of 4 cents per share payable before they are released from escrow. Further information on this arrangement is provided under the share options heading below.
- In March 2019 the company completed a buyback of shares issued under the employee share plan with 4,795,000 shares bought back for nominal consideration of $18.

After balance date events

Capital Management

- In August 2019 the company successfully completed the issue of 93,750,000 shares under a private placement at 4 cents per share to raise $3,750,000.

Other than as noted elsewhere in this report there has been no other significant events post balance date.

Dividends paid

There have been no dividends paid.

Environmental issues

The Group's operations are not regulated by any significant environment regulation under a law of the Commonwealth or of a State or Territory.

Share options

As at the date of this report there were no unissued shares under options.

In November 2011 the Shareholders approved the establishment of an Employee Share Plan that would enable employees, directors and eligible associates to subscribe for shares in the Company. Under the terms of the plan an eligible person is offered shares in the Company at a price determined by the board with a corresponding interest free loan to assist the person to subscribe for the shares. The shares are escrowed in two tranches with 50% being escrowed for 12 months and 50% being escrowed for 24 months. Subsequent to these minimum restriction periods, the shares are available for release from escrow on the repayment of the loan, and subject to continuation of employment (or acting as an associate or director) at the time of repayment.

During the year the company issued 7,700,000 shares under the employee share plan with a loan amount payable (option exercise price) of 4 cents per share. Details of these shares are outlined in note 16 to the financial report.

As at 20 August 2019, there are 12,700,000 ordinary shares subject to escrow restrictions.

Directors' Report continued

Indemnification and insurance of directors and officers

During the financial year, the Company paid premiums for directors' and officers' liability insurance in respect of Directors and officers, including executive officers of the Company and Directors, executive officers and secretaries of its controlled entities as permitted by the *Corporations Act 2001*. The terms of the policy prohibit disclosure of details of the insurance cover and premiums.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Pitcher Partners, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Pitcher Partners during or since the financial year.

Non-audit services

Non-audit services were provided by the company's auditor, Pitcher Partners, in the current financial year and by the company's previous auditor, Ernst & Young, in the comparative financial year. The Directors are satisfied that the provision of non-audit services is compatible with the general standards of independence for the auditor imposed by the *Corporations Act 2001*. Refer to note 24 Auditor's Remuneration in the financial reports for details and amounts for the provision of non-audit services.

Vernon Wills
Director
30 August 2019

Remuneration Report (audited)

This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of Site Group International Limited (the Company) and its controlled entities (the Group) in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report, the term "executive" includes the Chief Executive Officer (CEO), executive directors and other senior executives of the Group.

Nomination and Remuneration Committee
The directors established a Nomination and Remuneration Committee in 2012 and have agreed a charter and process. The committee convened once during the 2019 financial year with final discussions about remuneration or appointments being approved by the full board. The Nomination and Remuneration committee comprises two independent Non-Executive Directors (NEDs).

The Nomination and Remuneration Committee has delegated decision making authority for some matters related to the remuneration arrangements for NEDs and executives and is required to make recommendations to the board on other matters.

Specifically, the board approves the remuneration arrangements of the CEO and other executives. The board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

The board did not seek advice from external remuneration consultants during the year.

The remuneration of the Executive Directors and Non-Executive Directors is set by the Chairman of Directors and ratified by the Board of Directors.

Directors

The following persons were directors of the Company during the financial year:

- Vernon Wills – Managing Director and Chief Executive Officer
- Nicasio Alcantara – Non-Executive Director
- Peter Jones – Non- Executive Director

Executives (other than directors) with the greatest authority for strategic direction and management

The following person was the executive with the greatest authority for the strategic direction and management of the Group ("specified executives") during the financial year;

- Craig Dawson – Chief Financial Officer

This executive was also considered part of the Key Management Personnel of the Group. In the prior year Blake Wills (Chief Operating Officer) was also considered a KMP and left the organisation in November 2017.

Remuneration Report (audited) continued

Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

Relationship between remuneration and financial performance

The Group is still in the build phase and has incurred additional costs during the build out. Therefore, there is no direct relationship between the Group's financial performance and either the remuneration of directors and executives or the issue of shares and options to the directors and executives. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

Executive and non-executive directors

Fees and payments to executives and non-executive directors reflect the demands which are made on, and the responsibilities of the directors. Executive and non-executive directors' fees and payments are reviewed annually by the Board.

Directors' fees

There were Directors' fees paid during the year to the NEDs with the executive director receiving a fixed salary of a full-time employee.

Executive pay

The executive pay and reward framework has the following components:

- Base pay benefits
- Other remuneration such as fringe benefits and superannuation
- STI payable based on predetermined KPI's
- Eligibility to participate in the Employee Share Plan

The combination of these comprises the executive's total remuneration.

Base pay

Base pay is structured as a total employment cost package which is delivered in cash. Executives are offered a competitive base pay that comprises the fixed component of pay. Base pay for senior executives is reviewed annually. An executive's pay is also reviewed on promotion. There are no guaranteed base pay increases fixed in any senior executives' contracts.

Retirement benefits

Retirement benefits are delivered under a range of different superannuation funds. These funds provide accumulated benefits. Where applicable, statutory amounts are contributed to super funds for all Australian based Directors and Executives.

Executive contractual arrangements

As Non-Executive Directors are not employees of the company, there are no contractual agreements with these parties.

Vernon Wills is employed as the Chief Executive Officer through a services contract with Wayburn Holdings Pty Limited on consistent terms with other executives. No sign on shares were granted.

Escrowed shares are issued at the discretion of the Remuneration Committee from time to time.

Remuneration Report (audited) continued

Remuneration arrangements for other executives are formalised in employment agreements. Details of these contracts are provided below. All other executives have contracts with unspecified ending dates. The contracts are continuing unless terminated by either party.

Details of remuneration

Details of the remuneration of each director of the Company and each of the two specified executives of the Group, including their personally related entities, are set out in the following tables.

Directors

The board seeks to set NED fees at a level which provides the Group with an ability to attract and retain NEDs with the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Group's constitution and ASX listing rules specifies the NED maximum aggregate fee pool shall be determined from time to time at a general meeting. The latest determination was at the 2010 AGM held on 22 November 2010 when shareholders approved an aggregate fee pool of $350,000 per year.

NED fees consist of base fees and committee fees recognising the additional time commitment required by NEDs who serve on Board committees. The NEDs may be reimbursed for expenses reasonably incurred for attending to the Group's affairs. NEDs do not receive retirement benefits beyond applicable superannuation contributions.

2019	**Short Term Benefits**			**Post-employment**	**Long Term Benefits**	**Share-based Payments**		
Name	Cash Salary $	Directors Fees $	Non- monetary benefits $	Super-annuation $	Long Service Leave $	Options $	Shares $	Total $
Vernon Wills	400,000	-	44,189	-	-	-	-	444,189
Nicasio Alcantara	-	83,501	-	-	-	-	-	83,501
Peter Jones	-	65,700	-	-	-	-	-	65,700
Total	400,000	149,201	44,189	-	-	-	-	593,390

2018	**Short Term Benefits**			**Post-employment**	**Long Term Benefits**	**Share-based Payments**		
Name	Cash Salary $	Directors Fees $	Non- monetary benefits $	Super-annuation $	Long Service Leave $	Options $	Shares $	Total $
Vernon Wills	400,000	-	40,270	-	-	-	-	440,270
Nicasio Alcantara	-	77,914	-	-	-	-	-	77,914
Darryl Somerville[1]	-	60,000	-	5,700	-	-	-	65,700
Joseph Ganim[2]	-	60,000	-	5,700	-	-	-	65,700
Peter Jones	-	65,700	-	-	-	-	-	65,700
Total	400,000	263,614	40,270	11,400	-	-	-	715,284

[1] Resigned June 2018

[2] Resigned June 2018

Directors' Report continued

Remuneration Report (audited) continued

Specified executives of the consolidated entity

2019	Short Term Benefits		Post-employment	Long Term Benefits	Termination Benefits	Share-based Payments		
Name	Cash Salary	Non- monetary	Super-annuation	Long Service Leave		Options	Shares	Total
	$	$	$	$	$	$	$	$
Craig Dawson	274,952	24,588	26,027	5,247	-	4,781	-	335,595
Total	274,952	24,588	26,027	5,247	-	4,781	-	335,595

2018	Short Term Benefits		Post-employment	Long Term Benefits	Termination Benefits	Share-based Payments		
Name	Cash Salary	Non- monetary	Super-annuation	Long Service Leave		Options	Shares	Total
	$	$	$	$	$	$	$	$
Blake Wills[1]	63,942	2,846	6,074	1,006	33,654	-	-	107,522
Craig Dawson	297,973	7,891	26,027	5,247	-	-	-	337,138
Total	361,915	10,737	32,101	6,253	33,654	-	-	444,660

[1]Resigned November 2017

Short term incentive (STI)

Under the STI plan, executives have the opportunity to earn an annual incentive award which is delivered in cash or shares at the discretion of the Remuneration Committee. The STI recognises and rewards short term performance. The STI award is determined after the end of the financial year following a review of performance over the year against the STI performance measures.

Group EBITDA and business unit EBITDA are the measures against which management and the remuneration committee assess the short term financial performance of the Group. Both V. Wills and C. Dawson had a maximum STI opportunity of 30% of their fixed remuneration. For FY19 0% was earned and 100% forfeited because the service criteria was not met.

Director and key management personnel options and rights holdings

There were no options over ordinary shares held during the financial year by each KMP of the Group, other than in respect of the employee share plan below.

Director and key management personnel participation in the employee share plan

In November 2011 the Shareholders approved the establishment of an Employee Share Plan that would enable employees, directors and eligible associates to subscribe for shares in the Company. Under the terms of the plan an eligible person is offered shares in the Company at a price determined by the board with a corresponding interest free loan to assist the person to subscribe for the shares. The shares are escrowed in two tranches with 50% being escrowed for a minimum of 12 months and 50% being escrowed for a minimum of 24 months. Subsequent to these minimum restriction periods, the shares are available for release from escrow (i.e. vested and exercisable option) on the repayment of the loan, and subject to continuation of employment (including acting as an associate or director) at the time of repayment.

Directors' Report continued

Remuneration Report (audited) continued

For accounting purposes these shares are treated as if these 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.

Mr Dawson was awarded a further 1,000,000 shares under the plan during the year, with a grant date of 8 March 2019 and a loan price (option exercise price) of 4 cents per share with 500,000 escrowed to 29 March 2019 and 500,000 escrowed to 29 March 2020. No amount has been paid by Mr Dawson in respect of these shares. The related options have a grant date fair value of 0.64 cents per share and 0.97c per share respectively for each tranche. There are no performance conditions attached to the shares other than the employee remaining with the group during the escrow period. The shares have an expiry date (last option exercise date) of 29 March 2022.

The number of ordinary shares held by each KMP of the group under the plan is as follows:

Name	Balance 1 July 2018	Granted as remuneration	Shares sold	Forfeited	Balance 30 June 2019	Tradable	Escrowed	Vested and Exercisable
Vern Wills	2,000,000	-	-	-	2,000,000	-	2,000,000	2,000,000
Nicasio Alcantara	1,000,000	-	-	-	1,000,000	-	1,000,000	1,000,000
Craig Dawson	1,000,000	1,000,000	-	(1,000,000)	1,000,000	-	1,000,000	500,000
Total	4,000,000	1,000,000	-	(1,000,000)	4,000,000	-	4,000,000	3,500,000

The minimum escrow periods for all shares held by Mr Wills and Mr Alcantara in the table above expired prior to the start of the comparative period, and the shares therefore represented vested and exercisable options at both 30 June 2019 and 30 June 2018. Likewise shares held by Mr Dawson at 1 July 2018 represented vested and exercisable options as at that date.

Director and key management personnel share holdings

The number of ordinary shares held by each KMP, other than shares under the Employee Share plan, is as follows:

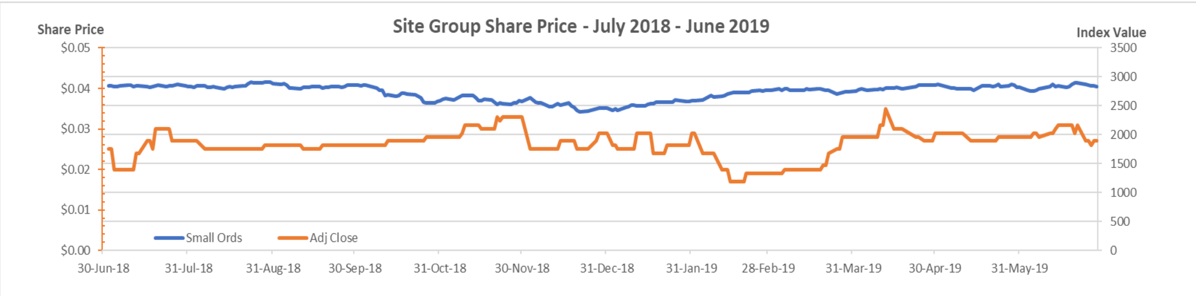
Name	Balance 1 July 2018	Granted as remuneration	Shares sold	Capital Raising#	Balance 30 June 2019
Vern Wills	122,395,630	-	-	-	122,395,630
Nicasio Alcantara	8,371,325	-	-	-	8,371,325
Peter Jones	56,819,466	-	-	-	56,819,466
Craig Dawson	1,000,000	-	-	-	1,000,000
Total	188,586,421	-	-	-	206,979,295

Remuneration Report (audited) continued

Executive remuneration outcomes for 2019

As noted earlier the company is actively developing its core business in Asia and Australia. Executive Remuneration is targeted at attracting and retaining quality people to lead the Company through this phase and on to profitability. The Company incurred losses since listing until 2015 however there are a number of metrics that may be used to judge the effectiveness of the leadership team during this period.

Share price performance



The graph above illustrates the relative performance of the Company share price over the past 12 months. The blue line is the performance of the small ordinaries index – in comparative terms the Company's share price has been significantly negatively impacted due to the delays in settlement of the Department of Education debtor and the regulatory actions currently in progress.

Revenue growth

The following table details reported revenue of the core business for the past seven years:

	2019	2018	2017	2016	2015	2014	2013
Total revenue ($)	30,913,290	30,306,134	29,213,400	25,406,177	19,467,233	17,314,375	12,960,549
Growth %	2%	4%	15%	31%	12%	34%	242%

These results are consistent with the company's strategy of growing revenue in the vocational training and assessment field.

Net profit/ (loss) and earnings/ (loss) per share

The following table details the net profit/ (loss) and earnings/(loss) per share including the discontinued operation for the past seven years:

	2019	2018	2017	2016	2015	2014	2013
Total profit/(loss)	(4,742,968)	(6,042,212)	(50,466,491)	9,404,816	1,946,454	(6,487,117)	(5,821,405)
Change %	24%	88%	(637%)	383%	130%	(11%)	25%
Earnings/(loss) per Share (cents)	(0.69)	(0.92)	(9.50)	1.84	0.40	(1.81)	(1.92)
Share price at year end	$0.027	$0.025	$0.04	$0.19	$0.35	$0.15	$0.119

The year on year improvement of gain/(loss) per share until 2016 and the earnings per share achieved reflects improved revenue from the expansion of facilities and also incorporates significant integration of acquired businesses. The impact of the impairments reported in 2018 and 2017, closure of the PP business and action currently taken by the regulator has significantly impacted the share price and earnings per share. The leadership team are focused on continuing to grow the core business revenue, controlling costs and growing earnings.

Remuneration Report (audited) continued

Approval of the FY18 Remuneration Report

At the Annual General Meeting of the Company on 22 November 2018, the FY18 remuneration report was adopted by the shareholders with a vote of 98.1% in favour.

Loan from Director related entity – Wayburn Holdings Pty Ltd

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

The loan facility limit was $2.35m to 31 December 2016, and $1.32m from that point repayable on the collection of the receivable from the Commonwealth Department of Education and Training. To date, the revised terms have not been agreed for the facility and the outstanding balance as disclosed below is repayable at call. Interest is charged on the loan at a fixed rate of 7% per annum.

Movements in the loan balance during the year are as follows:

	2019 $	2018 $
Opening Balance	266,922	580,842
Drawdowns	-	-
Interest accrued during the year	14,102	25,900
Principal repayment through issuance of shares*	-	(246,000)
Principal repayments (cash)	(233,189)	(93,820)
Interest repayments (cash)	(8,928)	-
Closing balance	38,907	266,922

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

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

The issuance of shares on 24 September 2017 includes subscription of shares under the share purchase plan described above by related entities of Vernon Wills and third parties where the subscription price was funded by Wayburn Holdings Pty Ltd.

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

Loan from Director related entity – Punta Properties Inc

On 21 June 2018, the Group announced a financing facility of US$4million with Punta Properties, a company associated with Non-Executive Director Nicasio Alcantara. Repayment of funds drawn under the facility will be via cash or equity to be issued at the last issue price of 4 cents per share subject to approval of shareholders. Interest charged on the loan will be at a fixed rate of 10% per annum.

Movements in the loan balance during the year are as follows:

	2019 $	2018 $
Opening Balance	-	-
Drawdowns	4,006,980	-
Interest accrued during the year	368,090	-
Recognition of embedded derivative	(335,128)	-
Foreign currency movement	127,333	-
Closing balance	4,167,276	-

Remuneration Report (audited) continued

Loans from Non-Executive Directors

During the comparative periods, the group made use of unsecured loan facilities with Non-Executive Directors. Interest charged on the loans was at a fixed rate of 10% per annum.

Movements in the loan balances during the year are as follows:

	2019 $	2018 $
Opening Balance	-	57,539
Drawdowns	-	45,000
Interest accrued during the year	-	1,229
Principal Repayments (cash)	-	(45,000)
Interest repayments (cash)	-	(58,768)
Closing balance	-	-

Other transaction with Directors and Key Management Personnel

In addition to the financing facility discussed above, the Group and Punta Properties agreed to a performance based incentive to develop and execute an optimisation plan for the Group's Philippines assets, associated businesses and international expansion. This incentive is payable on the total project value achieved from the optimisation plan at 5% of the total project value achieved. Should the plan reach a total project value of US$30m a further 5% fee of the gross value is payable to Mr Alcantara. There is no retainer applicable or payable to this agreement. The agreement was approved by shareholder at the annual general meeting of shareholders on 22 November 2018.

Corporate Governance Statement

The Australian Securities Exchange Limited (ASX) listing rules require a listed Company to provide in its annual report a statement of the main corporate governance practices that it had in place during the reporting period. The ASX listing rules also require a listed Company to report any instances where it has failed to follow the recommendations issued by the ASX Corporate Governance Council ("the Principles of Good Corporate Governance and Best Practice Recommendations, 3rd Edition") and the reasons for not following them.

The best practice recommendations of the ASX Corporate Governance Council are differentiated between eight core principles that the council believes underlie good corporate governance. The board's statements to each core area are noted below:

Principle 1: Lay solid foundations for management and oversight

The ASX Corporate Governance Council guidelines recommend that the board recognise and publish the respective roles and responsibilities of the board and management and how their performance is monitored and evaluated. The framework of responsibilities should be designed to:

- *enable the board to provide strategic guidance for the Company and effective oversight of management;*
- *clarify the respective roles and responsibilities of board members and senior executives in order to facilitate board and management accountability;*
- *undertake appropriate background checks on proposed new directors and ensure sufficient material information about a director being re-elected is provided to security holders;*
- *ensure a balance of authority so that no single individual has unfettered powers;*
- *ensure the Company enter in to written agreements with each director and senior executive setting out the terms of their appointment;*
- *ensure the company secretary be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board;*
- *establish a policy concerning diversity, that should include a requirement for the board to:*
  - *establish measurable objectives for gender diversity;*
  - *assess annually the objectives set for achieving gender diversity; and*
  - *assess annually the progress made towards achieving the objectives set; and*
- *evaluate the performance of senior executives, the board, committees and individual directors.*

The board of Site Group International Limited are responsible for:

- establishment of long term goals and strategic plans to achieve those goals;
- the review and adoption of the annual business plan and budgets for the financial performance of the Company and monitoring the results on a monthly basis;
- appointment and removal of the chief executive officer;
- ensuring that the Company has implemented adequate systems of internal controls together with appropriate monitoring of compliance activities; and
- the approval of the annual and half yearly financial statements and reports.

These and other responsibilities are detailed in the approved Board Charter approved in February 2012.

Corporate Governance Statement continued

The board meets on a regular basis to review the performance of the Company against its goals both financial and non-financial. In normal circumstances, prior to the scheduled board meetings, each board member is provided with a formal board package containing appropriate management and financial reports.

Written agreements are entered in to with each director clearly setting out their roles and responsibilities. The responsibilities of the management including the chief executive officer and chief financial officer are contained in letters of appointment and job descriptions given to each executive on appointment and updated from time to time, usually annually.

The board has not established formal evaluation criteria for the review of itself or its committees and has not undertaken a specific performance evaluation. The Site Group International Limited board uses a personal evaluation review to review the performance of Directors. Individual Directors are asked to communicate to the Chairman on a confidential basis to comment on their own performance, and the performance of the board and its committee. Key executives are reviewed periodically against the business objectives and their own contractual obligations, including their personal KPIs.

Appropriate background checks are conducted on proposed new Directors and material information about a director being re-elected is provided to security holders.

The company secretary work directly with the chair on the functioning of all board and committee procedures.

The board approved and issued a Diversity Policy in January 2012. The nature of the Site Skills Training part of the business providing high risk licencing and trades training results in a high proportion of the trainers being male however the company actively encourages the recruitment of female staff/contractors where available.

No specific measurable objectives have been established at this stage. As noted above, as the nature of the company's business is quite specific, setting measurable objectives may restrict the company's development at this stage. Notwithstanding this, the company actively encourages the recruitment of female staff/contractors where available and will continue to recruit and promote regardless of gender, age, ethnicity or cultural background.

The following table indicates the current gender mix of employees: -

	Male	Female	Male	Female	Total
Board	3	-	100%	-	3
Executive and Senior Managers	10	2	83%	17%	12
All Other	194	90	68%	32%	284
Total	207	92	69%	31%	299

Principle 2: Structure the board to add value

The ASX Corporate Governance Council guidelines recommend that the board be structured in such a way that it:

- *is of an effective composition, size and commitment to adequately discharge its responsibilities;*
- *has a proper understanding of, and competence to deal with, the current and emerging issues of the business; and*
- *has an appropriate number of independent non-executive directors who can challenge management and represent the best interests of security holders as a whole.*

To achieve best practice the Council recommends that:

- *the board should establish a nomination committee;*
- *listed entities should disclose a board skills matrix;*
- *a majority of the board be "independent" Directors;*
- *the chairperson be an "independent" Director and should not be the same person as the CEO; and*
- *listed entities have a program for inducting new directors and provide appropriate professional development opportunities.*

The Company has a Nomination and Remuneration Committee (the Committee) and the board has approved the charter for the Nomination and Remuneration Committee. The Committee charter is set out on the Company's website.

The number of meetings of the Committee held during 2019 is set out in the Directors' Report.

In 2019 the Committee comprised Mr Peter Jones and Mr Nicasio Alcantara. The Council recommends that remuneration committees be comprised of at least three independent directors. Despite both directors being non-executive directors, Mr Jones is not considered independent due to being a substantial shareholder. Due to Messrs Jones and Alcantara extensive corporate history and experience, the company believes that given the size and nature of its operations, non-compliance has not been detrimental.

The Company is developing an appropriate board skills matrix. Comprehensive details about each director's experience and skills are set out in the Directors' Report.

Site Group International Limited's current board consists of two non-executive Directors and one executive Director. The Chairman of the Board Mr Peter Jones is not considered to be independent due to being a substantial security holder. In accordance with the Council's definition of independence, Mr Vernon Wills is not considered independent as he is employed in an executive capacity and is a substantial security holder of the Company.

Directors have the right to seek independent professional advice and are encouraged to undertake appropriate professional development opportunities in the furtherance of their duties as Directors at the Group's expense. Informal induction is provided to any new Directors.

Corporate Governance Statement continued

Principle 3: Act ethically and responsibly

The ASX Corporate Governance Council guidelines recommend that the Company should:

- *clarify the standards of ethical behaviour of Directors and executives by establishing a code of conduct and encourage the observance of those standards; and*
- *the policy or a summary of that policy is to be disclosed.*

Site Group International Limited has a published code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibilities to the environment and the community.

Principle 4: Safeguard integrity in corporate reporting

The ASX Corporate Governance Council guidelines recommend that the Company have formal and rigorous processes that independently verify and safeguard the integrity of the company's corporate reporting.

To achieve best practice the Council recommends that:

- *the board should establish an audit committee;*
- *CEO and CFO sign declarations attesting to the accuracy of the Company's accounts and that appropriate internal controls are in place; and*
- *the Company ensure the external auditor attends the AGM.*

The Company has an Audit Committee and the number of meetings of the committee held during the 2019 year is set out in the Directors' Report.

In 2019 the committee comprised Mr Peter Jones and Mr Nicasio Alcantara with the CEO attending on an ex officio basis. The Council recommends that audit committees be comprised of at least three independent directors. Despite the two directors being non-executive directors, Mr Jones is not considered to be independent due to being a substantial security holder of the Company. Due to Messrs Jones and Alcantara extensive corporate history and experience in financial matters, the company believes that given the size and nature of its operations, non-compliance has not been detrimental.

Audit committee meetings are attended, by invitation, by the engagement partner (or their nominee) from the Company's external auditor and such other senior staff or professional people as may be appropriate from time to time.

Each year the Chief Executive Officer and Chief Financial Officer sign declarations in accordance with section 295A of the Corporations Act, to confirm that the accounts are correct and in accordance with relevant legislation and that appropriate financial controls are in place.

The external auditors are required to attend the annual general meeting and are available to answer any questions from security holders relevant to the audit.

Principle 5: Make timely and balanced disclosure

The ASX Corporate Governance Council guidelines recommend that a Company make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of the Company's securities. It recommends that it put in place mechanisms designed to ensure all investors have equal and timely access to material information concerning the Company (including its financial position, performance, ownership and governance), and that a Company's announcements are factual and presented in a clear and balanced way.

The board and senior management team at Site Group International Limited are conscious of the ASX Listing Rule continuous disclosure requirements and have processes in place to ensure compliance. Company policy requires:

- all announcements be reviewed by the Chairman and all directors; and
- all media comment is by the Chairman, Managing Director and Chief Financial Officer.

Principle 6: Respect the rights of security holders

The ASX Corporate Governance Council guidelines recommend that a Company respects the rights of security holders by providing them with appropriate information and facilitates to allow them to exercise those rights effectively.

To achieve best practice, the Council recommends that Companies:

- *Provide information about themselves and their governance on their website;*
- *Design and implement a suitable investor relations program to facilitate effective two-way communication with investors;*
- *Disclose policies and processes to encourage participation at meetings of security holders; and*
- *Provide security holders with the option to receive communications electronically.*

Site Group International Limited promotes effective communication with shareholders and encourages effective participation at general meetings by providing information to shareholders:

- Through the release of information to the market via the ASX;
- Through the distribution of the Annual Report and notices of annual general meeting;
- Through shareholder meetings and investor presentations; and
- By posting relevant information on Site Group International's website: www.site.edu.au

The company's website has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

The external auditors are required to attend the annual general meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

Principle 7: Recognise and manage risk

The ASX Corporate Governance Council guidelines recommend that the Company establish a sound risk management framework to identify and manage risk on an ongoing basis. It recommends that the system be designed to identify, assess, monitor and manage risk; and inform investors of material changes to the Company's risk profile. It suggests that to achieve "best practice", the board or an appropriate board committee should establish policies on risk oversight and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Audit and Risk Committee has in its Charter the requirement to consider risks that the Company has to manage.

The Company has established a Risk Register that is reviewed by the Audit and Risk Committee annually. Risks are assessed and ranked in accordance with generally accepted risk management practices with appropriate mitigation strategies adopted where possible.

The Company does not have a separate internal audit function. The board considers that the Company is not currently of the size or complexity to justify a separate internal audit function, and that appropriate internal financial controls are in place. Such controls are monitored by senior financial management and the Audit and Risk Committee.

In addition, the board does consider the recommendations of the external auditors and other external advisers and where considered necessary, appropriate action is taken to ensure that an environment is in place that key risks, as identified, are managed.

The Director's Report sets out some of the key risks relevant to the Company and its operations. Although not specifically defined as such, the risks include economic, environmental and social sustainability risks. As noted above, the Company regularly reviews risks facing the Company and adopts appropriate mitigation strategies where possible.

Principle 8: Remunerate fairly and responsibly

The ASX Corporate Governance Council guidelines recommend that the Company ensures that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. In this regard it recommends that companies adopt remuneration policies that:

- *attract and retain high quality Directors;*
- *attract, retain and motivate high quality senior executives; and*
- *to align their interests with the creation of value for security holders.*

The Company has a Nomination and Remuneration Committee and the board has approved the charter for the Nomination and Remuneration Committee. The Committee charter is set out on the Company's website.

The number of meetings of the committee held during the 2019 year is set out in the Directors' Report.

In 2019 the Committee comprised Mr Peter Jones and Mr Nicasio Alcantara. The Council recommends that remuneration committees be comprised of at least three independent directors. Despite the two directors being non-executive directors, Mr Jones is not considered to be independent due to being a substantial security holder in the Company. Due to Messrs Jones and Alcantara extensive corporate history and experience, the company believes that given the size and nature of its operations, non-compliance has not been detrimental.

All matters of remuneration and executive appointments were also considered by the full board. At this stage it is reasonable that the board be accountable for setting their own remuneration and that of senior executives.

The remuneration of the board's non-executive and executive directors is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the remuneration of each director of the Company and the key management personnel of the Company are disclosed in the relevant section of the Annual Report. There is no retirement benefit scheme for directors other than payment of statutory superannuation.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter into arrangements which would have the effect of limiting their exposure to risk relating to an element of their remuneration.

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The Directors
Site Group International Limited
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BRISBANE QLD 4000

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

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

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
30 August 2019

Statement of Comprehensive Income

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
Continuing operations			
Revenue from contracts with customers	4	30,913,290	30,306,134
Other income	4	116,498	-
Interest income		66,183	16,197
Total income		31,095,971	30,322,331
Contractor and other service providers		(5,099,795)	(4,010,877)
Other direct fees and costs		(6,907,397)	(6,910,359)
Employee benefits expense	5	(12,755,067)	(14,029,659)
Depreciation and amortisation expense		(1,408,074)	(2,000,124)
Finance costs	5	(414,741)	(54,376)
Other expenses	5	(5,580,484)	(9,005,747)
Occupancy expenses		(3,812,470)	(3,531,255)
Foreign currency loss		(114,432)	(163,251)
Loss before tax from continuing operations		(4,996,489)	(9,383,317)
Income tax (expense) / benefit	6	(86,311)	(164,596)
Loss for the year from continuing operations		(5,082,800)	(9,547,913)
Discontinued Operations			
Profit / (loss) for the year from discontinued operations	20	339,832	3,505,701
Loss for the year		(4,742,968)	(6,042,212)
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent years (net of tax):			
Translation of foreign operations		563,905	12,994
Items not to be reclassified to profit or loss in subsequent years (net of tax):			
Remeasurement gain/(loss) on defined benefit plan		(58,171)	54,492
Total other comprehensive income (loss)		505,734	67,486
Total comprehensive loss		(4,237,234)	(5,974,726)
Earnings per share			
Earnings per share for (loss) / profit attributable to the Basic and diluted (cents per share)	3	(0.69)	(0.92)
Earnings per share for continuing operations			
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the parent Basic and diluted (cents per share)	3	(0.74)	(1.46)

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

Statement of Financial Position

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		606,148	1,533,437
Trade and other receivables	7	4,378,367	3,334,449
Inventories		32,002	32,612
Prepayments		481,137	359,255
Current tax asset		37,249	-
TOTAL CURRENT ASSETS		5,534,903	5,259,753
NON-CURRENT ASSETS			
Property, plant and equipment	8	8,700,694	7,722,575
Intangible assets	9	1,509,216	1,459,065
Security deposits		775,703	630,112
Other non-current financial assets		105,748	147,237
Deferred income tax asset	6	875,929	959,251
TOTAL NON-CURRENT ASSETS		11,967,290	10,918,240
TOTAL ASSETS		17,502,193	16,177,993
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	6,080,122	4,659,104
Contract liabilites	11	390,458	623,824
Interest bearing debt	12	142,519	359,078
Current tax liabilities		96,878	49,254
Provisions	13	592,326	706,396
TOTAL CURRENT LIABILITIES		7,302,303	6,397,656
NON-CURRENT LIABILITIES			
Trade and other payables	10	5,595,083	5,595,083
Provisions	13	2,921,005	2,563,987
Interest bearing debt	12	4,238,419	166,508
Other financial liabilities	17	218,630	-
TOTAL NON-CURRENT LIABILITIES		12,973,137	8,325,578
TOTAL LIABILITIES		20,275,440	14,723,234
NET ASSETS		(2,773,247)	1,454,759
EQUITY			
Issued capital	14	78,085,284	78,085,284
Reserves	15	2,655,191	2,082,058
Retained losses	15	(83,513,722)	(78,712,583)
TOTAL EQUITY		(2,773,247)	1,454,759

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

Statement of Changes in Equity

	Share Capital (note 17)	Retained earnings / (losses) (note 26)	Foreign currency translation reserve (note 26)	Share based payments reserve (note 26)	Total
Consolidated Group	$	$	$	$	$
Balance at 30 June 2017	75,742,840	(72,724,863)	557,389	1,451,675	5,027,041
Comprehensive income					
Loss for the year	-	(6,042,212)	-	-	(6,042,212)
Other comprehensive income for the year	-	54,492	12,994	-	67,486
Total comprehensive income / (loss) for the year	-	(5,987,720)	12,994	-	(5,974,726)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	2,500,000	-	-	-	2,500,000
Shares to be issued					
Transaction costs	(157,556)	-	-	-	(157,556)
Share-based payments	-	-	-	60,000	60,000
Total transactions with owners and other transfers	2,342,444	-	-	60,000	2,402,444
Balance at 30 June 2018	78,085,284	(78,712,583)	570,383	1,511,675	1,454,759
Comprehensive income					
Loss for the year	-	(4,742,968)	-	-	(4,742,968)
Other comprehensive income for the year	-	(58,171)	563,905	-	505,734
Total comprehensive income /(loss) for the year	-	(4,801,139)	563,905	-	(4,237,234)
Transactions with owners, in their capacity as owners, and other transfers					
Shares issued during the year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Share-based payments	-	-	-	9,228	9,228
Total transactions with owners and other transfers	-	-	-	9,228	9,228
Balance at 30 June 2019	78,085,284	(83,513,722)	1,134,288	1,520,903	(2,773,247)

Statement of Cash Flows

	Note	Consolidated Group 2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		30,222,732	34,355,795
Payments to suppliers and employees		(34,544,077)	(34,458,894)
Interest received		63,641	16,164
Finance payments		(24,906)	(82,469)
Income tax refund received		1,688,960	-
Income tax paid		(86,989)	(558,420)
Net cash (used in) operating activities	21	(2,680,639)	(727,824)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,323,382)	(727,073)
Payments for Investments		-	(59,051)
Proceeds from disposals		8,157	60,791
Purchase of intangible assets		(503,658)	(469,761)
Cash backed performance bonds		(132,512)	(798)
Net cash (used in) investing activities		(1,951,395)	(1,195,892)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	2,254,000
Proceeds from borrowings	17d	4,006,980	45,000
Repayment of borrowings	17d	(242,117)	(138,820)
Principal repayments - finance leases	12	(83,909)	(83,655)
Transaction costs on shares		-	(157,556)
Net cash provided by financing activities		3,680,954	1,918,969
Net (decrease) / increase in cash held		(951,080)	(4,747)
Effect of exchange rates on cash holdings in foreign currencies		23,791	9,642
Cash and cash equivalents at beginning of financial year		1,533,437	1,528,542
Cash and cash equivalents at end of financial year	8	606,148	1,533,437

Notes to the Financial Statements for the Year Ended 30 June 2019

Note 1 Corporate Information

The consolidated financial report of Site Group International Limited (the Company) and its controlled entities (the Group) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 30 August 2019.

Site Group International Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX Code: SIT). The Group is a for-profit entity for the purposes of preparation of this financial report.

The nature of the operations and principal activities of the Group are described in the directors' report.

Note 1a Summary of significant accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to the years presented unless otherwise stated.

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report has been prepared on an accruals basis and is based on historical costs unless otherwise stated.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report is presented in Australian dollars.

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards Board.

(b) Going concern

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

In the financial year ended 30 June 2019 the Group made a net loss of $4,742,968 (2018: loss of $6,042,212) and the cash outflow from operating activities for the year was $2,680,639 (2018: $727,824). These results were significantly impacted by legal costs incurred and reputational harm arising from ongoing regulatory action. At 30 June 2019, the Group had deficiencies in net assets and net current assets of $2,773,247 and $1,767,400 respectively.

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

Note 1a Summary of significant accounting policies continued

In July 2019, at the initial stage of the AAT hearing for Site Skills Group (SSG), the ongoing unconditional stay of the ASQA renewal of registration rejection decision was confirmed and has remained since 21 May 2018. The substantive issue of SSG operations remains before the AAT.

A trial date has been set (June 2020) for the Productivity Partners proceedings brought by the ACCC. The ACCC has commenced civil proceedings against Site, Productivity Partners and two former executives in relation to enrolment practices of the college in 2015.

As a consequence of the impairment taken in the previous financial year, no amount has been reflected in the balance sheet for the receivable ($20,977,645 – refer note 7) 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. Non-current trade and other payables ($5,595,083 – refer note 10) will not result in an outflow of funds from the Group unless the DET receivable is collected.

The Group had access to a further $US1,100,000 ($AUD1,658,000) in undrawn facilities at balance date under the loan arrangement with Punta Properties described in note 17. The loan terms will not result in a cash outflow from the Group in settlement of the loan unless there is a significant cash inflow to fund such settlement.

Subsequent to balance date, the Group has successfully raised $3,750,000 capital through placement of 93,750,000 shares.

Although the directors expect results and operating cash flows to continue to be negatively impacted by the ongoing regulatory actions described above, current forecasts of operational performance and capital expenditure requirements indicate that the Group will be cash flow positive in the 2020 financial year having regard to undrawn financing facilities and the post-balance date capital raising described above.

The directors are of the opinion that at the date of the signing of the financial statements there are reasonable grounds to believe that, having regard to the matters set out above, the Group will continue to operate as a going concern in the foreseeable future.

(c) New Accounting Standards and Interpretations

(i) Changes in accounting policy and disclosures.

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

- Required disaggregation disclosures under AASB 15 are made within note 2. Revenues are disaggregated into the categories described in note 1a(o) and by geographical location.
- Accounting policies for revenue recognition (note 1a(o)) have been updated to align with the requirements of AASB 15. The timing of revenue recognition under the revised revenue recognition policies does not differ from the timing which prevailed in previous years.
- Contract liabilities (formerly revenue received in advance) have been separately classified and required disclosures pertaining to these liabilities have been made in note 11. Comparative balances have been reclassified for consistency with current period disclosures, resulting in unearned income of $623,824 recognised within trade and other payables in the 30 June 2018 financial statements being reclassified as contract liabilities.

Note 1a Summary of significant accounting policies continued

- The Group has adopted the simplified approach to determining an allowance for expected credit losses on trade receivables, as prescribed under AASB 9. The balance of the allowance for credit losses as determined at 30 June 2018 was $21,199,556, which is $471,897 lower than the balance of the provision for impairment of receivables recognised in the financial statements at 30 June 2018. This change has been recognised in current period profit and loss, rather than as an adjustment to opening retained earnings or restatement of comparative balances as required under the transition provisions of AASB 9, as it is not considered to be material. The change is reflected in the rollforward of the loss allowance provided in note 7.

(ii) Accounting Standards and Interpretations issued but not yet effective.

Relevant accounting standards and interpretations that have been issued or amended but are not yet effective and have not been adopted for the year are as follows, incorporating the group's assessment of the likely impact of the standards on the amounts and disclosures within the financial statements in the period of initial application. The Group does not anticipate early adoption of any of these reporting requirements and unless mentioned below, does not expect them to have any material effect on the company's financial statement

AASB 16 *Leases* – The new standard replaces AASB 117 and requires that:

- All leases are 'capitalised' by recognising the present value of the lease payments and showing them either as lease assets (right-of-use assets) or together with property, plant and equipment.
- A financial liability is recognised representing obligations to make future lease payments.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The financial impact of the new standard in the 2020 financial year will be dependent on the Group's lease arrangements in place when the new standard is effective, and the accounting approach adopted. However on implementation of the new standard the Group is currently estimating an increase in assets and liabilities of $7.497m at 1 July 2019, increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of $1.686m, and a reduction in reported profit after tax of $0.293m for the year ended 30 June 2020.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group as at, and for the period ended, 30 June each year. 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.

Note 1a Summary of significant accounting policies continued

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 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.

(e) Foreign currency translation

Both the functional and presentation currency of Site Group International Limited and its Australian subsidiaries are Australian dollars ($). The Philippines branch's functional currency is the Philippine Peso (PHP), Site Group International Pte Ltd's functional currency is Singapore Dollars (SGD) and Competent Project Management Sdn Bhd's functional currency is Malaysian Ringgit (MYR). Each of these is translated to the presentation currency.

On consolidation, the assets and liabilities of the Asian operations are translated into Australian Dollars at the rate of exchange prevailing at the reporting date and the statement of comprehensive income is translated at the exchange rate prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position and in the statement of cash flows comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement

Financial assets within the scope of AASB 9 *Financial Instruments* are classified as at amortised cost, at fair value through profit and loss, or at fair value through other comprehensive income. The group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except financial assets recorded at fair value through profit or loss, on the basis of both the group's business model for managing the financial assets, and the contractual cash flow characteristics of the financial asset.

The Group's financial assets include cash and short-term deposits (amortised cost), receivables from contracts with customers (amortised cost), other receivables (amortised costs), and quoted and unquoted financial instruments (fair value through profit and loss).

Receivables from contracts with customers are recognised when the group has an unconditional right to consideration arising from the transfer of goods or services to the customer (i.e. only the passage of time is required before payment of the consideration is due). Where this is not the case, the resultant asset is a contract asset (refer note 1a(p)).

Note 1a Summary of significant accounting policies continued

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset. Other financial assets are recognised if the entity becomes party to contract provisions of the asset.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as described below.

Financial assets at amortised cost
Subsequent to initial measurement, these assets are measured at amortised cost using the Effective Interest Rate (EIR) method, less allowances for credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest revenue in the statement of comprehensive income.

Financial assets at fair value through profit and loss
Subsequent to initial measurement, these assets are measured at fair value with changes in fair value being recognised in profit or loss as they arise.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets at amortised cost

The group applies the simplified expected credit loss model prescribed in AASB 9 to determine an allowance for expected credit losses on receivables from contracts with customers and its other receivables measured at amortised cost. Under this approach, the lifetime expected credit losses are estimated using a provision matrix based on historical losses observed on similar assets, adjusted for the group’s forecasts of future economic conditions. The measurement of expected credit losses reflects the group’s ‘expected rate of loss’, which is a product of the probability of default and the loss given default, and its ‘exposure at default’, which is typically the carrying amount of the relevant asset. The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group’s historical experience.

Previous accounting policy for impairment of trade receivables
In the prior year, the impairment of trade receivables was assessed based on the incurred loss model as required under AASB 139 *Financial Instruments: Recognition and Measurement*. The group assessed, whether there was any objective evidence of impairment as a result of one or more events that had occurred after the initial recognition of the asset (incurred “loss event”) and that loss event had an impact on estimated future cash flows of the financial asset or the group of financial assets that could be reliably estimated. Evidence of impairment may have included indications the debtor or group of debtors was experiencing significant financial difficulty, default or delinquency in interest or principal payments, probability of the debtor entering bankruptcy or other financial reorganisation, and when observable data indicated there was a measurable decrease in estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Note 1a Summary of significant accounting policies continued

Financial liabilities

Initial recognition and measurement
Financial liabilities within the scope of AASB 9 *Financial Instruments* are classified as at amortised cost, at fair value through profit and loss, or as derivatives designated as hedging instruments as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs. The Group's financial liabilities include trade and other payables (amortised costs), loans and borrowings (amortised cost) and derivative financial instruments (fair value through profit and loss).

Loans and borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive income.

Derivative financial instruments
Derivative financial instruments held by the group represent embedded conversion options on borrowing facilities. The embedded derivative component of the debt is required to be separated and accounted for as at fair value through profit and loss, with fair value gains and losses on remeasurement recognised in profit and loss.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount reported in the consolidated statement of financial position if, and only if:

- There is a currently enforceable legal right to offset the recognised amounts
- There is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

(i) Property, plant, and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Leasehold Improvements
Leasehold improvements are initially shown at their cost, less subsequent depreciation.

Plant and Equipment
Plant and equipment are measured on the cost basis, less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

All other repairs and maintenance are charged to profit and loss during the financial period when they are incurred.

Note 1a Summary of significant accounting policies continued

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvement.

The estimated lives used for each class of depreciable assets are:

Class of fixed asset	Estimated Life
Building and Leasehold improvements	2 – 25 years
Furniture and fittings	2 – 20 years
Computer equipment	3 – 5 years
Vehicles	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(j) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(k) Intangible assets

Goodwill
Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, and liabilities. After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

Note 1a Summary of significant accounting policies continued

Training Licences and Course Material
Site Group acquires licenced course material with significant scope (approved courses) in high risk training. The economic potential of these licences and courses was assessed as part of the acquisition price and recorded as an intangible asset which is being amortised on a straight line basis over five years.

Licences
Site Group acquires licences to offer scope of training and access to government funding options. The economic potential of these licences was assessed as part of the acquisition price and recorded as an intangible asset and amortised on a straight line basis over 20 years.

Customer Contracts
Site group acquires customer contracts with significant value to be realised through the profit and loss in future periods. The economic potential of these contracts is measured as a risk adjusted discounted cash flow to be generated from these contracts and recorded as an intangible asset which is amortised on a straight line basis over the relevant contract period.

Brand
Site group acquires brands that are recognised by customers in relevant markets and generate future activity for the company.

The economic potential of these brands in the form of future revenue generating potential is assessed as a discounted cash flow and recorded as an indefinite useful life intangible and tested for impairment annually.

The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

(l) Impairment of non-financial assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where an individual asset does not independently generate cash flows, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of cash or non-cash resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time

Note 1a Summary of significant accounting policies continued

value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be wholly settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Based on historical evidence no discounting of annual leave has been applied. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Liabilities for wages, salaries and annual leave are recognised as current liabilities and the group does not have an unconditional right to defer settlement beyond 12 months.

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees once an employee reaches five years of service. Expected future payments are discounted using market yields at the reporting date on the applicable corporate bonds with terms to maturity and currencies that match, the estimated future cash outflows. Where the group has an unconditional right to defer settlement of the liability beyond 12 months of the balance date, the provision is classified as non-current. Otherwise, the provision is classified as a current liability.

(n) Taxes

Income tax

Current Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided using the balance sheet liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

Note 1a Summary of significant accounting policies continued

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed each reporting date and are recognised to the extent it has become probable that future taxable profit will allow recovery of the deferred tax asset.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax consolidation legislation
Site Group International Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The head entity, Site Group International Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Site Group International Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any differences between the amounts assumed and the amounts receivable or payable under the tax funding agreement are recognised as contributions to (or distribution from) wholly owned tax consolidated entities.

Goods and services tax (GST)
Revenues, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. GST receivable and payable has been offset against one another. Commitments are shown net of GST.

In the statement of cash flows, receipts from customers are shown inclusive of GST and payments to suppliers and employees are shown inclusive of GST and GST recovered from the tax office is shown in receipts from customers.

Note 1a Summary of significant accounting policies continued

(o) Revenue recognition

Revenue from contracts with customers is recognised either at a point in time or over time depending on the nature of the contract, including the timing of satisfaction of performance obligations and the transfer of control to the customer. The group's contracts with customers fall into the following categories:

<table>
<tr><th colspan="2">Revenue Stream</th><th>Nature of Goods or Services Promised</th><th>Typical Performance Obligations</th><th>When Performance Obligation is Typically Satisfied</th><th>Method Used to Determine Progress Towards Complete Satisfaction of Performance Obligation</th></tr>
<tr><td colspan="2">Course fees and Government subsidies</td><td>Training Service</td><td>Delivery of training course</td><td>Over time, being throughout the period of the course. For short-term (i.e. one day) courses the performance obligation may be satisfied at a point in time, being the date of course delivery.</td><td>An output method is used being contact days elapsed as a percentage of total contact days. This is considered the most appropriate basis for recognition of revenue as it is readily observable and sufficiently linked to the performance obligations specified in the contract.</td></tr>
<tr><td rowspan="2">Project income</td><td>Specific projects with performance milestones & project delivery indicators</td><td>Construction of Safe Life Processing Plant (SLPP)</td><td>Specific project milestones as specified in each individual contract.</td><td>Performance obligation: Specific project milestones as specified in contract, with a transaction price allocated to each milestone. Project delivery in most instances will not extend over more than one financial period.</td><td>An input method is used, based on the amount of contract costs incurred as a percentage of budgeted contract costs</td></tr>
<tr><td>Ongoing project service income</td><td>Facility Management of Safe Life Processing Plant (SLPP)</td><td>Delivery of a service over the length of the contract period.</td><td>Over time, being as the services are delivered over the duration of the contract.</td><td>An output method is applied based on either time elapsed, units delivered, or milestones reached dependent on the terms of the individual contracts. Control is considered to pass in a manner consistent with measurement provided by this method.</td></tr>
<tr><td colspan="2">Placement services</td><td>Recruitment and labour hire services</td><td>1. Placement of personnel at inception
2. Provision of employee for a fixed period of time</td><td>Placement: At a point in time, being when the employee has been successfully placed (i.e. acceptance of placement by customer).

Provision of employee: Over time, being the period of time that staff are employed.</td><td>An output method (time elapsed on percentage of total time) is used. This reflects the expectation of consistency in transfer of services over the contract period for labour services.</td></tr>
</table>

Note 1a Summary of significant accounting policies continued

Contracts with customers do not typically involve a significant financing component. Course fee contracts may specify an entitlement to receive a portion of the contract value in advance of services being provided, however the period of time between payment being received and course delivery is generally not greater than 12 months. Amounts received in advance of services being provided are recognised as contract liabilities (refer note 1a(p)).

No disclosure has been made within the financial statements of the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period, as these performance obligations relate to contracts that have an original expected duration of one year or less.

There are no elements of consideration under any of the above revenue streams that are variable in nature.

(p) Contract assets and contract liabilities

Contract assets represent the group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities represent the group's obligation to transfer goods or services to the customer for which the group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the group transfers the contracted goods or services to the customer.

(q) 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. Disclosure of the amounts and basis for such changes is made, where material, in note 1a(c)(i) and note 11.

(r) Share-based payment transactions

The Group provides benefits to its employees (including key management personnel) in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions). Site Group currently has an Employee Share Plan (ESP), which provides benefits to directors and all eligible employees. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a binomial model, further details of which are given in note 16.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period), ending on the date on which the relevant employees become fully entitled to the award (the vesting date). At each subsequent reporting date until vesting, the cumulative charge to profit or loss is the product of:

- The grant date fair value of the award;

Note 1a Summary of significant accounting policies continued

- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non- market performance conditions being met; and
- The expired portion of the vesting period.

The charge to profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity. The expense associated with equity-settled awards granted by Site Group to employees of subsidiaries are recorded as an expense in the subsidiary and funded by advances from the parent which eliminate on consolidation. The expense recognised by the Group is the total expense associated with all awards.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied.

(s) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax as applicable, from the proceeds.

(t) 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 (refer note 1a(h)) on a recurring basis. The valuation of these derivatives involves the use of unobservable inputs (level 3), which are detailed together with a reconciliation of changes in the fair value of these liabilities throughout the period in note 17.

The carrying values of other financial assets and financial liabilities as disclosed in note 23 approximate their fair values.

Note 1b Significant 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result which form the basis of the carrying values of assets and liabilities that aren't readily apparent from other sources.

Note 1b Significant accounting judgements, estimates and assumptions continued

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details may be found in the relevant notes to the financial statements

(a) Significant accounting judgements

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only when management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include technology, economic and political environments and future product expectations. If an impairment trigger exists, the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period, refer below.

(b) Significant accounting estimates and assumptions

Impairment of non-current assets

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. Further, the Group considers whether other non-current assets are impaired whenever there is an indication that impairment may exist. This requires an estimation of the recoverable amount of the cash generating units, using a value in use discounted cash flow methodology, to which the goodwill and intangibles with indefinite useful lives are allocated.

An impairment loss of $Nil was recognised in the current year in respect of goodwill and brand (2018: $3,797,413). The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 9.

Revenue recognition – Course fees

The Group recognises the revenue earned from delivery of a course over the period of the course that the service is provided. Where the duration of the course is extended this is recorded as contract revenue on the statement of financial position. In calculating the amount of contract revenue, consideration is also given to the probability of reversals and student refunds and the impact on the level of income recorded.

Note 2 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Group 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 four reportable business segments of the Group are:

- **Site Skills Training - Domestic** which delivers vocational training and assessment services through five training facilities located at Perth, Gladstone, Darwin, Landsborough and Logan. At these locations our experienced team assesses, up-skills and trains industry experienced candidates in the mining and processing, oil and gas, construction, camp services, hospitality and logistic sectors.

- **Site Skills Training - International** operates a 300,000m^2 facility at Clark Freeport Zone in the Philippines allowing the company to deliver Australian standard training in a low cost and controlled environment. This facility has the capacity to complete large scale residential training programs customised to meet client specific requirements. This division also incorporates Site WorkReady being the recruitment and assessment division for international clients.

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

- **Tertiary Education** delivers Diploma and certificate level courses at Site's campuses in Australia through the Site Institute brand and also English language courses and conferences internationally through the TESOL Asia business.

The CODM monitors the operating results of its business units separately for the purposes of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit/loss consistent with the operating profit/loss in the consolidated financial statements. Group financing and corporate overheads are managed on a group basis and not allocated to operating segments. Transfer prices between the operating segments are on an arm's length basis in a manner similar to transactions with third parties.

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

Note 2 Operating Segments continued

Year ended 30 June 2019

	Site Skills Training (Domestic) $	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	12,866,083	12,137,035	3,235,102	2,614,754	30,852,974	60,316	30,913,290
Revenue from contracts with customers - inter-segment	-	521,336	403,915	-	925,251	(925,251)	-
Total segment revenue	12,866,083	12,658,371	3,639,017	2,614,754	31,778,225	(864,935)	30,913,290
Segment net operating (loss) before tax	**(2,326,460)**	**134,956**	**37,966**	**75,658**	**(2,077,880)**	**(2,918,609)**	**(4,996,489)**
Interest revenue	-	11,784	82	-	11,866	54,317	66,183
Interest expense	(5,506)	(9,762)	(561)	(348)	(16,177)	(398,564)	(414,741)
Depreciation and amortisation	(592,276)	(549,460)	(173,206)	(34,132)	(1,349,074)	(59,000)	(1,408,074)
EBITDA	**(1,728,678)**	**682,394**	**211,651**	**110,138**	**(724,495)**	**(2,515,362)**	**(3,239,857)**
Segment assets as at 30 June 2019	4,122,861	10,069,113	1,732,117	1,111,430	17,035,521	240,721	17,276,242
Segment liabilities as at 30 June 2019	2,803,973	4,823,425	313,137	713,977	8,654,512	5,239,607	13,894,119
Capital expenditure as at 30 June 2019	591,517	1,119,065	6,877	107,743	1,825,202	79,503	1,904,705

Year ended 30 June 2018

	Site Skills Training (Domestic) $	Site Skills Training (International) $	Energy Services $	Tertiary Education $	Total Segments $	Corporate and Eliminations $	Total $
Revenue							
Sales revenue - external customer	14,284,041	10,748,704	3,781,713	1,423,013	30,237,471	68,663	30,306,134
Sales revenue - inter-segment	-	40,304	-	-	40,304	(40,304)	-
Total segment revenue	14,284,041	10,789,008	3,781,713	1,423,013	30,277,775	28,359	30,306,134
Segment net operating (loss) before tax	**(943,529)**	**173,134**	**(5,245,824)**	**(260,403)**	**(6,276,622)**	**(3,106,695)**	**(9,383,317)**
Interest revenue	-	6,792	1,059	-	7,851	8,346	16,197
Interest expense	(9,201)	(7,813)	(25)	(44)	(17,083)	(37,293)	(54,376)
Depreciation and amortisation	(744,364)	(524,781)	(646,162)	(16,401)	(1,931,708)	(68,416)	(2,000,124)
EBITDA	**(189,964)**	**698,936**	**(4,600,696)**	**(243,958)**	**(4,335,682)**	**(3,009,332)**	**(7,345,014)**
Segment assets as at 30 June 2018	4,178,592	8,761,877	748,775	1,116,961	14,806,205	995,107	15,801,312
Segment liabilities as at 30 June 2018	2,408,416	3,511,333	249,556	531,507	6,700,812	2,151,393	8,852,205
Capital expenditure as at 30 June 2018	712,650	536,341	9,936	27,545	1,286,472	71,762	1,358,234

The segment disclosures above do not include the discontinued operation. Refer to note 20 for more information.

Note 2 Operating Segments continued

	Consolidated Group	
	2019	2018
	$	$
Reconciliation of loss		
Segment loss	(2,077,880)	(6,276,622)
Inter-company management fees	1,140,000	1,140,000
Head office occupancy costs	(76,482)	(160,348)
Corporate employee benefits including Directors costs	(2,432,113)	(2,804,049)
Legal accounting and other professional fees	(142,271)	(340,361)
Travel costs	(128,883)	(199,611)
Other corporate costs	(896,105)	(779,031)
Corporate income	(382,755)	36,705
Group loss before tax from continuing operations	(4,996,489)	(9,383,317)
Reconciliation of assets		
Segment operating assets	17,035,521	14,806,205
Corporate assets		
Cash at bank	15,171	25,776
Security deposits	467,254	345,981
Intangibles	197,498	197,763
Other assets	536,179	425,587
Inter-segment receivables	(975,381)	-
Group operating assets	**17,276,242**	**15,801,312**
Assets of discontinued operations (note 20)	225,951	376,681
Total assets per statement of financial position	**17,502,193**	**16,177,993**
Reconciliation of liabilities		
Segment operating liabilities	8,654,512	6,700,812
Corporate liabilities		
Corporate trade payables	432,623	1,639,850
Interest bearing debt	4,242,575	313,006
Other current financial liabilites	218,630	-
Other liabilities	345,779	198,537
Group operating liabilities	**13,894,119**	**8,852,205**
Liabilities of discontinued operations (note 20)	6,381,321	5,871,029
Total liabilities per statement of financial position	**20,275,440**	**14,723,234**

Disaggregation of Revenues

As disclosed in note 1a(o), the group derives its revenue from the transfer of services over time and at a point in time. The following table provided a disaggregation of revenue by major revenue class and by geographical location.

Year ended 30 June 2019

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	14,077,635	9,360,865	-	23,438,500
Placement services	-	2,727,917	-	2,727,917
Government subsidies received	1,867,431	-	-	1,867,431
Project income	19,648	2,425,842	-	2,445,490
Other revenue	89,040	284,596	60,316	433,952
Total revenue from contracts with customers - external	**16,053,754**	**14,799,220**	**60,316**	**30,913,290**
Revenue from contracts with customers - inter segment	1,300	923,951	(925,251)	-
Total revenue from contracts with customers	**16,055,054**	**15,723,171**	**(864,935)**	**30,913,290**
Timing of revenue recognition				
Goods transferred at a point in time	-	15,782	14,251	**30,033**
Services transferred over time	16,055,054	15,707,389	(879,186)	**30,883,257**
Total revenue from contracts with customers	**16,055,054**	**15,723,171**	**(864,935)**	**30,913,290**

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 2 Operating Segments continued

Year ended 30 June 2018

	Australia	Asia	Corporate and Eliminations	Total
	$	$	$	$
Revenue from contracts with customers - external				
Course fees	13,522,113	6,756,056	-	20,278,169
Placement services	-	3,674,305	-	3,674,305
Government subsidies received	2,418,969	-	-	2,418,969
Project income	1,742,606	1,751,555	-	3,494,161
Other revenue	130,301	241,566	68,663	440,530
Total revenue from contracts with customers - external	**17,813,989**	**12,423,482**	**68,663**	**30,306,134**
Revenue from contracts with customers - inter segment	-	40,304	(40,304)	-
Total revenue from contracts with customers	**17,813,989**	**12,463,786**	**28,359**	**30,306,134**
Timing of revenue recognition				
Goods transferred at a point in time	-	14,799	15,190	29,989
Services transferred over time	17,813,989	12,448,987	13,169	30,276,145
Total revenue from contracts with customers	**17,813,989**	**12,463,786**	**28,359**	**30,306,134**

Note 3 Earnings per Share

	Consolidated Group	
	2019	2018
	$	$
a) Earnings used in calculating earnings per share		
For basic and diluted earnings per share:		
Net loss from continuing operations attributable to ordinary equity holders of the parent	(5,082,800)	(9,547,913)
Net loss attributable to ordinary equity holders of the parent	(4,742,968)	(6,042,212)
b) Weighted average number of shares	No.	No.
Weighted average number of ordinary shares for basic and diluted earnings per share	686,183,949	656,150,613
c) (Loss) / earnings per share (cents)		
Loss per share from continuing operations attributable to the ordinary equity holders of the parent	(0.74)	(1.46)
Loss per share attributable to the ordinary equity holders of the parent	(0.69)	(0.92)

There are no options outstanding at 30 June 2019 (Nil at 30 June 2018).

To calculate the EPS for discontinued operations the weighted average number of ordinary shares is as per above. The following table provides the profit / (loss) amounts used.

	Consolidated Group	
	2019	2018
	$	$
Net profit /(loss) from discontinued operations attributable to ordinary equity holders of the parent	339,832	3,505,701

Note 4 Revenue from Contracts with Customers from Continuing Operations

	Consolidated Group	
	2019	2018
Revenue from continuing operations	$	$
Revenue		
Course fees	23,438,500	20,278,169
Placement services	2,727,917	3,674,305
Government subsidies received	1,867,431	2,418,969
Project income	2,445,490	3,494,161
Other revenue	433,952	440,530
	30,913,290	30,306,134
Other Income		
Fair value gain on embedded derivative	116,498	-

Note 5 Expenses from Continuing Operations

	Consolidated Group	
	2019	2018
Employee benefits expense	$	$
Wages and salaries	10,906,472	11,881,800
Superannuation expense	930,653	1,014,779
Payroll tax and workers compensation	600,033	704,746
Changes in provisions for annual and long-service leave	(10,268)	112,126
Other employment expenses	318,949	256,208
Share-based payment expense	9,228	60,000
	12,755,067	14,029,659
Other expenses		
Legal, accounting and other professional fees	1,073,304	624,546
Travel & accommodation	1,029,442	1,027,316
Sales and marketing expense	1,757,962	1,169,603
Consultants cost	841,168	779,257
Impairment of intangibles	-	3,797,413
Impairment of receivables	-	495,573
Changes in the allowance for expected credit losses	(388,588)	-
Other	1,267,196	1,112,039
	5,580,484	9,005,747
Finance costs		
Interest expense - third parties	24,451	23,061
Interest expense - related parties	382,191	26,515
Facilities fee	8,099	4,800
	414,741	54,376

Note 6 Taxation

	Consolidated Group 2019 $	Consolidated Group 2018 $
a) Income tax expense		
The major components of income tax expense are:		
Statement of comprehensive income		
Current income tax		
Current income tax charge	92,984	88,851
Adjustments in respect of current income tax of previous years	-	73,579
Deferred income tax		
Relating to origination and reversal of timing differences	(6,673)	2,166
Income tax expense / (benefit) reported in the statement of comprehensive income	86,311	164,596
b) Numerical reconciliation between aggregate tax expense		
A reconciliation between tax expense and the product of accounting		
Total before income tax		
Accounting profit/(loss) before tax from continuing operations	(4,996,489)	(9,383,317)
Accounting profit/(loss) before tax from discontinued operations	(1,261,398)	3,588,746
Total before income tax	(6,257,887)	(5,794,571)
At the parent entity's statutory income tax rate of 30% (2018 - 30%)	(1,877,366)	(1,738,371)
Differential in overseas tax rate to Australian tax rate	(121,490)	147,363
Non-assessable income	-	-
Non-deductible expenses	123,778	116,279
Utilisation of previously unrecognised tax losses	(162,626)	-
Adjustments in respect of current income tax of previous years	(1,688,960)	73,579
Adjustments in respect of deferred tax in prior year	-	(45,708)
Impairment of intangible assets	-	1,139,224
Write back of Impairment of intangible assets	-	(1,497,034)
Derecognition of carried forward tax losses	-	132,082
Deferred tax asset not recognised	2,211,745	1,920,227
	(1,514,919)	247,641
Aggregate income tax credit attributed to: Continuing operations	86,311	164,596
Aggregate income tax expense attributed to: Discontinued operations	(1,601,230)	83,045
	(1,514,919)	247,641

A deferred tax asset has not been recognised for unused tax losses amounting to $7,372,483 (tax effected: $2,211,745).

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

Note 6 Taxation continued

c) Deferred tax

	Consolidated statement of financial position		Consolidated statement of profit or loss	
	2019 $	2018 $	2019 $	2018 $
Accrued expenses	626,572	688,532	61,960	(171,813)
Superannuation payable	18,527	21,653	3,126	23,749
Provision for leave balance	206,719	213,629	6,910	(29,017)
Provision for impairment of receivables	12,000	29,252	17,252	1,539
Provision for re-credits	23,717	23,717	-	217,677
Customer contracts	-	-	-	(106,538)
Losses available for offsetting against future taxable income	-	-	-	132,082
Other foreign entity deferrals	(11,606)	(17,532)	(8,191)	17,532
Deferred tax benefit			**81,057**	**85,211**
Net deferred tax assets	**875,929**	**959,251**		

	2019 $	2018 $
Reconciliation of net deferred tax asset /(liabilities)		
As of 1 July	959,251	1,044,462
Opening balance adjustment	(2,265)	-
Tax income during the period recognised in profit or loss	6,673	(2,166)
Discontinued operations	(87,730)	(83,045)
As at 30 June	875,929	959,251

Note 7 Trade and Other Receivables

	Note	Consolidated Group 2019 $	Consolidated Group 2018 $
CURRENT			
Receivables from contracts with customers		25,347,821	24,450,323
Allowances for expected credit losses	7(a)	(21,304,563)	(21,671,453)
		4,043,258	2,778,870
Other receivables		335,109	555,579
Total current trade and other receivables		4,378,367	3,334,449

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.

In light of the uncertain circumstances with regard to the reconciliation payment, Management took the decision to write down the full debtor value in the accounts at 30 June 2017, while maintaining the position that the group was entitled to the full reconciliation amount. In December 2017, the Group received $4,869,133 of the amount outstanding and was then advised by DET it would accept further submissions from the Group for the balance.

Note 7 Trade and Other Receivables continued

Following the provision of these submissions, the Group was advised that DET had decided against making the payment, without providing any legislative justification. The Group will pursue all remedies available to it through the court process to compel the DET to pay the outstanding amount. During the comparative year ended 30 June 2018 the provision was written back by $4,990,133 following tuition re-credits and the DET payment received as noted above.

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

As described in note 1a(h), 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 30 June 2019 and 1 July 2018 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.

The tables below show the calculation of the expected credit loss provision at both 30 June 2019 and 1 July 2018.

Consolidated Group	**Trade receivables - Days past due**					
	Total	0-30 days	31-60 days	61-90 days	+91 days	Discontinued Operation
30 June 2019						
Expected credit loss rate		0.7%	5.0%	10.0%	16.7%	
Estimated total gross carrying amount at default	**25,347,821**	1,564,176	1,073,953	402,556	1,329,491	20,977,645
Expected credit loss	**21,304,563**	10,793	53,698	40,256	222,171	20,977,645
1 July 2018						
Expected credit loss rate		0.7%	5.0%	10.0%	17.2%	
Estimated total gross carrying amount at default	**24,450,323**	1,907,852	402,448	159,307	1,003,071	20,977,645
Expected credit loss	**21,199,556**	13,133	20,122	15,931	172,724	20,977,645

Note 7 Trade and Other Receivables continued

The closing loss allowances for receivables from contracts with customers and contract assets as at 30 June 2019 reconcile to the opening loss allowances as follows:

	Consolidated Group	
	2019 $	2018 $
Opening Balance - calculated under AASB 139	21,671,453	26,145,867
Adjustment on initial application of AASB 9	(471,897)	-
Opening balance – calculated under AASB 9	21,199,556	26,145,867
Increase/(reversal) of loss allowance recognised in profit or loss	105,007	(4,420,769)
Amounts written off	-	(53,645)
Closing Balance	21,304,563	21,671,453

Other receivables are excluded from the above analysis as these represent balances due from taxation authorities for which the expected loss rate is 0%.

b) Related party receivables

For terms and conditions of related party receivables refer to note 17.

c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

At 30 June 2019, Group receivables, before allowance for expected credit losses, included one customer that owed $20,977,645 (as noted above).

d) Foreign exchange and interest rate risk

Detail regarding foreign exchange and interest rate risk exposure is disclosed in note 23.

Note 8 Property, Plant and Equipment

	Consolidated Group	
	2019	2018
	$	$
Plant and equipment		
Leasehold improvements		
At cost	9,123,658	8,343,301
Accumulated depreciation	(2,821,405)	(2,219,622)
Net carrying amount - leasehold improvements	6,302,253	6,123,679
Capital works in progress		
At cost	1,555,369	444,813
Computer equipment		
At cost	1,321,729	1,226,899
Accumulated depreciation	(1,194,898)	(1,093,995)
Net carrying amount - computers	126,831	132,904
Furniture and fittings		
At cost	4,504,353	4,203,950
Accumulated depreciation	(3,982,620)	(3,458,329)
Net carrying amount - furniture and fittings	521,733	745,621
Vehicles		
At cost	778,509	747,014
Accumulated depreciation	(584,001)	(471,456)
Net carrying amount - vehicles	194,508	275,558
Total property, plant and equipment	8,700,694	7,722,575

Note 8 Property, Plant and Equipment continued

(a) Movements in Carrying Amounts

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Leasehold Improvements	Capital Works in Progress	Computers	Furniture & Fittings	Vehicles	Total
	$	$	$	$	$	$
Consolidated Group:						
Balance at 30 June 2017	6,548,983	158,952	218,512	892,534	184,163	8,003,144
Additions	41,172	666,751	84,307	105,834	54,599	952,663
Transfers - in (out)	8,476	(382,914)	1,045	161,560	147,574	(64,259)
Disposals	(7,305)	-	(7,058)	(16,238)	(11,980)	(42,581)
Depreciation expense	(381,948)	-	(164,101)	(393,969)	(97,326)	(1,037,344)
Exchange rate differences	(85,699)	2,024	199	(4,100)	(1,472)	(89,048)
Balance at 30 June 2018	**6,123,679**	**444,813**	**132,904**	**745,621**	**275,558**	**7,722,575**
Additions	20,492	1,152,581	78,480	174,217	-	1,425,770
Transfers - in (out)	42,139	(84,751)	14,918	3,125	-	(24,569)
Disposals	-	-	-	(43,300)	-	(43,300)
Depreciation expense	(386,906)	-	(99,494)	(371,832)	(94,652)	(952,884)
Exchange rate differences	502,849	42,726	23	13,902	13,602	573,102
Balance at 30 June 2019	**6,302,253**	**1,555,369**	**126,831**	**521,733**	**194,508**	**8,700,694**

(b) Finance Leases

The carrying value of vehicles held under finance leases and hire purchase contracts at 30 June 2019 was $173,397 (2018: $233,962). No additions of vehicles under hire purchase contracts were made during the year (2018: $162,599) Leased assets and assets under hire purchase contracts are pledged as security for the related finance lease and hire purchase liability.

(c) Impairment Testing

Impairment testing was completed on the *Site Skills Training – International* cash-generating unit (CGU) at 30 June 2019, to which $7,299,871 of the property, plant and equipment balance above is allocated. The recoverable amount of the CGU was determined based on value-in-use calculations. Value-in-use is calculated based on the present value of future cash flow projections over a five-year period including a terminal value calculation.

The projected cash flows used to determine value-in-use reflected the latest budgets. Key inputs into the impairment model included a pre-tax discount rate of 17%, annual revenue growth rate over the 5 year forecast period of 10%, annual EBITDA margin of 15%, and a terminal growth rate of 0%.

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

The calculation of value in use for the CGU's is most sensitive to changes in forecast revenue growth and the discount rate. Removal of any average annual revenue growth rate or a decrease in the annual EBITDA margin percentage to 10% would result in an impairment charge being recognised.

Note 9 Intangible Assets

	Consolidated Group 2019 $	Consolidated Group 2018 $
Non-Current		
Goodwill		
Net carrying value	638,050	638,050
Training licences and course material		
Cost	3,242,515	2,871,181
Accumulated amortisation	(2,598,845)	(2,267,606)
Net carrying value	643,670	603,575
Customer contracts		
Cost	1,615,542	1,615,542
Accumulated amortisation	(1,615,542)	(1,615,542)
Net carrying value	-	-
Software development		
Cost	1,359,511	1,191,112
Accumulated amortisation	(1,132,015)	(973,672)
Net carrying value	227,496	217,440
Total intangible assets	1,509,216	1,459,065

(a) Reconciliation of carrying amounts at the beginning and end of the period

Movements in carrying amounts for each class of intangible between the beginning and the end of the current financial year:

	Goodwill	Training Licences Courses	Customer Contracts	Brand	Software Development	Total
	$	$	$	$	$	$
Consolidated Group:						
Balance at 30 June 2017	4,375,463	684,871	352,943	60,000	303,847	5,777,124
Additions	-	258,787	-	-	146,784	405,571
Transfers in	-	24,921	-	-	39,338	64,259
Impairments	(3,737,413)	-	-	(60,000)	-	(3,797,413)
Disposals	-	(635)	-	-	(2,000)	(2,635)
Amortisation expense	-	(372,436)	(352,943)	-	(270,529)	(995,908)
Exchange rate differences	-	8,067	-	-	-	8,067
Balance at 30 June 2018	**638,050**	**603,575**	**-**	**-**	**217,440**	**1,459,065**
Additions	-	335,105	-	-	143,830	478,935
Transfers in	-	-	-	-	24,569	24,569
Amortisation expense	-	(302,489)	-	-	(158,343)	(460,832)
Exchange rate differences	-	7,479	-	-	-	7,479
Balance at 30 June 2019	**638,050**	**643,670**	**-**	**-**	**227,496**	**1,509,216**

Note 9 Intangible Assets continued

b) 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 goodwill and brand name is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of future cash flow projections over a five-year period including a terminal value calculation.

The cash-generating unit with a significant amount of goodwill is the *Tertiary Education* unit, as shown in the table below:

CGU	Tertiary		Site Skills Training (Domestic)	
	2019 $	2018 $	2019 $	2018 $
Carrying amount of goodwill	441,015	441,015	197,035	197,035

Tertiary Education cash-generating unit

The Group used the cash-generating unit's value-in-use to determine the recoverable amount. The projected cash flows were updated to reflect the latest budgets and a pre-tax discount rate of 17% (30 June 2018: 16.6%) was applied. The terminal growth rate applied is 0% (30 June 2018: 0%).

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

The calculation of value in use for the Tertiary Education CGU is most sensitive to the changes in forecast gross margins and the discount rate. No reasonably possible change in forecast gross margins or the discount rate applied would have resulted in an impairment of the CGU carrying value at 30 June 2019.

Energy Services cash-generating unit

In the period to 30 June 2018, the business for Wild Geese International Pty Ltd changed such that the Group sought to reassess impairment for the non-current assets (primarily goodwill) in the Energy Services cash-generating unit. The Group used the cash-generating unit's value-in-use to determine the recoverable amount, which exceeded the carrying amount. The projected cash flows were updated to reflect the latest budgets and a pre-tax discount rate of 17% was applied. The terminal growth rate applied was 0%

As a result of the analysis, management recognised an impairment charge of $3,797,413 against goodwill and brand in the year ended 30 June 2018. The impairment charge is recorded in other expenses in the Statement of Comprehensive Income.

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 10 Trade and Other Payables

	Consolidated Group	
	2019	2018
	$	$
Current		
Unsecured liabilities		
Trade payables	3,509,922	2,573,229
Employee related payables	776,783	437,178
Accruals	1,715,062	1,640,375
Other payables	78,355	8,322
Total trade and other payables	6,080,122	4,659,104

	Consolidated Group	
	2019	2018
	$	$
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 (see note 7).

The non-current accruals account also includes $475,352 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 7 is received. Although the Group intends to pursue recovery of the outstanding receivable in full, as such recovery action is at the discretion of the Group, the directors are satisfied that an unconditional right of deferral exists for the liabilities until such time as the debtor is received.

(a) Fair value

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

(b) Related party payables

For terms and conditions relating to related party payables refer to note 17.

(c) Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 23.

Note 11 Contract Liabilities

	Consolidated Group 2019 $	Consolidated Group 2018 $
Contract liabilities	390,458	623,824

The amount of the contract liability recognised at the beginning of the period was recognised as revenue during the 2019 year. All contract liabilities outstanding at 30 June 2019 are expected to be recognised as revenue within the next twelve months.

As disclosed in note 1a(c)(i), comparative balances have been reclassified for consistency with current period disclosures, resulting in unearned income of $623,824 recognised within trade and other payables in the 30 June 2018 financial statements being reclassified as contract liabilities.

Note 12 Interest Bearing Debt

Current financial liabilities

Refer to note 15(d) for details of the unsecured related party debt facility.

	Consolidated Group 2019 $	Consolidated Group 2018 $
Finance lease liability due within 12 months	103,612	92,156
Unsecured related party loans due within 12 months	38,907	266,922
	142,519	359,078

Non-current financial liabilities

	Consolidated Group 2019 $	Consolidated Group 2018 $
Finance lease liability	71,143	166,508
Unsecured related party loans	4,167,276	-
	4,238,419	166,508

Movements in finance lease borrowings during the year are as follows:

	2019 $	**2018 $**
Opening Balance	258,664	179,720
Assets acquired via finance lease	-	162,599
Repayments	(83,909)	(83,655)
Closing balance	**174,755**	**258,664**

Note 13 Provisions

Current	Consolidated Group 2019 $	Consolidated Group 2018 $
Employee - annual leave	465,898	580,376
Other	126,428	126,020
	592,326	706,396

Non-current	Consolidated Group 2019 $	Consolidated Group 2018 $
Provision for pension liability	199,923	94,742
Provision for long service leave	267,254	163,044
Provision for lease rental incentive	2,453,828	2,306,201
	2,921,005	2,563,987

Movement in provisions

Movements in provisions are set out below:

	Lease Rental $	Pension Liability * $	Long Service Leave $	Total $
At 30 June 2017	2,157,076	109,282	104,068	2,370,426
Arising during the year	152,553	-	58,976	211,529
Utilised/provision released	(3,429)	(14,540)	-	(17,969)
At 30 June 2018	2,306,200	94,742	163,044	2,563,986
Arising during the year	154,927	-	104,211	259,138
Utilised/provision released	(7,300)	105,181	-	97,881
At 30 June 2019	2,453,827	199,923	267,255	2,921,005

* The Group has an obligation in the Philippines to provide for the retirement obligations of staff after 5 years of service should that person reach retirement age.

(c) Lease Rental Incentive

The lease of the Clark facility included a three year rent free period which concluded in October 2012. The lease agreement is for a period of 25 years with an option to renew for another 25 years. The agreement includes an escalation in lease payments of ten per cent, compounded on every increase, starting on the fourth year and every three years thereafter.

Note 14 Issued Capital

	Consolidated Group 2019 $	Consolidated Group 2018 $
691,457,154 fully paid ordinary shares; 1,116,000 partly paid ordinary shares (2018: 688,552,154 fully paid)	80,519,621	80,519,621
Cost of capital raising	(2,434,337)	(2,434,337)
	78,085,284	78,085,284

(a) Ordinary Shares

	No. Shares	$
30 June 2017 share capital	597,017,765	75,742,840
Share issue - 18 September 2017	41,586,531	-
Share issue - 21 September 2017	15,165,000	606,600
Share issue - 11 October 2017	10,375,000	415,000
Share buy back - 8 December 2017	(10,857,142)	-
Share issue - 14 December 2017	36,960,000	1,478,400
Share buy back - 25 January 2018	(1,695,000)	-
Transaction costs relating to capital raising	-	(157,556)
30 June 2018 share capital	688,552,154	78,085,284
Share issue - 8 March 2019	7,700,000	-
share buy back - 27 March 2019	(4,795,000)	
30 June 2019 share capital	691,457,154	78,085,284

- On 18 September 2017, the Company completed the issue of 41,586,531 shares at $0.04 per share in settlement of outstanding loans payable to Directors. Agreements for conversion of debt to equity were signed prior to 30 June 2017, subject to the necessary shareholder approval which was granted at an extraordinary general meeting of the Company on 15 September 2017. The financial effects of this transaction, being a reduction to liabilities and an increase in share capital of $1,663,462, were accounted for as at 30 June 2017 as the subsequent shareholder approval was considered to be merely a governance exercise.
- On 21 September 2017 – the Company issued 15,165,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.
- On 11 October 2017 - the Company issued 10,375,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.
- On 8 December 2017 – the Company completed a buy-back of 10,857,142 shares issued under the Employee Share Plan and sign on of shares forfeited by employees when they resigned from the Group.
- On 14 December 2017 - the Company issued 36,960,000 shares under the Share Purchase Plan at the issue price of $0.04 per share.
- On 21 January 2018 – the Company completed a buy-back of 1,695,000 shares issued under the Employee Share Plan and sign on of shares forfeited by employees when they resigned from the Group.
- On 8 March 2019 – the Company issued 7,700,000 employee loan shares, pursuant to the Company's employee share plan. Refer note 16 for further details on this share-based payment arrangement.
- On 27 March 2019 – the Company completed a buy-back of 4,795,000 shares under the Employee Share Plan and sign on shares forfeited by employees when they resigned from the Group.

Note 14 Issued Capital continued

b) Options

i. For information relating to the Site Group International Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note 16: Share-based Payments.

ii. No options were issued to key management personnel during the financial year.

c) Capital Management

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

During 2019, the Group has not paid any dividends.

Note 15 Retained Earnings/ (Losses) and Reserves

(a) Movement in retained earnings/ (losses) and reserves

	Consolidated Group	
	2019 $	2018 $
Balance 1 July	(78,712,583)	(72,724,863)
Net (loss) / profit for the period	(4,742,968)	(6,042,212)
Other comprehensive income / (loss)	(58,171)	54,492
Balance 30 June	(83,513,722)	(78,712,583)

(b) Other reserves

	Share based payments $	Foreign currency translation $	Total $
At 30 June 2017	1,451,675	557,389	2,009,064
Foreign currency translation	-	12,994	12,994
Share based payment	60,000	-	60,000
At 30 June 2018	1,511,675	570,383	2,082,058
Foreign currency translation	-	563,905	563,905
Share based payment	9,228	-	9,228
At 30 June 2019	1,520,903	1,134,288	2,655,191

(c) Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

Share based payments reserve

The share based payments reserve is used to record the value of share based payments provided to employees, including KMP, as part of their remuneration. Refer to note 16 for further details.

Note 16 Share Based Payments

The expense recognised for services received during the year is shown in the table below:

	Consolidated Group 2019 $	Consolidated Group 2018 $
Share options expense		
Expense/(write back) arising from equity-settled share-based payments	-	-
Employee services		
Expense arising from the amortisation of employee sign on and bonus shares	-	-
Expense arising from the amortisation of the employee share plan	9,228	60,000
Total expense arising from share based payment transactions	9,228	60,000

(a) Employee share plan

In November 2011 the Shareholders approved the establishment of an Employee Share Plan that would enable employees, directors and eligible associates to subscribe for shares in the Company. Under the terms of the plan an eligible person is offered shares in the Company at a price determined by the board with a corresponding interest free loan to assist the person to subscribe for the shares.

The shares are escrowed in two tranches with 50% being escrowed for a minimum of 12 months and 50% being escrowed for a minimum of 24 months. Subsequent to these minimum restriction periods, the shares are available for release from escrow (i.e. a vested and exercisable option) on the repayment of the loan, and subject to continuation of employment (including acting as an associate or director) at the time of repayment.

For accounting purposes these shares are treated as if these 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. A summary of shares issued under the plan are below:

	2019 No. of shares	**2019 Weighted average exercise price**	**2018 No. of shares**	**2018 Weighted average exercise price**
Outstanding at the beginning of the period	9,795,000	$0.20	11,490,000	$0.20
Granted during the period	7,700,000	$0.04	-	-
Forfeited during the period	-	-	1,695,000	$0.20
Expired during the period	4,795,000	$0.20	-	-
Outstanding at the end of the period	12,700,000	$0.10	9,795,000	$0.20
Exercisable (vested)at the end of the period	8,850,000	$0.13	9,795,000	$0.20

All shares issued prior to the current year are exercisable at 20 cents per share (5,000,000 shares),and have no remaining contractual life as their expiry date has passed prior to the start of the comparative period. As these shares are to former and current directors, the board has elected to leave these shares as currently exercisable until they are cancelled and bought back following approval of shareholder at the next general meeting. A new issue of shares under the plan was completed on 8 March 2019 on the following terms:

Note 16 Share Based Payments continued

Employee Share Plan	Agreement date 29 March 2018 Issued 8 March 2019	
	Tranche 1 escrowed for 12 months to 29 March 2019	Tranche 2 escrowed for 24 months to 29 March 2020
Number of shares issued	3,850,000	3,850,000
Fair value	$24,357	$37,378
Price paid per share	$0.040	$0.040
Market price of shares at grant date	$0.036	$0.036
Expected volatility	52.25%	52.25%
Risk free interest rate	2.60%	2.60%
Dividend yield	0%	0%
Escrow period of shares	12 months	24 months

The 7,700,000 shares issued on 8 March 2019 have a remaining contractual life of 2.75 years (expiry date of 29 March 2022).

(b) Employee sign-on and bonus shares

From time to time the Group issues shares to employees as an incentive for accepting employment with the group. Shares are issued at the volume weighted average price (VWAP) of the Group's stock trading for the period prior to issuance. Shares are subject to escrow periods which vary depending on the contracts with the employee, and the value of the shares is recognised as an expense over the escrow period subject to continuing employment with the Group. No such shares have been issued in either the current or comparative financial years.

(c) Share-based payments to service providers

No share-based payment arrangements were entered into with service providers in the current period or prior period.

Note 17 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 Limited which is incorporated in Australia.

ii. **Key Management Personnel:**
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.
For details of disclosures relating to remuneration of key management personnel, refer to Note 19.

Note 17 Related Party Transactions continued

(b) Transactions with related parties:

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

(c) Amounts outstanding from related parties

As disclosed in the remuneration report, Directors and key management personnel participate in the employee share plan whereby they are offered shares in the Company with a corresponding interest free loan. The loan from the Company must be repaid prior to the shares being sold or transferred by the employee. The below table details the Director and key management personnel participation:

Name	Shares Issued	Share Issue Price	Total Value	Loan from Company
Vern Wills	2,000,000	$0.20	400,000	400,000
Nicasio Alcantara	1,000,000	$0.20	200,000	200,000
Craig Dawson	1,000,000	$0.04	40,000	40,000

(d) Other transactions with related parties

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

The loan facility limit was $2.35m to 31 December 2016, and $1.32m from that point, repayable on the earlier of collection of the receivable from the Commonwealth Department of Education and Training (refer note 7) or February 2018. To date, revised terms have not been agreed for the facility and the outstanding balance as disclosed below is repayable at call. Interest is charged on the loan at a fixed rate of 7% per annum.

Movements in the loan balance during the year are as follows:

	30-Jun-19 $	30-Jun-18 $
Opening Balance	266,922	580,842
Drawdowns	-	-
Interest accrued during the year	14,102	25,900
Principal repayment through issuance of shares*	-	(246,000)
Principal repayments (cash)	(233,189)	-
Interest repayments (cash)	(8,928)	(93,820)
Closing Balance	38,907	266,922

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

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

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

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

Note 17 Related Party Transactions continued

Stuart Andrew Pty Limited

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

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

	30-Jun-19 $	30-Jun-18 $
Opening Balance	-	57,539
Drawdowns	-	45,000
Interest accrued during the year	-	1,229
Principal repayments (cash)	-	(45,000)
Interest repayments (cash)	-	(58,768)
Closing Balance	-	-

Punta Properties Inc.

On 21 June 2018, the Company announced a financing facility of US$4million with Punta Properties, a company associated with Non-Executive Director Nicasio Alcantara. Repayment of funds drawn under the facility will be via cash or equity to be issued at the last issue price of 4 cents per share subject to approval of shareholders. The potential settlement of the loan balance (which is variable, based on the loan being denominated in a currency other than the group's functional currency of Australian dollars) through issuance of shares represents an embedded derivative liability. Interest charged on the loan will be at a fixed rate of 10% per annum.

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

Date of drawdown	Drawdown amount (USD)	Drawdown amount (AUD)	Value of conversion option	No of securities	Total Value	Exercise Price	Share price @ drawdown	Risk Free rate	Stock volatility	Expected maturity
	$	$	$		$	$	$			
9/07/2018	1,000,000	1,346,149	0.0020	33,653,725	67,397	0.04	0.020	2%	52.25%	1/07/2020
30/09/2018	500,000	692,770	0.0037	17,319,250	64,832	0.04	0.026	2%	52.25%	1/07/2020
31/10/2018	200,000	275,562	0.0069	6,889,045	47,332	0.04	0.028	2%	52.25%	1/07/2020
23/11/2018	200,000	274,010	0.0067	6,850,254	45,814	0.04	0.033	2%	52.25%	1/07/2020
28/03/2019	200,000	279,003	0.0034	6,975,072	23,587	0.04	0.028	2%	52.25%	1/07/2020
11/04/2019	200,000	276,855	0.0045	6,921,373	31,460	0.04	0.031	2%	52.25%	1/07/2020
22/05/2019	400,000	577,284	0.0026	14,432,097	37,745	0.04	0.027	2%	52.25%	1/07/2020
24/06/2019	200,000	285,347	0.0024	7,133,685	16,961	0.04	0.027	2%	52.25%	1/07/2020
					335,128					

The conversion options were valued at inception using a Black Scholes model, with inputs as documented in the table above. Derivatives are carried at fair value through profit or loss, and fall within level 2 of the fair value hierarchy. The fair value of the above options at 30 June 2019 was $218,630. The following inputs were applied in deriving the fair value of these options:

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 17 Related Party Transactions continued

Date of valuation	Drawdown amount (USD)	Drawdown amount (AUD)	Value of conversion option	No of securities	Total Value	Exercise Price	Share price @ valaution	Risk Free rate	Stock volatility	Expected maturity
	$	$	$		$	$	$			
30/06/2019	$2,900,000	4,131,201	0.0021169	103,280,020	**218,630**	0.04	0.027	2%	52.25%	1/07/2020

A gain of $116,498 has been recognised (refer note 4) on revaluation of the embedded derivative at 30 June 2019.

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

	2019 $	2018 $
Opening Balance	-	-
Drawdowns (cash)	4,006,980	-
Interest accrued during the year	368,090	-
Recognition of embedded derivative	(335,128)	
Foreign currency movement	127,332	-
Closing balance	4,167,276	-

In addition, the Company and Punta Properties agreed to a performance based incentive to develop and execute an optimisation plan for the Group's Philippines assets, associated businesses and international expansion. This incentive is payable on the total project value achieved from the optimisation plan at 5% of the total project value achieved. Should the plan reach a total project value of US$30m a further 5% fee of the gross value is payable to Mr Alcantara. There is no retainer applicable or payable to this agreement. The agreement will be subject to shareholder approval at the next general meeting of shareholders.

The incentive represents a contingent liability to the group, and the group's obligation in respect of the incentive will only be confirmed by the occurrence or non-occurrence of a future obligating event, being the execution of an optimisation plan. It is not considered possible to reliably estimate the amount of the possible obligation at this point in time, having regard to the degree of uncertainty in such estimation. Uncertainties relate to the amount of timing of any outflow include the type of optimisation transaction, time for such transaction occurring, and estimated total project value.

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 18 Controlled Entities

	Principle activities	Country of Incorporation	Percentage Owned (%)* 2019	2018
Subsidiaries of Site Group International Limited:				
Site Group Holdings Pty Ltd	Holding company	Australia	100%	100%
Site Education Australia Pty Ltd	Holding company	Australia	100%	100%
Site WorkReady Pty Ltd	Labour services	Australia	100%	100%
Study Corp Australia Pty Ltd (*Formerly Site Labourhire Pty Ltd*)	Holding company	Australia	100%	100%
Site Skills Group Pty Ltd	Education and training	Australia	100%	100%
Site Skills Academy Pty Ltd	Education and training	Australia	100%	100%
Site WorkReady (Philippines) Pty Ltd	Holding company	Australia	100%	100%
Axis Training Group Pty Ltd	Education and training	Australia	100%	100%
Romea Consulting Pty Ltd	Education and training	Australia	100%	100%
Site Group international Pte Ltd	Competency development	Singapore	100%	100%
Competent Project Management Sdn Bhd	Competency development	Malaysia	100%	100%
Productivity Partners Pty Ltd	Education and training	Australia	100%	100%
Wild Geese International Pty Ltd	Oil & Gas consultancy	Australia	100%	100%
Site Institute Pty Ltd *(Formerly Innovium Pty Ltd)*	Education and training	Australia	100%	100%

* Percentage of voting power is in proportion to ownership

Note 19 Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	Consolidated Group 2019 $	2018 $
Short-term employee benefits	892,930	1,076,536
Post-employment benefits	26,027	43,501
Other long term benefits	5,247	6,253
Share-based payments	4,781	-
Termination benefits	-	33,654
	928,985	1,159,944

Note 20 Discontinued Operations

In December 2016, the Group publicly announced the closure of Productivity Partners Pty Ltd's business, and the closure of VET FEE-HELP related campuses. The closure was a direct result of the Commonwealth Government passed legislative changes.

With Productivity Partners Pty Ltd being classified as a discontinued operation, the company is no longer included in the 'tertiary education' segment of the segment note. The results of Productivity Partners Pty Ltd for the year are presented below.

Note 20 Discontinued Operations continued

	2019 $	2018 $
Revenue	-	-
Expenses	(1,261,398)	(1,401,367)
Operating income	(1,261,398)	(1,401,367)
Impairment of intangible assets	-	-
Write back of provision for impairment of debtors	-	4,990,113
Profit / (loss) before tax from discontinued operations	(1,261,398)	3,588,746
Tax benefit / (expense)	1,601,230	(83,045)
Profit / (loss) after tax from discontinued operations	339,832	3,505,701

The major classes of assets and liabilities of Productivity Partners Pty Ltd as at 30 June 2019 are as follows:

	2019	2018
Assets	$	$
Property, plant and equipment	-	5,643
Debtors	35,650	34,393
Cash & short term deposits	(1,894)	(1,896)
Deferred tax asset	158,733	246,463
Other assets	33,462	92,078
	225,951	376,681
Liabilities		
Creditors	(6,297,448)	(5,782,041)
Interest bearing debt	(4,818)	(9,933)
Provisions	(79,055)	(79,055)
Current tax liabilities	-	-
	(6,381,321)	(5,871,029)

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

	2019 $	2018 $
Operating	(682,991)	3,716,941
Investing	682,993	(3,728,499)
Net cash outflow	2	(11,558)

Earnings per share	2019	2018
Basic and diluted (loss) / profit for the year from discontinued operations (cents per share)	0.05	0.53

Note 21 Cash Flow Information

	Consolidated Group 2019 $	Consolidated Group 2018 $
Reconciliation of net (loss) / profit after tax to net cash flows from operations		
Loss after income tax expense	(4,742,968)	(6,042,212)
Non cash items		
Depreciation and amortisation	1,413,716	2,033,252
Foreign exchange loss	114,432	-
Share based payments expense	9,228	60,000
Impairment for non current assets	-	3,797,413
Fair value gain on embedded derivative	(116,498)	-
Net Interest accrued / (paid) on loans	340,915	(32,326)
Net profit / (loss) on sale of plant & equipment	4,890	(15,575)
	(2,976,285)	(199,448)
Change in assets and liabilities		
Decrease / (Increase) in receivables	(846,660)	403,341
Decrease / (Increase) in inventory	4,370	4,745
Decrease / (Increase) in prepayments	113,732	127,044
(Decrease) / Increase in payables and accruals	1,164,188	534,110
Increase / (Decrease) in contract liabilities	(233,366)	(607,591)
Increase / (Decrease) in provisions	4,061	(395,539)
Decrease / (Increase) in deferred tax assets	83,322	85,141
Increase / (Decrease) in current tax liabilities	5,999	(679,627)
Net cash used in operating activities	(2,680,639)	(727,824)

Note 22 Commitments and Contingencies

	Consolidated Group 2019 $	Consolidated Group 2018 $
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised		
Payable — minimum lease payments		
not later than 12 months	1,884,134	1,601,689
between 12 months and 5 years	5,049,071	3,488,644
greater than 5 years	6,884,947	7,156,935
	13,818,152	12,247,268

The Group has an operation through a subsidiary located in the Philippines. On 30 October 2009 the subsidiary entered into a lease agreement covering a parcel of land where its office and education facilities are located. The lease agreement is for a period of 25 years with an option to renew for another 25 years. The agreement includes an escalation in lease payments of ten per cent, compounded on every increase, starting on the fourth year and every three years thereafter.

Note 22 Commitments and Contingencies continued

In 2016 the Group entered into a four-year commercial lease for the head office location. This lease has a life of four years with a renewal option included in the contract, there are no restrictions imposed by entering into these leases. In addition, the Group has entered into leases for training facilities at Belmont (Perth), Gladstone, Landsborough and Darwin. Competent Project Management has a two-year lease at Johor in Malaysia. All of the leases grant options for renewal at expiration of the current lease.

(b) Finance lease

The Group entered into finance leases for the acquisition of motor vehicles during the year. These leases have renewal terms but no purchase options or escalation clauses. Future minimum lease payments under the finance lease together with the present value of the net minimum lease payments are as follows:

	2019		2018	
	Minimum Payments	Present Value of payments	Minimum Payments	Present Value of payments
	$	$	$	$
Payable — lease payments				
not later than 12 months	101,598	103,612	106,466	92,156
between 12 months and 5 years	82,624	71,143	177,757	166,508
	184,223	174,754	284,223	258,663

(c) Legal claim contingency

As noted in the Directors report, the ACCC has commenced civil proceedings against Site, Productivity Partners and two former executives in relation to enrolment practices of Productivity Partners. An estimate of the financial effect of the matter has not been disclosed as it is not yet practicable to determine such an estimate, having regard to the timing of proceedings (the case is not to be heard until the end of the next financial year), and the prevailing uncertainty surrounding the outcome of these proceedings.

Note 23 Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, receivables from contracts with customers, trade payables, leases and borrowing facilities. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group	
		2019	2018
		$	$
Financial assets			
Financial assets at amortised cost			
Cash and cash equivalents		606,148	1,533,437
Loans and receivables	7	4,378,367	3,334,449
Other non-current financial assets		105,748	147,237
Total financial assets		5,090,263	5,015,123
Financial liabilities			
Financial liabilities at amortised cost			
Current			
— Trade and other payables	10	6,080,122	4,659,104
— Borrowings	12	142,519	359,078
Non-current			
— Trade and other payables	10	5,595,083	5,595,083
— Interest bearing debt	12	4,238,419	166,508
Financial liabilities at fair value through profit & loss			
— Other financial liabilities		218,630	-
Total financial liabilities		16,274,773	10,779,773

Note 23 Financial Risk Management continued

(a) Liquidity Risk

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities, reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2019	2018	2019	2018	2019	2018	**2019**	**2018**
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	6,080,122	4,659,104	5,595,083	5,595,083	-	-	11,675,205	10,254,187
Borrowings - Principal	92,922	324,315	-	-	-	-	92,922	324,315
- Interest	47,583	49,073	-	-	-	-	47,583	49,073
Other non-current financial liabilities - Principal	-	-	4,212,082	166,508	-	-	4,212,082	166,508
- Interest	-	-	372,945	11,249	-	-	372,945	11,249
Other financial liabilities	-	-	218,630	-	-	-	218,630	-
Total expected outflows	6,220,627	5,032,492	10,398,740	5,772,840	-	-	16,619,367	10,805,332
Financial assets - cash flows realisable								
Cash and cash equivalents	606,148	1,533,437	-	-	-	-	606,148	1,533,437
Loans and receivables	4,378,367	3,334,449	-	-	-	-	4,378,367	3,334,449
Other non-current financial assets	-	-	105,748	147,237	-	-	105,748	147,237
	4,984,515	4,867,886	105,748	147,237	-	-	5,090,263	5,015,123
Net (outflow) / inflow	**(1,236,112)**	**(164,606)**	**(10,292,992)**	**(5,625,603)**	**-**	**-**	**(11,529,104)**	**(5,790,209)**

The outflow indicated above within 1 year will be funded via the capital raising of 3,750,000 completed subsequent to year end disclosed in note 25 and drawdowns on the $US4million loan facility available and unused at 30 June 2019, the terms of which are disclosed in note 17. The outflow in subsequent years is attributable to financial liabilities which will only require settlement where a corresponding inflow of economic benefits is received in settlement of fully impaired receivables, as disclosed in note 7.

(b) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's holding of cash as borrowings are under fixed interest agreements. The following table depicts the sensitivity of the Group's results to reasonably possible changes in interest rates.

	Consolidated Group	
	2019	2018
Financial assets	$	$
Cash and cash equivalents	606,148	1,533,437

	Post Tax Profit higher / (lower)		Other Comprehensive Income higher / (lower)	
	2019	2018	2019	2018
Consolidated	$	$	$	$
+ 1% (100 basis points)	4,243	10,734	-	-
- .5% (50 basis points)	(2,122)	(5,367)	-	-

Note 23 Financial Risk Management continued

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value of the future cash flows of a financial instrument will fluctuate because of change in foreign exchange rate. The Group is exposed to foreign currency risk on cash balances held in US Dollars (USD). At 30 June 2019 the Group had total cash and cash equivalents denominated in USD of USD 117,693 (2018: USD 547,263).

The following table shows the foreign currency risk on the financial assets and liabilities of the Group's operations denominated in currencies other than the functional currency of the operations.

	Post Tax Profit higher / (lower)		Other Comprehensive Income higher / (lower)	
	2019	2018	2019	2018
	$	$	$	$
Consolidated				
USD Rate+15%	20,715	95,880	-	-
USD Rate-15%	(15,311)	(70,868)	-	-

(d) Price risk

The group is not materially exposed to price risk.

(e) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and short-term deposits, receivables from contracts with customers, other receivables, and quoted and unquoted financial instruments. The Group's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note).

The Group does not hold any credit derivatives to offset its credit exposure.

The Group trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its receivables from contracts with customers and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

The group determines an allowance for expected credit losses at each reporting date. Details of this allowance and the basis on which it has been determined are outlined in note 7.

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 24 Auditors' Remuneration

On May 30, 2018, Pitcher Partners were appointed as auditors for the Group. This appointment follows the resignation of Ernst & Young, and ASIC's consent to the resignation in accordance with s329(5) of the *Corporations Act 2001.*

	Consolidated Group	
	2019	2018
	$	$
Remuneration of Pitcher Partners as current auditor of the parent entity for:		
— auditing or reviewing the financial report	100,000	75,000
— taxation services	32,450	-
Rumuneration of EY as former auditor of the parent entity for:		
— auditing or reviewing the financial report	-	79,310
— taxation services	-	32,180
	-	111,490
Remuneration of entities affiliated with Pitcher Partners for:		
— auditing or reviewing the financial statements of subsidiaries	16,681	-
Remuneration of other EY as former auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	-	25,327
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	10,382	10,147
— taxation services	11,975	12,261
	22,357	22,408

Note 25 Events after the Reporting Period

In August 2019 the company successfully completed the issue of 93,750,000 shares under a private placement at 4 cents per share to raise $3,750,000.

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

Note 26 Parent Company Information

The following information has been extracted from the books and records of the parent, Site Group International Limited, and has been prepared in accordance with the Accounting Standards.

Notes to the Financial Statements for the Year Ended 30 June 2019 continued

Note 26 Parent Company Information continued

	2019 $	2018 $
Statement of Financial Position		
Assets		
Current assets	20,307,215	18,258,860
Non-current assets	11,172,699	11,676,784
Total Assets	31,479,914	29,935,644
Liabilities		
Current liabilities	1,689,605	2,051,569
Non-current liabilities	4,525,900	101,704
Total liabilities	6,215,505	2,153,273
Net Assets	25,264,409	27,782,371
Equity		
Issued capital	67,612,562	67,612,562
Accumulated losses	(43,729,621)	(41,291,325)
Share based payments reserve	1,381,468	1,461,134
Total Equity	25,264,409	27,782,371
Statement of Comprehensive Income		
Total loss of the parent entity	(26,398,041)	(27,154,604)
Total comprehensive loss of the parent	(26,398,041)	(27,154,604)

The Parent entity has no commitments to purchase property, plant and equipment and has no contingent liabilities.

Note 27 Company Details

The registered office of the company is:

Site Group International Limited
Level 4, 488 Queen Street,
Brisbane Qld 4000

The principal places of business are:

Site Skills Training:

- 219 Forestry Road, Landsborough, Qld. 4550
- 17-19 South Tree Drive, Gladstone, Qld. 4680
- 72-80 Belgravia Street, Belmont, WA. 6104
- 1 Campion Road, East Arm NT 0822
- 1-5 Nestor Drive, Meadowbrook, QLD 4131
- Centennial Road, Clark Freeport Zone, Pampanga, Philippines 2023

Competent Project Management

- 112, Robinson Road #8-01, Singapore 068909
- 17G, Jalan Hijauan 3, Horizon Hills, 79100 Nusajaya, Johor

Directors' Declaration

In accordance with a resolution of the directors of Site Group International Limited, I state that:

1. In the opinion of directors:

   a) the financial statements and notes of Site Group International Limited for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

      ii. comply with Accounting Standards and the Corporations Regulations 2001; and

   b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1a (a); and

   c) subject to the matters discussed in Note 1a (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors by the chief executive officer and chief financial officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

On behalf of the Board

Vernon Wills
Director

Brisbane, 30 August 2019

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Site Group International Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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* "the Code" that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the key audit matter
Application of the going concern assumption **Refer to note 1a(b) going concern**	
The Directors have concluded that in their opinion there are reasonable grounds to believe that the Group has the ability to pay its debts as and when they fall due and realise the value of the assets in the ordinary course of business. Accordingly they have prepared the financial statements on a going concern basis as disclosed in note 1a(b). The going concern assumption is fundamental to the basis of preparation of the financial statements. Assertions made by the Directors in forming their conclusion, including forecast cash flows and unused borrowing facilities, are key elements of this assessment and considerable audit attention was directed to verifying these. Accordingly, our consideration of this matter and the related disclosures is considered to be a key audit matter.	Our procedures included, amongst others: • Obtaining an understanding of the entity level controls in place directed at ensuring the Group continues to operate as a going concern, and evaluating the design and implementation of those controls; • Evaluating whether the Directors' conclusions regarding the going concern assumption were supported by management's going concern assessment, including cash flow forecasts; • Agreeing the cash flow forecast used in the going concern assessment to the FY20 budget; • Assessing key inputs into the cash flow forecast by comparing them to historical actual results, assumptions and estimates used elsewhere in the preparation of the financial statements, and customer commitments, contracts, or other available information supporting forecast cash flows; • Confirming the amount of commitments for subscription of capital received by the group subsequent to balance date; • Considering the historical reliability of the Group's cash flow forecasting process; • Considering the range of cash flow sensitivities to the conclusion reached by the directors; • Assessing the possible mitigating actions identified by management in the event that actual cash flows are below forecast, including verification of unused financing facilities to loan agreements; and • Assessing the adequacy of the disclosures made by the Directors regarding the going concern assumption and available financing.

Key Audit Matter	How our audit addressed the key audit matter
Impairment testing for non-current assets **Refer to note 1b, note 8(c), and note 9(b)**	
Impairment testing for goodwill is required to be completed annually under Australian Accounting Standard AASB 136 *Impairment of Assets*. This standard also requires impairment testing to be conducted for other non-current assets where there is an indicator that those assets may be impaired. Impairment testing was completed over non-current assets with a combined value of $7.884m. Impairment testing for non-current assets is a key audit matter due to the percentage of the Group's total assets subject to impairment testing (45%), and the degree of estimation and assumptions (as disclosed in note 8(c) and note 9(b)) required to be made by the Group, specifically concerning discounted cash flows.	Our procedures included, amongst others: • Obtaining an understanding of the controls over the valuation of non-current assets, and evaluating the design and implementation of those controls; • Checking the mathematical accuracy of the Board approved FY20 cash flow forecasts and methodology of the impairment model; • Confirming consistency of the impairment testing calculations and inputs applied by the group with the requirements of AASB 136; • Assessing the key assumptions within the impairment testing calculations including forecast cash flows, growth rates, discount rates and terminal values; • Applying our knowledge of the business and corroborated our work with external information where possible; • Performing sensitivity analysis in respect of the key assumptions and assessing the potential impact of reasonably possible change to those assumptions; and • Assessing the adequacy of disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the [Group] or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 19 to 26 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Site Group International Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
30 August 2019

Shareholder Information

1 Twenty Largest Shareholders

(i) Ordinary Shares Inclusive of Escrowed Ordinary Shares

As at 20 August 2019, there are 771,391,154 ordinary shares and an additional 12,700,000 ordinary shares subject to escrow restrictions.

The names of the twenty largest holders of ordinary shares including the ordinary shares in escrow are listed below:

Name	No. of Ordinary Shares Held	% of Issued Capital
NATIONAL NOMINEES LIMITED	147,529,561	18.82%
ARMADA TRADING PTY LIMITED	50,000,000	6.38%
MR VERNON ALAN WILLS + MS JILLAINE PATRICE WILLS	44,140,703	5.63%
WAYBURN HOLDINGS PTY LTD	41,108,142	5.24%
CAMERON RICHARD PTY LTD <LPS PL NO 5 EXEC B/PLAN A/C>	37,797,730	4.82%
MR VERNON ALAN WILLS + MS JILLAINE PATRICE WILLS <WILLS FAMILY SUPER FUND A/C>	29,414,188	3.75%
LINWIERIK SUPER PTY LTD <LINTON SUPER FUND A/C>	21,000,000	2.68%
SMITHLEY SUPER PTY LTD <SMITH SUPER FUND A/C>	19,990,000	2.55%
CITICORP NOMINEES PTY LIMITED	18,443,683	2.35%
JGC ASSETS PTY LTD <JUDI COOK A/C>	16,746,700	2.14%
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	16,676,766	2.13%
STUART ANDREW PTY LTD <CAMPASPE FAMILY A/C>	14,682,068	1.87%
JGC ASSETS PTY LTD <JUDI COOK A/C>	12,581,201	1.60%
MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	11,449,056	1.46%
MR GARY LINTON + MRS CHERYL LINTON	10,200,000	1.30%
NICASIO ALCANTARA	9,371,325	1.20%
THE SUMMIT HOTEL BONDI BEACH PTY LTD	7,637,368	0.97%
MR GRANT HARRY O'KEEFE + MRS CATHERINE MARIA O'KEEFE <THE O'KEEFE INVESTMENT A/C>	6,452,745	0.82%
DCEC PTY LTD <SOMERFAM SUPER FUND A/C>	6,390,176	0.81%
JETAN PTY LTD	6,250,000	0.80%

(ii) Ordinary Shares

The names of the twenty largest holders of fully paid ordinary shares are listed below:

Name	No. of Ordinary Shares Held	% of fully paid shares
NATIONAL NOMINEES LIMITED	147,529,561	19.13%
ARMADA TRADING PTY LIMITED	50,000,000	6.48%
MR VERNON ALAN WILLS + MS JILLAINE PATRICE WILLS	44,140,703	5.72%
WAYBURN HOLDINGS PTY LTD	41,108,142	5.33%
CAMERON RICHARD PTY LTD <LPS PL NO 5 EXEC B/PLAN A/C>	37,797,730	4.90%
MR VERNON ALAN WILLS + MS JILLAINE PATRICE WILLS <WILLS FAMILY SUPER FUND A/C>	29,414,188	3.81%

Name	No. of Ordinary Shares Held	% of fully paid shares
LINWIERIK SUPER PTY LTD <LINTON SUPER FUND A/C>	21,000,000	2.72%
SMITHLEY SUPER PTY LTD <SMITH SUPER FUND A/C>	19,990,000	2.59%
CITICORP NOMINEES PTY LIMITED	18,443,683	2.39%
JGC ASSETS PTY LTD <JUDI COOK A/C>	16,746,700	2.17%
DBS VICKERS SECURITIES (SINGAPORE) PTE LTD <CLIENT ACCOUNT>	16,676,766	2.16%
STUART ANDREW PTY LTD <CAMPASPE FAMILY A/C>	14,682,068	1.90%
JGC ASSETS PTY LTD <JUDI COOK A/C>	12,581,201	1.63%
MYALL RESOURCES PTY LTD <MYALL GROUP SUPER FUND A/C>	11,449,056	1.48%
MR GARY LINTON + MRS CHERYL LINTON	10,200,000	1.32%
NICASIO ALCANTARA	8,371,325	1.09%
THE SUMMIT HOTEL BONDI BEACH PTY LTD	7,637,368	0.99%
MR GRANT HARRY O'KEEFE + MRS CATHERINE MARIA O'KEEFE <THE O'KEEFE INVESTMENT A/C>	6,452,745	0.84%
DCEC PTY LTD <SOMERFAM SUPER FUND A/C>	6,390,176	0.83%
JETAN PTY LTD	6,250,000	0.81%

(iii) Escrowed Shares

The names of the top twenty holders of the escrowed shares are listed below:

Name	No. of Escrowed Shares Held	% of escrowed shares
MR VERNON ALAN WILLS	2,000,000	15.75%
NICASIO ALCANTARA	1,000,000	7.87%
CRAIG ANTHONY DAWSON	1,000,000	7.87%
SHAUN SCOTT	1,000,000	7.87%
DARRYL SOMERVILLE	1,000,000	7.87%
BRETT MCPHEE	750,000	5.91%
ISMAIL TAHIR	600,000	4.72%
JASON ANFIELD	500,000	3.94%
NOEL CHENEY	500,000	3.94%
MICHAEL WALLACE	500,000	3.94%
MIKE COSTELLOE	400,000	3.15%
NEIL COSTELLOE	400,000	3.15%
SUDHHER GOVINDPILLAI	400,000	3.15%
SHAAGUL HAMEETH	400,000	3.15%
MR JARROD PETER BELCHER	300,000	2.36%
MS KATIE HURSE	300,000	2.36%
MR JAMIE VERNON WILLS	300,000	2.36%
SITI SUZANA BT BASRI	250,000	1.97%
JAYSHEN RAMANAH	250,000	1.97%
MR BERESFORD PAUL ROBERTSON	250,000	1.97%

(iii) Partly Paid Shares

There are 1,116,000 partly paid shares, paid to $0.01, held by eight individual shareholders. $0.24 per share may be called up in the event of winding up the company.

The names of the holders are listed below:

Name	No of partly paid shares held	% of Partly Paid Shares
BARON INVESTMENTS PTY LIMITED	488,376	43.76%
BARON NOMINEES PTY LTD	400,000	35.84%
QUEVY HOLDINGS PTY LTD	195,624	17.53%
M B HUNNIFORD	24,000	2.15%
ESTATE LATE PETER GAME	2,000	0.18%
ESTATE LATE PETER AYLWARD GAME <EST LATE B E GAME A/C>	2,000	0.18%
P C TOOMEY	2,000	0.18%
R TOOMEY	2,000	0.18%
Total of partly paid shares issued	**1,116,000**	**100%**

2 Distribution of Equity Securities

Analysis of numbers of holders by size of holding:

(i) Fully paid ordinary shares

Distribution	Number of Holders	Number of Shares
1 - 1,000	83	43,258
1,001 - 5,000	55	159,784
5,001 - 10,000	74	663,992
10,001 - 100,000	176	8,183,492
Greater than 100,000	257	775,040,628
Totals	**645**	**784,091,154**

(ii) Partly paid shares, paid to $0.01

Distribution	Number of Holders	Number of Shares
1 – 1,000	-	-
1,001 – 5,000	4	8,000
5,001 – 10,000	-	-
10,001 – 100,000	1	24,000
Greater than 100,000	3	1,084,000
Totals	**8**	**1,116,000**

(iii) Escrowed ordinary shares

Distribution	Number of Holders	Number of Shares
1 - 1,000	-	-
1,001 - 5,000	-	-
5,001 - 10,000	-	-
10,001 - 100,000	15	600,000
Greater than 100,000	20	12,100,000
Totals	**35**	**12,700,000**

(iv) Unmarketable parcels

	Minimum parcel size	Holders	Shares
Minimum $500 parcel at $0.045 per share	11,112	216	910,388

3 Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares: Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and has one vote on a show of hands and one vote per fully paid share on a poll.

4 Substantial Shareholders

Substantial shareholder notices lodged with the Company:

Substantial Shareholder	Number of Shares
Mr Vernon Alan Wills, Ms Jillaine Patrice Wills and Wayburn Holdings Pty Ltd	124,395,630
EGP Capital Pty Ltd	107,700,000
Peter Jones, Helen Jones, Cameron Richard Pty Ltd and Stuart Andrew Pty Ltd	56,819,466
Armada Trading Pty Ltd	50,000,000
Milford Asset Management Limited	39,829,561