

28 November 2019

Company Announcements Office
ASX Limited
Level 4, 20 Bridge Street
Sydney, NSW 2000

Correction to Financial Statements

After an enquiry from the Australian Securities and Investments Commission it has come to the Company's attention that certain corrections are required to be made to the Company's 30 June 2019 Financial Statements.

In consultation with the Company's auditors it has been determined that the reclassification of the Financial Statements for year ending 30 June 2019 is required due to omission of a note to the Financial Statements and incorrect allocation of expenses included in goodwill relating to business combinations. This has led to a reduction in Profit after Tax of \$255,089, resulting in a full year Profit after Tax of \$735,228.

Importantly however, EBIT before significant items of (legal fees of \$170,000 and acquisition costs \$313,358) remains as previously disclosed in the 2019 Annual Report at \$1,476,994 for the year ending 30 June 2019.

The additional note to the Financial Statements and incorrect allocation of expenses relate to the accounting treatment of two acquisitions made by EGL during the 2019 Financial Year: Baltec East Asia Pty Ltd and RCR Energy Service Pty Ltd. Specifically:

- Although partial disclosure was made in the Chairman's report and Appendix 4E. No specific business combination note was disclosed in the financial report in accordance with the requirements of AASB 3 *Business Combinations*; and
- Acquisition costs of \$313,358 relating to the above were posted to goodwill, rather than expensed as required by AASB 3.

EGL is in the process of preparing to resubmit Financial Statements including all adjusted disclosures and re classifications relating to the Financial Statements for the year ending 30 June 2019. The Company will lodge the revised accounts including the auditors opinion once they become available.

Lynn Richardson
Chairman
The Environmental Group Limited

About EGL

EGL has four business units, all committed to the protection of the environment by improving air quality, reducing carbon emissions, enhancing waste to energy production and lifting water quality.

- **Total Air Pollution Control** has a range of technologies which reduce dust, odours and harmful gasses from the environment.
- **Baltec IES** produces inlet and exhaust systems for gas turbines, which are used to complement and augment solar and wind energy production, without the use of rare mineral battery resources.
- **Tomlinson Energy Service** division is an essential link in our strategy to build a bio/waste to energy platform.
- **EGL Water** division continues to develop our patented technologies in conjunction with Victoria University. EGL recognises that one of the world's most valuable assets is water and will persist in our vision to reduce water pollution, leading to an improved environment, through low cost technology solutions.