

# **The Environmental Group Limited**

**Trading as EGL**

**ABN 89 000 013 427**

**Interim Report - 31 December 2020**

**The Environmental Group Limited**  
**Trading as EGL**  
**Appendix 4D**  
**Half-year report**

**1. Company details**

Name of entity:	The Environmental Group Limited
ABN:	89 000 013 427
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

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**2. Results for announcement to the market**

			\$
Revenues from ordinary activities	up	31.1% to	24,068,375
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	105.3% to	1,393,312
Earnings Before Interest and Tax (EBIT)	up	955.3% to	771,768
Profit from ordinary activities after tax attributable to the Equity holders of The Environmental Group Limited	up	214.5% to	232,689
Profit for the half-year attributable to the Equity holders of The Environmental Group Limited	up	214.5% to	232,689

*Dividends*

There were no dividends paid, recommended or declared during the current financial period.

The profit for the Group after providing for income tax and non-controlling interest amounted to \$232,689 (31 December 2019: (loss) of \$203,211).

EBIT (profit before interest and tax) before significant items for the 6 months ended 31 December 2020 was \$955,336 (31 December 2019: \$73,134). The EBIT result was impacted by the following significant items of redundancy cost for \$65,557 and foreign exchange losses for \$118,011.

Profit after interest and tax for the 6 months ended 31 December 2020 was \$368,009 compared to net loss of (\$204,204) for the comparative period 31 December 2019. EGL's Deferred Tax Assets for the half year ended 31 December 2020 reduced by \$128,992 which increased income tax expense by the same amount.

The financial position of the Group has been strengthened by a successful capital raising of \$992,567 (net proceeds after capital raising costs), which was completed in the period ending 31 December 2020.

**3. Net tangible assets**

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	<u>0.79</u>	<u>0.32</u>

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**4. Control gained over entities**

There were no business combinations for the six months ended 31 December 2020.

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**5. Loss of control over entities**

Name of entities (or group of entities) PT. Baltec Exhaust and Dan Inlet System Indonesia ("PT Baltec")

Date control lost 17 December 2020

\$

Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material) 0

Profit/(Loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material) 0

The sale consideration for PT. Baltec Exhaust and Dan Inlet System Indonesia is \$250,000 receivable over 5 years, with equal annual instalments of \$50,000 starting from April 2021. The value has been discounted to \$181,436 in the financial statements using a discount rate of 15.5%. EGL's share of net assets of PT Baltec at the disposal date was \$192,319.

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**6. Dividends**

*Current period*

There were no dividends paid, recommended or declared during the current financial period.

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**7. Dividend reinvestment plans**

Not applicable.

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**8. Details of associates and joint venture entities**

Not applicable.

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**9. Audit qualification or review**

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

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**10. Attachments**

The Interim Report of The Environmental Group Limited for the half-year ended 31 December 2020 is attached.

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**Half-year report**

**11. Signed**

Signed  \_\_\_\_\_

Date: 25 February 2021

Lynn Richardson  
Chairman

**The Environmental Group Limited**  
**Trading as EGL**  
**Corporate directory**  
**31 December 2020**

Directors	Ms Lynn Richardson (Chairman Non-Executive) Mr Ellis Richardson (Non-Executive) Resigned Managing Director 8 February 2021 Mr Adrian Siah (Non-Executive) Appointed 17 September 2020 Mr Dean Dowie (Non-Executive) Resigned 26 November 2020
Company secretary	Mr Andrew Bush & Mr Stephen Strubel (Teralba Nominees Trust)
Registered office	Level 1 Suite 1 10 Ferntree Place Notting Hill Victoria 3168 Telephone: (03) 9763 6711
Share register	Board Room Pty Ltd Level 12 225 George Street Sydney NSW 2000 Telephone: (02) 9290 9600
Auditor	RSM Australia Partners Level 21, 55 Collins Street Melbourne, VIC 3000
Solicitors	Baker Jones Level 10 160 Queen Street Melbourne, VIC 3000
Bankers	Westpac Banking Corporation
Stock exchange listing	The Environmental Group Limited shares are listed on the Australian Securities Exchange (ASX code: EGL)
Website	<a href="http://www.environmental.com.au">www.environmental.com.au</a>
Corporate Governance Statement	<a href="https://www.environmental.com.au/about-egl/corporate-governance">https://www.environmental.com.au/about-egl/corporate-governance</a>

**The Environmental Group Limited**  
**Trading as EGL**  
**Directors' report**  
**31 December 2020**

The directors present their report, together with the financial statements, on the Group for the half-year ended 31 December 2020.

**Directors**

The following persons were directors of the Group during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Ms Lynn Richardson (Non-Executive, Chair)  
Mr Ellis Richardson (Non-Executive) Resigned Managing Director 8 February 2021  
Mr Adrian Siah (Non-Executive) Appointed 17 September 2020  
Mr Dean Dowie (Non-Executive) Resigned 26 Nov 2020

**Company Secretary**

Mr Andrew Bush was joint Company Secretary of EGL during the whole of the half-year and up to the date of this report. Mr Stephen Strubel was joint Company Secretary of EGL during the whole of the half-year and up to the date of this report.

**Principal activities**

The principal activities during the period ending 31 December 2020 of the entities within the consolidated entity were design, application and servicing of innovative gas and vapour emission control systems, inlet and exhaust systems for gas turbines, engineering services, innovative water treatment and service provider for heat transfer plant and equipment including boilers including 24/7 customer service for mechanical, electrical and automation support to a wide variety of industries.

**Review of operations**

Both Baltec IES and TAPC produced improved results over the previous period. Baltec IES returned to profitability due to strong work on hand as of 30 June 2020, although market pressures have resulted in reduced margins. Performance in TAPC was improved despite a 37.3% decrease in revenue was offset by cost efficiencies resulting from restructuring the business unit into service and projects and a focus on winning work at improved margins delivered encouraging results. Stage one of the Hastings Yangibana project was successfully completed. Hastings Yangibana stage two is expected to commence in the last quarter of FY21. Tomlinson energy was impacted more than anticipated by COVID-19 due to the postponement and cancellation of some projects and restrictions on entering customers sites. EBIT for Tomlinson's Energy was reduced by 66% compared to the same period in FY20. The commercialisation of EGL Water patented technology is progressing well with commercial trials expected to commence in the 4th Quarter.

The impact of the Coronavirus (COVID-19) pandemic up to 31 December 2020 has had an overall negative impact on the group. As well as impacting on Tomlinson's Energy operations Baltec IES employees are predominantly in Victoria, therefore they have been working from home and unable to travel. Engineers have missed the innovative interpersonal interaction essential for effective design and project execution. The elimination of international travel on the Baltec IES business where 80% of the work is for export, has had a detrimental effect, partially offset by their strong international agency network.

Baltec IES currently has \$12,674,000 work on hand and maintains a focus on continuing to build the forward pipeline. The predicted upturn in the economy is expected to yield a correlating improvement in Tomlinson Energy. EGL water is expected to move towards break even in the second half. TAPC is expected to commence Hastings Yangibana stage 2 in the last quarter of FY21, which will provide a strong base from which to continue benefiting from the successful restructure. The outlook for the full year will be largely dependent upon reduced COVID restrictions particularly in Melbourne however it is expected that the successful turnaround and improvements gained in the first half of FY21 will be mirrored in the second half.

**The Environmental Group Limited**  
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**Directors' report**  
**31 December 2020**

**Dividends**

Dividends paid during the financial half-year were as follows:

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
A final fully franked dividend for the year ended 30 June 2019 of 0.06 cents per ordinary share	-	130,519

There were no dividends paid, recommended or declared during the current financial half-year.

**Significant changes in the state of affairs**

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

**Matters subsequent to the end of the financial half-year**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and its impact on the Group up to 31 December 2020 has been disclosed, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Commonwealth and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Mr Jason Dixon was appointed Chief Executive Officer on 8 February 2021.

On the 9 February 2021 EGL purchased 100% shares of Active Environmental Solutions Pty Ltd ("AES") ACN 646 037 327 for a consideration of 16,000,000 EGL ordinary shares. Further to this, there is an earn-out consideration as follows:

- FY21 Earn-out of a further 5,000,000 ordinary shares if EBITDA of \$3.7M is achieved.
- FY22 Earn-out of a further 10,000,000 ordinary shares if EBITDA of \$5.0M is achieved.

AES's financial position as of purchase date consisted of net assets of \$200,000.

Management is in the process of reviewing the acquisition accounting for this transaction.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Auditor's independence declaration**

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

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Lynn Richardson  
Chairman

25 February 2021

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of The Environmental Group Limited and controlled entities for the half year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



**RSM AUSTRALIA PARTNERS**



**M PARAMESWARAN**

Partner

Dated: 25 February 2021  
Melbourne, Victoria



**The Environmental Group Limited**  
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**General information**

The financial statements cover The Environmental Group Limited as an consolidated entity and the entities it controlled at the end of, or during the half year. The financial statements are presented in Australian dollars, which is The Environmental Group Limited's functional and presentation currency.

The Environmental Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1 Suite 1  
10 Ferntree Place  
Notting Hill Victoria 3168

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 February 2021.

**The Environmental Group Limited**  
**Trading as EGL**  
**Statement of comprehensive income**  
**For the half-year ended 31 December 2020**

	Note	31 Dec 2020 \$	31 Dec 2019 \$
<b>Revenue</b>			
Revenue from continuing operations	4	24,068,375	18,360,574
Subcontracting and material costs	5	<u>(17,773,235)</u>	<u>(11,010,624)</u>
Gross profit		<u>6,295,140</u>	<u>7,349,950</u>
<b>Expenses</b>			
Employee expenses		(3,244,584)	(3,929,969)
Depreciation & amortisation		(621,544)	(605,666)
Other expenses	5	(798,446)	(1,279,741)
Marketing expenses		(158,254)	(416,073)
Occupancy expenses		(142,634)	(131,755)
Professional fees	5	<u>(557,910)</u>	<u>(913,612)</u>
<b>Operating Profit</b>		771,768	73,134
Interest income		78	668
Interest & finance expenses		<u>(104,286)</u>	<u>(240,635)</u>
<b>Profit/(Loss) before income tax expense</b>		667,560	(166,833)
Income tax expense	6	<u>(299,551)</u>	<u>(37,371)</u>
<b>Profit/(Loss) after income tax expense for the half-year</b>		368,009	(204,204)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		<u>-</u>	<u>(69,129)</u>
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>(69,129)</u>
<b>Total comprehensive income for the half-year</b>		<u><u>368,009</u></u>	<u><u>(273,333)</u></u>
Profit/(Loss) for the half-year is attributable to:			
Non-controlling interest		135,320	(993)
Equity Holders of The Environmental Group Limited		<u>232,689</u>	<u>(203,211)</u>
		<u><u>368,009</u></u>	<u><u>(204,204)</u></u>
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	(993)
Equity Holders of The Environmental Group Limited		<u>368,009</u>	<u>(272,340)</u>
		<u><u>368,009</u></u>	<u><u>(273,333)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	27	0.10	(0.09)
Diluted earnings per share	27	0.10	(0.09)

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

**The Environmental Group Limited**  
**Trading as EGL**  
**Statement of financial position**  
**As at 31 December 2020**

	Note	31 Dec 2020 \$	30 Jun 2020 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,263,220	763,961
Trade and other receivables		6,998,530	9,325,655
Contract assets	8	1,153,636	-
Inventories		1,686,462	1,398,977
Other current assets		146,793	224,324
<b>Total current assets</b>		<u>11,248,641</u>	<u>11,712,917</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	918,597	964,605
Right-of-use assets	10	2,341,398	2,345,866
Intangibles	11	13,680,958	13,581,354
Deferred tax assets	12	3,020,568	3,409,671
<b>Total non-current assets</b>		<u>19,961,521</u>	<u>20,301,496</u>
<b>Total assets</b>		<u>31,210,162</u>	<u>32,014,413</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		5,919,340	6,758,801
Contract liabilities	13	771,795	3,174,111
Borrowings	14	1,891,266	600,000
Lease liabilities	15	847,155	861,870
Employee benefits		2,036,559	1,879,056
<b>Total current liabilities</b>		<u>11,466,115</u>	<u>13,273,838</u>
<b>Non-current liabilities</b>			
Borrowings	16	1,650,000	1,950,000
Lease liabilities	17	1,645,587	1,626,723
Deferred tax liabilities	18	759,159	781,459
Long-term provisions		90,690	99,299
<b>Total non-current liabilities</b>		<u>4,145,436</u>	<u>4,457,481</u>
<b>Total liabilities</b>		<u>15,611,551</u>	<u>17,731,319</u>
<b>Net assets</b>		<u>15,598,611</u>	<u>14,283,094</u>
<b>Equity</b>			
Issued capital	19	22,832,386	21,839,819
Reserves		151,721	149,204
Accumulated losses		(7,385,496)	(7,618,185)
Equity attributable to the Equity holders of The Environmental Group Limited		<u>15,598,611</u>	<u>14,370,838</u>
Non-controlling interest	20	-	(87,744)
<b>Total equity</b>		<u>15,598,611</u>	<u>14,283,094</u>

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

**The Environmental Group Limited**  
**Trading as EGL**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2020**

	<b>Issued capital \$</b>	<b>Non- controlling interest \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2019	21,839,831	(102,959)	238,109	(5,975,109)	15,999,872
(Loss) after income tax expense for the half-year	-	(993)	-	(203,211)	(204,204)
Other comprehensive income for the half-year, net of tax	-	-	(69,129)	-	(69,129)
Total comprehensive income for the half-year	-	(103,952)	(69,129)	(203,211)	(273,333)
Dividends paid (note 21)	-	-	-	(130,519)	(130,519)
Balance at 31 December 2019	<u>21,839,831</u>	<u>(103,952)</u>	<u>168,980</u>	<u>(6,308,839)</u>	<u>15,596,020</u>
	<b>Issued capital \$</b>	<b>Non- controlling interest \$</b>	<b>Reserves \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 1 July 2020	21,839,819	(87,744)	149,204	(7,618,185)	14,283,094
Profit after income tax expense for the half-year	-	-	-	232,689	232,689
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	232,689	232,689
Foreign exchange currency reserves	-	-	2,517	-	2,517
Profit attributable to non-controlling Interest	-	135,320	-	-	135,320
Elimination on Disposal of subsidiary	-	(47,576)	-	-	(47,576)
Contributions of equity, net of transaction costs (note 19)	992,567	-	-	-	992,567
Balance at 31 December 2020	<u>22,832,386</u>	<u>-</u>	<u>151,721</u>	<u>(7,385,496)</u>	<u>15,598,611</u>

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

**The Environmental Group Limited**  
**Trading as EGL**  
**Statement of cash flows**  
**For the half-year ended 31 December 2020**

	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		23,455,257	19,231,233
Payments to suppliers & employees		(25,696,064)	(20,829,493)
Government grants including R&D		<u>1,653,794</u>	<u>-</u>
		(587,013)	(1,598,260)
Interest received		78	668
Interest paid		<u>(104,286)</u>	<u>(177,612)</u>
Net cash used in operating activities	26	<u>(691,221)</u>	<u>(1,775,204)</u>
<b>Cash flows from investing activities</b>			
Payment for acquisition of plant and equipment	9	(50,920)	140,238
Payments for intangibles	11	(158,976)	-
Proceeds from disposal of business		<u>(126,830)</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>(336,726)</u>	<u>140,238</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of capital raising costs)	19	992,567	-
Repayment of borrowings		(300,000)	(2,150,000)
Proceeds from borrowings		-	3,000,000
Dividends paid	21	-	(130,519)
Repayment of lease liabilities		<u>(456,627)</u>	<u>-</u>
Net cash from financing activities		<u>235,940</u>	<u>719,481</u>
Net decrease in cash and cash equivalents		(792,007)	(915,485)
Cash and cash equivalents at the beginning of the financial half-year		<u>763,961</u>	<u>171,135</u>
Cash and cash equivalents at the end of the financial half-year	7	<u><u>(28,046)</u></u>	<u><u>(744,350)</u></u>

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

**The Environmental Group Limited**  
**Trading as EGL**  
**Notes to the financial statements**  
**31 December 2020**

**Note 1. Significant accounting policies**

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

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**New or amended Accounting Standards and Interpretations adopted**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

**Note 2. Going concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements the Group had a working capital deficiency (current assets less than current liabilities) of \$217,474, and net cash outflow from operating activities of 691,221.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following:

- the Group's forecast to achieve higher profitability and positive operating cash flows for the next 12 months, will be managed with the assistance of a \$2,000,000 finance facility, which had an unused amount of \$708,734 as at 31 December 2020.

**Note 3. Operating segments**

*Identification of reportable operating segments*

Where required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

**Basis of accounting for purposes of reporting by operating segments**

**Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that received the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

**The Environmental Group Limited**  
**Trading as EGL**  
**Notes to the financial statements**  
**31 December 2020**

**Note 3. Operating segments (continued)**

<b>31 Dec 2020</b>	Products Pollution Control \$	Services \$	Products Gas Turbine \$	Other Segments \$	Corporate \$	Total \$
<b>Revenue</b>						
Sales to external customers	1,936,653	9,437,023	10,849,111	138,782	-	22,361,569
Other revenue	293,498	896,751	452,065	64,492	-	1,706,806
<b>Total revenue</b>	<u>2,230,151</u>	<u>10,333,774</u>	<u>11,301,176</u>	<u>203,274</u>	<u>-</u>	<u>24,068,375</u>
<b>EBITDA</b>						
	528,860	933,391	457,515	23,081	(548,989)	1,393,858
Depreciation and amortisation						(622,090)
Interest Revenue						78
Finance costs						(104,286)
<b>Profit before income tax expense</b>						667,560
Income tax expense						(299,551)
<b>Profit after income tax expense</b>						<u>368,009</u>
<b>Assets</b>						
Segment assets	4,611,274	11,178,419	11,552,221	1,165,329	21,146,928	49,654,171
Intersegment eliminations						(21,464,577)
<i>Unallocated assets:</i>						
Deferred tax asset						3,020,568
<b>Total assets</b>						<u>31,210,162</u>
<b>Liabilities</b>						
Segment liabilities	4,149,471	9,495,398	2,923,212	1,270,248	18,478,640	36,316,969
Intersegment eliminations						(21,464,577)
<i>Unallocated liabilities:</i>						
Deferred tax liability						759,159
<b>Total liabilities</b>						<u>15,611,551</u>

**The Environmental Group Limited**  
**Trading as EGL**  
**Notes to the financial statements**  
**31 December 2020**

**Note 3. Operating segments (continued)**

	Products Pollution Control \$	Services \$	Products Gas Turbine \$	Other Segments \$	Corporate \$	Total \$
<b>31 Dec 2019</b>						
<b>Revenue</b>						
Sales to external customers	3,540,337	10,857,857	3,772,510	142,622	-	18,313,326
Other revenue	21,408	25,840	-	-	-	47,248
<b>Total revenue</b>	<u>3,561,745</u>	<u>10,883,697</u>	<u>3,772,510</u>	<u>142,622</u>	<u>-</u>	<u>18,360,574</u>
<b>EBITDA</b>	<u>678,334</u>	<u>1,865,141</u>	<u>(641,979)</u>	<u>(78,534)</u>	<u>(1,144,162)</u>	678,800
Depreciation and amortisation						(605,666)
Interest revenue						668
Finance costs						(240,635)
<b>(Loss) before income tax expense</b>						(166,833)
Income tax expense						(37,371)
<b>(Loss) after income tax expense</b>						<u>(204,204)</u>
<b>30 Jun 2020</b>						
<b>Assets</b>						
Segment assets	1,391,063	10,507,424	12,631,752	910,025	6,282,131	31,722,395
Intersegment eliminations						(3,117,653)
<i>Unallocated assets:</i>						
Deferred tax asset						3,409,671
<b>Total assets</b>						<u>32,014,413</u>
<b>Liabilities</b>						
Segment liabilities	1,485,092	9,278,096	4,234,803	858,272	4,211,248	20,067,511
Intersegment eliminations						(3,117,651)
<i>Unallocated liabilities:</i>						
Deferred tax liability						781,459
<b>Total liabilities</b>						<u>17,731,319</u>

The Group has a number of customers to whom it provides both products and services. The Group supplies to a single external customer in the products segment who accounts for 12.7% of sales to external customers (2019: 9.7%). The next most significant client accounts for 7.0% (2019: 6.0%) sales to external customers.

*Geographical information*

	Sales to external customers		Geographical non- current assets	
	31 Dec 2020 \$	31 Dec 2019 \$	31 Dec 2020 \$	30 Jun 2020 \$
Australia	13,035,889	14,936,000	16,827,407	16,886,458
Rest of the World	9,325,680	3,403,167	-	5,368
	<u>22,361,569</u>	<u>18,339,167</u>	<u>16,827,407</u>	<u>16,891,826</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.



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**Note 4. Revenue**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
<b>From external customers</b>	22,361,569	18,313,330
Net loss from sale of PT Baltec (refer note 24)	(11,385)	-
Government and R&D Grants	1,714,545	-
Proceed from sale of asset	3,646	21,408
Other revenue	-	25,840
	<u>24,068,375</u>	<u>18,360,578</u>

*Disaggregation of revenue*

The disaggregation of revenue from contracts with customers is as follows:

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
<i>Major product lines</i>		
Engineering and Fabrication Solutions	11,223,688	4,642,469
Service	10,022,741	11,920,433
Parts	1,115,140	1,776,264
	<u>22,361,569</u>	<u>18,339,166</u>
<i>Geographical regions</i>		
Australia	13,035,889	14,935,999
Rest of the World	9,325,680	3,403,167
	<u>22,361,569</u>	<u>18,339,166</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	1,115,140	1,776,264
Services transferred over time	21,246,429	16,562,902
	<u>22,361,569</u>	<u>18,339,166</u>

**Note 5. Expenses**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	\$	\$
Profit/(Loss) before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	17,773,235	11,010,624
Professional fees	557,910	913,612
Other expenses	680,435	1,262,927
Net foreign exchange loss	118,011	16,814
<i>Other expenses</i>	<u>798,446</u>	<u>1,279,741</u>

**The Environmental Group Limited**  
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**Note 6. Income tax expense**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	2,826	19,172
Deferred tax - origination and reversal of temporary differences	<u>296,725</u>	<u>18,199</u>
Aggregate income tax expense/(benefit)	<u><u>299,551</u></u>	<u><u>37,371</u></u>
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 12)	319,025	(89,499)
Increase/(decrease) in deferred tax liabilities (note 18)	<u>(22,300)</u>	<u>107,698</u>
Deferred tax - origination and reversal of temporary differences	<u>296,725</u>	<u>18,199</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(Loss) before income tax expense	<u>667,560</u>	<u>(166,833)</u>
Tax at the statutory tax rate of 26% (2019: 30%)	173,566	(50,050)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect amounts which are not deductible/(taxable) in calculating taxable income	<u>108,347</u>	<u>69,615</u>
	281,913	19,565
Difference in overseas tax rates	(113)	17,806
Sundry items	<u>17,751</u>	<u>-</u>
Income tax expense	<u><u>299,551</u></u>	<u><u>37,371</u></u>
	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
<i>Amounts credited directly to equity</i>		
Deferred tax assets (note 12)	<u>-</u>	<u>(31,283)</u>

**Note 7. Current assets - Cash and cash equivalents**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	1,195,382	696,123
Cash on deposit	<u>67,838</u>	<u>67,838</u>
	<u><u>1,263,220</u></u>	<u><u>763,961</u></u>
Bank overdraft (note 14)	(1,291,266)	-
	-	-
<b>Net Cash and cash equivalent at the end of period per statement of cash flows</b>	<b>(28,046)</b>	<b>763,961</b>

**The Environmental Group Limited**  
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**Note 8. Current assets - contract assets**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Contract assets	<u>1,153,636</u>	<u>-</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial half-year are set out below:		
Opening balance	-	-
Accrued income	<u>1,153,636</u>	<u>-</u>
Closing balance	<u>1,153,636</u>	<u>-</u>

**Note 9. Non-current assets - property, plant and equipment**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Plant and equipment - at cost	2,061,098	2,010,178
Less: Accumulated depreciation	<u>(1,142,501)</u>	<u>(1,045,573)</u>
	918,597	964,605
Motor vehicles - at cost	94,925	150,916
Less: Accumulated depreciation	<u>(94,925)</u>	<u>(150,916)</u>
	-	-
	<u>918,597</u>	<u>964,605</u>

*Reconciliations*

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

	Land & Buildings	Leasehold Improvements	Plant and Equipment	Motor Vehicle	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2020	-	-	964,605	-	964,60
Additions	-	-	50,920	-	50,92
Depreciation expense	-	-	<u>(96,928)</u>	-	<u>(96,92</u>
Balance at 31 December 2020	<u>-</u>	<u>-</u>	<u>918,597</u>	<u>-</u>	<u>918,59</u>

**The Environmental Group Limited**  
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**Note 10. Non-current assets - right-of-use assets**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Land and buildings - right-of-use	1,995,294	1,534,520
Less: Accumulated depreciation	<u>(577,310)</u>	<u>(383,073)</u>
	<u>1,417,984</u>	<u>1,151,447</u>
Motor vehicles - right-of-use	1,673,196	1,673,196
Less: Accumulated depreciation	<u>(749,782)</u>	<u>(478,777)</u>
	<u>923,414</u>	<u>1,194,419</u>
	<u><u>2,341,398</u></u>	<u><u>2,345,866</u></u>

The Group leases land and buildings for its offices and warehouses under agreements of between one to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The Group also leases motor vehicles with agreements of four years.

*Reconciliations*

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

	Property Leases \$	Vehicle Leases \$	Total \$
Balance at 1 July 2020	1,151,447	1,194,419	2,345,866
Additions	460,775	-	460,775
Depreciation expense	<u>(194,238)</u>	<u>(271,005)</u>	<u>(465,243)</u>
Balance at 31 December 2020	<u><u>1,417,984</u></u>	<u><u>923,414</u></u>	<u><u>2,341,398</u></u>

**Note 11. Non-current assets - intangibles**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Goodwill - at cost	<u>13,292,822</u>	<u>13,292,821</u>
Development - at cost	<u>113,546</u>	<u>-</u>
Software - at cost	544,625	499,195
Less: Accumulated amortisation	<u>(270,035)</u>	<u>(210,662)</u>
	<u>274,590</u>	<u>288,533</u>
	<u><u>13,680,958</u></u>	<u><u>13,581,354</u></u>

**The Environmental Group Limited**  
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**Note 11. Non-current assets - intangibles (continued)**

*Reconciliations*

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

	Goodwill \$	Trademark \$	Software \$	Product Development \$	Total \$
Balance at 1 July 2020	13,292,821	-	288,533	-	13,581,354
Additions	-	-	45,430	113,546	158,976
Amortisation expense	-	-	(59,372)	-	(59,372)
Balance at 31 December 2020	<u>13,292,821</u>	<u>-</u>	<u>274,591</u>	<u>113,546</u>	<u>13,680,958</u>

**Note 12. Non-current assets - deferred tax assets**

**31 Dec 2020**   **30 Jun 2020**  
**\$**   **\$**

*Deferred tax asset comprises temporary differences attributable to:*

Amounts recognised in profit or loss:

Tax losses	1,664,661	1,941,399
Leases	648,113	684,363
Fixed Assets	88,953	84,108
Accruals	16,861	56,330
Provisions	580,095	643,471
Other	21,885	-
Deferred tax assets	<u>3,020,568</u>	<u>3,409,671</u>
<i>Movements:</i>		
Opening balance	3,409,671	1,994,910
Credited/(charged) to profit or loss (note 6)	(319,025)	1,383,478
Credited to equity (note 6)	-	31,283
Other	(70,078)	-
Closing balance	<u>3,020,568</u>	<u>3,409,671</u>

**The Environmental Group Limited**  
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**Note 13. Current liabilities - contract liabilities**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Contract liabilities	<u>771,795</u>	<u>3,174,111</u>

*Reconciliation*

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

Opening balance	3,174,111	-
Payments received in advance	-	12,665,364
Transfer to revenue - included in the opening balance	<u>(2,402,316)</u>	<u>(9,491,253)</u>
Closing balance	<u>771,795</u>	<u>3,174,111</u>

**Note 14. Current liabilities - borrowings**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Bank overdraft	1,291,266	-
Bank loans	<u>600,000</u>	<u>600,000</u>
	<u>1,891,266</u>	<u>600,000</u>

Refer to note 16 for further information on assets pledged as security and financing arrangements.

**Note 15. Current liabilities - lease liabilities**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Lease liability	<u>847,155</u>	<u>861,870</u>

**Note 16. Non-current liabilities - borrowings**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Bank loans	<u>1,650,000</u>	<u>1,950,000</u>

*Total secured liabilities*

The total secured liabilities (current and non-current) are as follows:

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Bank overdraft	1,291,266	-
Bank loans	<u>2,250,000</u>	<u>2,550,000</u>
	<u>3,541,266</u>	<u>2,550,000</u>

**The Environmental Group Limited**  
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**Note 16. Non-current liabilities - borrowings (continued)**

*Assets pledged as security*

Overdraft (Bank loans) are secured over all present and future rights, property and undertakings of The Environmental Group limited and the following subsidiaries:

- Environmental Group (Operations) Pty Ltd;
- Total Air Pollution Control Pty Ltd;
- Mine Assist Pollution Control Pty Ltd;
- Bridge Management Services Pty Ltd;
- Baltec IES Pty Ltd;
- EGL Water Pty Ltd;
- Tomlinson Energy Service Pty Ltd.

*Financing arrangements*

Unrestricted access was available at the reporting date to the following lines of credit:

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Total facilities		
Bank overdraft	2,000,000	3,000,000
Bank Bill Business loans*	2,250,000	2,550,000
Trade Guarantee and Standby Letters of Credit Facility	8,000,000	8,000,000
	<u>12,250,000</u>	<u>13,550,000</u>
Used at the reporting date		
Bank overdraft	1,291,266	-
Bank Bill Business loans*	2,250,000	2,550,000
Trade Guarantee and Standby Letters of Credit Facility	6,076,704	6,387,048
	<u>9,617,970</u>	<u>8,937,048</u>
Unused at the reporting date		
Bank overdraft	708,734	3,000,000
Bank Bill Business loans*	-	-
Trade Guarantee and Standby Letters of Credit Facility	1,923,296	1,612,952
	<u>2,632,030</u>	<u>4,612,952</u>

\* The Groups Bank Bill Business Loan facility reduces by the amount of the quarterly repayments included in the business financing agreement.

**Note 17. Non-current liabilities - lease liabilities**

	<b>31 Dec 2020</b>	<b>30 Jun 2020</b>
	\$	\$
Lease liability	<u>1,645,587</u>	<u>1,626,723</u>

The Environmental Group Limited  
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Notes to the financial statements  
31 December 2020

**Note 18. Non-current liabilities - deferred tax liabilities**

	31 Dec 2020	30 Jun 2020
	\$	\$
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Right of use assets	608,763	645,113
Other	<u>150,396</u>	<u>136,346</u>
Deferred tax liability	<u><u>759,159</u></u>	<u><u>781,459</u></u>
<i>Movements:</i>		
Opening balance	781,459	56,392
Charged/(credited) to profit or loss (note 6)	<u>(22,300)</u>	<u>725,067</u>
Closing balance	<u><u>759,159</u></u>	<u><u>781,459</u></u>

**Note 19. Equity - issued capital**

	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>260,375,149</u>	<u>217,531,731</u>	<u>22,832,386</u>	<u>21,839,819</u>

*Movements in ordinary share capital*

*Movements in spare share capital*

Details	Date	Shares	Issue price	\$
Balance	1 July 2020	217,531,731		21,839,81
Placement	9 September 2020	32,000,000	\$0.025	815,00
Rights Issue	13 October 2020	10,843,418	\$0.025	271,09
Capital raising costs	13 October 2020	-	\$0.000	(93,52)
Balance	31 December 2020	<u>260,375,149</u>		<u>22,832,38</u>

**Note 20. Equity - non-controlling interest**

	31 Dec 2020	30 Jun 2020
	\$	\$
Issued capital	-	24,659
Reserves	-	(37,208)
Accumulated losses	<u>-</u>	<u>(75,195)</u>
	<u><u>-</u></u>	<u><u>(87,744)</u></u>

Refer note 24 of disposal of business.



**The Environmental Group Limited**  
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**Note 21. Equity - dividends**

*Dividends*

Dividends paid during the financial half-year were as follows:

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
A final fully franked dividend for the year ended 30 June 2019 of 0.06 cents per ordinary share	-	130,519
	-	-
	<u>-</u>	<u>130,519</u>

There were no dividends paid, recommended or declared during the current financial half-year.

**Note 22. Contingent liabilities**

**Standby Letter of Credit**

The Groups bank has given guarantees to unrelated parties in respect of performance bonds and guarantees. No liability is expected to arise from these guarantees and accordingly no provision has been recognised in these financial statements. The total performance bonds and guarantees for the Group at 31 December 2020 are \$6,076,704 (30 June 2020: \$6,387,048).

**Legal Proceedings**

As noted in last year's Annual Report, the Group successfully defended a claim brought by a former employee commenced in May 2017. The Group is presently pursuing recovery of its costs of the proceeding, the amount of which has not yet been quantified by the Court.

**Note 23. Related party transactions**

*Parent entity*

The Environmental Group Limited is the parent entity.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial half-year.

*Receivable from and payable to related parties*

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

**The Environmental Group Limited**  
**Trading as EGL**  
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**31 December 2020**

**Note 24. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2020 %	30 Jun 2020 %
The Environmental Group Share Plans Pty Limited	Australia	100.00%	100.00%
Environmental Group (Operations) Pty Limited (formerly Environmental Systems Pty Limited)	Australia	100.00%	100.00%
Total Air Pollution Control Pty Limited	Australia	100.00%	100.00%
Mine Assist Mechanical Pty Limited (formerly Moranbah Mechanical Services Pty Limited)	Australia	100.00%	100.00%
Bridge Management Services Pty Limited (formerly Bowen Basin Pipe Services Pty Limited)	Australia	100.00%	100.00%
Baltec IES Pty Limited	Australia	100.00%	100.00%
PT. Baltec Exhaust and Dan Inlet System Indonesia	Indonesia	-	80.00%
EGL Water Pty Limited	Australia	100.00%	100.00%
Baltec Australia trading as Total Air Pollution Control Pty Limited	Australia	100.00%	100.00%
Tomlinson Energy Service Pty Limited	Australia	100.00%	100.00%

**Disposal of interest in subsidiary**

The Group sold 100% of its interest in shares of PT. Baltec Exhaust and Dan Inlet System Indonesia ("PT Baltec") on 17 December 2020.

The consideration is \$250,000 receivable over 5 years, with equal annual instalments of \$50,000 starting from April 2021. The value has been discounted to \$181,436 in the financial statements using a discount rate of 15.5%. EGL's share of net assets of PT Baltec at the disposal date was \$192,319.

**Note 25. Events after the reporting period**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and its impact on the Group up to 31 December 2020 has been disclosed, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Commonwealth and State Governments and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Mr Jason Dixon was appointed Chief Executive Officer on 8 February 2021.

On the 9 February 2021 EGL purchased 100% shares of Active Environmental Solutions Pty Ltd ("AES") ACN 646 037 327 for a consideration of 16,000,000 EGL ordinary shares. Further to this, there is an earn-out consideration as follows:

- FY21 Earn-out of a further 5,000,000 ordinary shares if EBITDA of \$3.7M is achieved.
- FY22 Earn-out of a further 10,000,000 ordinary shares if EBITDA of \$5.0M is achieved.

AES's financial position as of purchase date consisted of net assets of \$200,000.

Management is in the process of reviewing the acquisition accounting for this transaction.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**The Environmental Group Limited**  
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**Note 26. Reconciliation of profit/(loss) after income tax to net cash used in operating activities**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(Loss) after income tax expense for the half-year	368,009	(204,204)
Adjustments for:		
Depreciation and amortisation	621,544	605,666
Foreign exchange differences	118,011	69,129
Loss on disposal of subsidiary and other assets	7,812	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	2,279,325	1,387,736
Increase in contract assets	(1,153,636)	-
Increase in inventories	(287,485)	(254,937)
Decrease/(increase) in deferred tax assets	389,103	(89,500)
Decrease in prepayments	75,216	37,962
Decrease in trade and other payables	(835,916)	(3,241,503)
Decrease in contract liabilities	(2,402,316)	-
Increase/(decrease) in deferred tax liabilities	(22,299)	107,699
Increase in other provisions	148,894	47,793
Other- OCI allocations to operating assets	2,517	(241,045)
Net cash used in operating activities	<u>(691,221)</u>	<u>(1,775,204)</u>

**Note 27. Earnings per share**

	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
	<b>\$</b>	<b>\$</b>
Profit/(Loss) after income tax	368,009	(204,204)
Non-controlling interest	(135,320)	993
Profit/(Loss) after income tax attributable to the Equity holders of The Environmental Group Limited	<u>232,689</u>	<u>(203,211)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>242,744,046</u>	<u>217,531,711</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>242,744,046</u>	<u>217,531,711</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	0.10	(0.09)
Diluted earnings per share	0.10	(0.09)

**The Environmental Group Limited**  
**Trading as EGL**  
**Directors' declaration**  
**31 December 2020**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



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Lynn Richardson  
Chairman

25 February 2021

**RSM Australia Partners**

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## INDEPENDENT AUDITOR'S REVIEW REPORT To the Members of The Environmental Group Limited

We have reviewed the accompanying half-year financial report of The Environmental Group Limited (the Company) and its subsidiaries (the Group) which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of The Environmental Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The Environmental Group Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of The Group is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



**RSM AUSTRALIA PARTNERS**



**M PARAMESWARAN**  
Partner

Dated: 25 February 2021  
Melbourne, Victoria