



EGL

The Environmental Group Limited



Environmental Group Limited
ABN: 89 000 013 427
Half Yearly Report
31 December 2018



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 2018
Previous period: For the half-year ended 31 December 2017

2. Results for announcement to the market

			\$
Revenues from ordinary activities	down	40.9% to	10,897,686
(Loss) from ordinary activities after tax attributable to the Equity holders of The Environmental Group Limited	down	129.7% to	(231,007)
(Loss) for the half-year attributable to the Equity holders of The Environmental Group Limited	down	129.7% to	(231,007)

The (loss) for the consolidated entity after providing for income tax and non-controlling interest amounted to \$231,007 (31 December 2017: profit of \$777,990).

3. Dividends

	Amount per security Cents	Franked amount per security Cents
A final fully franked dividend for FY18 was paid at 0.06c per share on 5 October 2018. There were no other dividends recommended or declared during the current financial period.	0.060	0.025

4. Attachments

The Interim Report of The Environmental Group Limited for the half-year ended 31 December 2018 is attached.

5. Signed



Signed _____

Date: 22 February 2019

Lynn Richardson
Chairman

The Environmental Group Limited
Trading as EGL
Corporate directory
31 December 2018

Directors	Ms Lynn Richardson (Chairman) Mr David Cartney (Non-Executive) Mr Dean Dowie (Non-Executive) Mr Ellis Richardson (Executive)
Company secretary	Mr Andrew Bush
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	McIntosh Bishop
Solicitors	Baker Jones Lawyers
Stock exchange listing	The Environmental Group Limited shares are listed on the Australian Securities Exchange (ASX code: EGL)
Website	www.environmental.com.au

The Environmental Group Limited
Trading as EGL
Directors' report
31 December 2018

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of The Environmental Group Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

Directors

The names of Directors who held office during the whole of the half year and up to the date of this report, unless otherwise stated below, were:

Ms Lynn Richardson (Non-Executive, Chair)
Mr David Cartney (Non-Executive)
Mr Ellis Richardson (Executive)
Mr Dean Dowie (Non-Executive)

Company Secretary

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

Review of operations

Directors Update

EBIT for the 6 months ended 31 December 2018 was \$5,521 compared to \$1,013,965 for the 2017 half-year results. Profit/(Loss) after interest and tax was \$(245,877) compared to \$773,693 for the comparative period 31 December 2017.

Income tax expense outlined in the P&L is due to the timing differences between deferred tax assets and liabilities.

Both Baltec IES Pty Ltd (Baltec) and Total Air Pollution Pty Ltd (TAPC) incurred subdued trading conditions and delay in orders from clients in the 6 months to 31 December 2018.

EGL's water initiative has now entered the advanced testing stage with Victoria University. Commercialised revenues are not expected until next financial year.

Group cash and cash equivalents was \$789,595 at 31 December 2018, compared \$2,232,447 as at 30 June 2018, movements in cash primarily is due to the funding and payment terms of the contracts that the group is currently executing and a slow down in activity in the markets in which the group operate.

Forward Outlook

The forward outlook for the group is solid and in line with the outlook released at the November AGM. The forecast for 6 months ended 30 June 2019 is strong however the full year EBIT is still anticipated to be below FY18.

With the acquisition of the assets of RCR Tomlinson Energy Service and Baltec Australia along with the continued positive growth in the TAPC pipeline the Group is forecast to deliver a stronger result in FY20 as per the three-year strategic plan.

Dividends

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

	Consolidated	
	31 Dec 18	31 Dec 17
	\$	\$
A final fully franked dividend for the year ended 30 June 2018 of 0.06 cents per ordinary share	<u>129,559</u>	<u>129,559</u>

Significant changes in the state of affairs

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

Auditor's independence declaration

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

The Environmental Group Limited
Trading as EGL
Directors' report
31 December 2018

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

22 February 2019

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
THE ENVIRONMENTAL GROUP LIMITED**

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of The Environmental Group Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

**McIntosh Bishop
Chartered Accountants**



**Robert David Macdonald
Partner**
Sydney, 22 February 2019

McIntosh Bishop

Chartered Accountants

Level 4, 83 Mount Street
North Sydney 2060

P.O. Box 1903
North Sydney 2059

Tel: 02 9957 5567

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The Environmental Group Limited
Trading as EGL
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General information

The financial statements cover The Environmental Group Limited as a consolidated entity consisting of The Environmental Group Limited 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 consolidated entity'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 22 February 2019.

The Environmental Group Limited
Trading as EGL
Statement of comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 Dec 18 \$	31 Dec 17 \$
Revenue			
Revenue from continuing operations		10,897,686	18,443,972
Subcontracting and material costs		<u>(7,931,201)</u>	<u>(13,932,135)</u>
Gross profit		<u>2,966,485</u>	<u>4,511,837</u>
Expenses			
Employee expenses		(1,407,132)	(1,883,942)
Depreciation & amortisation		(85,025)	(74,420)
Other expenses		(574,087)	(827,307)
Marketing expenses		(142,268)	(117,060)
Occupancy expenses		(205,562)	(118,564)
Professional fees		<u>(546,890)</u>	<u>(476,579)</u>
Operating Profit		5,521	1,013,965
Interest income	3	9,199	11,780
Interest & finance expenses		<u>(65,162)</u>	<u>(28,076)</u>
Profit/(Loss) before income tax expense from continuing operations		(50,442)	997,669
Income tax expense		<u>(195,435)</u>	<u>(223,921)</u>
Profit/(Loss) after income tax expense from continuing operations		(245,877)	773,748
(Loss) after income tax expense from discontinued operations	4	<u>-</u>	<u>(55)</u>
Profit/(Loss) after income tax expense for the half-year		(245,877)	773,693
Other comprehensive income for the half-year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the half-year		<u>(245,877)</u>	<u>773,693</u>
Profit/(Loss) for the half-year is attributable to:			
Non-controlling interest		(14,870)	(4,297)
Equity Holders of The Environmental Group Limited		<u>(231,007)</u>	<u>777,990</u>
		<u>(245,877)</u>	<u>773,693</u>
Total comprehensive income for the half-year is attributable to:			
Continuing operations		(14,870)	(4,297)
Discontinued operations		<u>-</u>	<u>-</u>
Non-controlling interest		<u>(14,870)</u>	<u>(4,297)</u>
Continuing operations		(231,007)	778,045
Discontinued operations		<u>-</u>	<u>(55)</u>
Equity Holders of The Environmental Group Limited		<u>(231,007)</u>	<u>777,990</u>
		<u>(245,877)</u>	<u>773,693</u>

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

The Environmental Group Limited
Trading as EGL
Statement of comprehensive income
For the half-year ended 31 December 2018

	Note	Consolidated 31 Dec 18 \$	31 Dec 17 \$
		Cents	Cents
Earnings per share for profit/(loss) from continuing operations attributable to the Equity holders of The Environmental Group Limited			
Basic earnings per share		(0.11)	0.36
Diluted earnings per share		(0.11)	0.36
Earnings per share for profit/(loss) attributable to the Equity holders of The Environmental Group Limited			

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 2018

	Note	Consolidated 31 Dec 18 \$	30 Jun 2018 \$
Assets			
Current assets			
Cash and cash equivalents		789,595	2,232,447
Trade and other receivables		5,084,348	6,815,486
Inventories		199,374	168,142
Other current assets		100,529	132,281
Total current assets		<u>6,173,846</u>	<u>9,348,356</u>
Non-current assets			
Property, plant and equipment		946,399	1,167,953
Intangibles		9,150,576	9,182,837
Deferred tax assets		1,415,486	1,366,420
Total non-current assets		<u>11,512,461</u>	<u>11,717,210</u>
Total assets		<u>17,686,307</u>	<u>21,065,566</u>
Liabilities			
Current liabilities			
Trade and other payables		2,729,303	5,324,020
Employee benefits		363,559	368,898
Total current liabilities		<u>3,092,862</u>	<u>5,692,918</u>
Non-current liabilities			
Deferred tax liabilities		40,344	20,020
Long-term provisions		83,881	51,215
Total non-current liabilities		<u>124,225</u>	<u>71,235</u>
Total liabilities		<u>3,217,087</u>	<u>5,764,153</u>
Net assets		<u>14,469,220</u>	<u>15,301,413</u>
Equity			
Issued capital	5	21,839,831	21,759,831
Reserves		(477,385)	59,332
Accumulated losses		(6,800,581)	(6,439,975)
Equity attributable to the Equity holders of The Environmental Group Limited		<u>14,561,865</u>	<u>15,379,188</u>
Non-controlling interest		(92,645)	(77,775)
Total equity		<u>14,469,220</u>	<u>15,301,413</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 2018

Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2017	21,759,831	209,497	(7,879,229)	(60,107)	14,029,992
Profit/(Loss) after income tax expense for the half-year	-	-	777,990	(4,297)	773,693
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	777,990	(4,297)	773,693
Foreign exchange currency reserves	-	(150,868)	-	-	(150,868)
<i>Transactions with Equity holders in their capacity as Equity holders:</i>					
Dividends paid (note 6)	-	-	(129,559)	-	(129,559)
Balance at 31 December 2017	<u>21,759,831</u>	<u>58,629</u>	<u>(7,230,798)</u>	<u>(64,404)</u>	<u>14,523,258</u>
Consolidated	Issued capital \$	Reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2018	21,759,831	59,332	(6,439,975)	(77,775)	15,301,413
(Loss) after income tax expense for the half-year	-	-	(231,007)	(14,870)	(245,877)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	(231,007)	(14,870)	(245,877)
Contributions of equity	80,000	-	-	-	80,000
Foreign exchange currency reserves	-	(536,717)	-	-	(536,717)
<i>Transactions with Equity holders in their capacity as Equity holders:</i>					
Dividends paid (note 6)	-	-	(129,599)	-	(129,599)
Balance at 31 December 2018	<u>21,839,831</u>	<u>(477,385)</u>	<u>(6,800,581)</u>	<u>(92,645)</u>	<u>14,469,220</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 2018

	Note	Consolidated	
		31 Dec 18	31 Dec 17
		\$	\$
Cash flows from operating activities			
Receipts from customers		12,606,365	18,382,898
Payments to suppliers & employees		<u>(14,004,212)</u>	<u>(20,499,392)</u>
		(1,397,847)	(2,116,494)
Interest received		9,199	11,780
Interest paid		<u>(65,162)</u>	<u>(28,076)</u>
Net cash used in operating activities		<u>(1,453,810)</u>	<u>(2,132,790)</u>
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired	8	(80,000)	-
Net (purchases) / sales of property, plant and equipment		<u>220,517</u>	<u>302,072</u>
Net cash from investing activities		<u>140,517</u>	<u>302,072</u>
Cash flows from financing activities			
Repayment of borrowings		-	(409,919)
Dividends paid	6	<u>(129,559)</u>	<u>(129,559)</u>
Net cash used in financing activities		<u>(129,559)</u>	<u>(539,478)</u>
Net decrease in cash and cash equivalents		(1,442,852)	(2,370,196)
Cash and cash equivalents at the beginning of the financial half-year		<u>2,232,447</u>	<u>5,571,840</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>789,595</u></u>	<u><u>3,201,644</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 2018

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2018 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 2018 and any public announcements made by the company 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, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Note 2. Comparative figures

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

Consolidated - 31 Dec 18	Products \$	Services \$	Corporate \$	Total \$
Total segment revenue	10,897,686	-	-	10,897,686
Depreciation and amortisation	(46,492)	-	(38,533)	(85,025)
Subcontracting and material costs	(7,931,201)	-	-	(7,931,201)
Employee benefit	(1,047,308)	-	(359,824)	(1,407,132)
Occupancy expenses	(205,105)	-	(457)	(205,562)
Professional fees	(323,747)	-	(223,143)	(546,890)
Other Expenses	(647,580)	-	(124,738)	(772,318)
Profit/(Loss) before income tax expense	<u>696,253</u>	<u>-</u>	<u>(746,695)</u>	<u>(50,442)</u>
Income tax expense				(195,435)
(Loss) after income tax expense				<u>(245,877)</u>
Assets				
Segment assets	<u>14,804,851</u>	<u>-</u>	<u>2,881,456</u>	<u>17,686,307</u>
Total assets				<u>17,686,307</u>

The Environmental Group Limited
Trading as EGL
Notes to the financial statements
31 December 2018

Note 2. Comparative figures (continued)

Consolidated - 31 Dec 17	Products \$	Services \$	Corporate \$	Total \$
Total segment revenue	18,443,972	-	-	18,443,972
Depreciation and amortisation	(73,377)	-	(1,043)	(74,420)
Loss on disposal of discontinued operation	-	(55)	-	(55)
Subcontracting and material costs	(13,932,135)	-	-	(13,932,135)
Employee benefit expenses	(1,574,974)	-	(308,968)	(1,883,942)
Occupancy expenses	(118,299)	-	(265)	(118,564)
Professional fees	(151,363)	-	(325,216)	(476,579)
Other expenses	(837,247)	-	(123,416)	(960,663)
Profit/(Loss) before income tax expense	<u>1,756,577</u>	<u>(55)</u>	<u>(758,908)</u>	<u>997,614</u>
Income tax expense				(223,921)
Profit after income tax expense				<u>773,693</u>

Consolidated - 30 Jun 2018

Assets				
Segment assets	15,873,218	-	5,192,348	21,065,566
Total assets				<u>21,065,566</u>

Note 3. Interest income

	Consolidated	
	31 Dec 18	31 Dec 17
	\$	\$
Interest income	<u>9,199</u>	<u>11,780</u>

Note 4. Discontinued operations

	Consolidated	
	31 Dec 18	31 Dec 17
	\$	\$
Discontinued expense	-	(55)
(Loss) before income tax expense	-	(55)
Income tax expense	-	-
(Loss) after income tax expense from discontinued operations	<u>-</u>	<u>(55)</u>

Note 5. Equity - issued capital

	Consolidated			
	31 Dec 18	30 Jun 2018	31 Dec 18	30 Jun 2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>217,531,711</u>	<u>215,931,711</u>	<u>21,839,831</u>	<u>21,759,831</u>

The Environmental Group Limited
Trading as EGL
Notes to the financial statements
31 December 2018

Note 5. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2018	215,931,711		21,759,831
Consideration for acquisition of assets of Baltec East Asia Pty Ltd trading as Baltec Australia	17 October 2018	<u>1,600,000</u>	\$0.05	<u>80,000</u>
Balance	31 December 2018	<u>217,531,711</u>		<u>21,839,831</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 6. Equity - dividends

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

	Consolidated	
	31 Dec 18	31 Dec 17
	\$	\$
A final fully franked dividend for the year ended 30 June 2018 of 0.06 cents per ordinary share	<u>129,559</u>	<u>129,559</u>

Note 7. Contingent liabilities

Estimates of material amounts of contingent liabilities not provided for in the financial reports arising from bank guarantees in respect to performance bonds and warranty bonds:

31 December 2017 \$2,833,949
31 December 2018 \$3,933,164

The Environmental Group Limited
Trading as EGL
Notes to the financial statements
31 December 2018

Note 8. Business combinations

On 9 October 2018 the Group acquired 100% of the ordinary shares of Baltec East Asia Pty Ltd (Trading as Baltec Australia) for the total consideration of \$240,000 which is comprised of 33.3% cash, 33.3% share issue and 33.4% by earn out. It was acquired to provide an enhanced service offering to EGL's Electrostatic Precipitator (ESP) customers along with augmented business development activities in both Australia and the broader Asia Pacific region.

Details of the acquisition are as follows:

	Fair value \$
Inventories	32,261
Prepayments	7,775
Plant and equipment	9,105
Employee benefits	<u>(4,908)</u>
Net assets acquired	44,233
Goodwill	<u>195,767</u>
Acquisition-date fair value of the total consideration transferred	<u><u>240,000</u></u>
Representing:	
Cash paid or payable to vendor	80,000
The Environmental Group Limited shares issued to vendor	80,000
Contingent consideration	<u>80,000</u>
	<u><u>240,000</u></u>

Note 9. Events after the reporting period

On 5th of February 2019 the group announced that it had acquired the assets of RCR Energy Services from the Administrators of RCR Tomlinson Limited for a cash payment of \$3.0M.

The net assets acquired comprises fixed assets, inventory and employee liabilities. EGL also secured the services of all current RCR Energy Services staff. The Business now operates as Tomlinson Energy Service, wholly owned by EGL.

No other matter or circumstance has arisen since 31 December 2018 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

The Environmental Group Limited
Trading as EGL
Directors' declaration
31 December 2018

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 consolidated entity's financial position as at 31 December 2018 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company 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



Lynn Richardson
Chairman

22 February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
THE ENVIRONMENTAL GROUP LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of The Environmental Group Limited and its subsidiaries, which comprises the Consolidated Statement of Financial Position as at 31 December 2018, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity 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 end of the half-year 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 gives a true and fair view and 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 Australian Auditing Standards 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 2018 and their 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.

Auditor's Independence Declaration

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 review report.

McIntosh Bishop

Chartered Accountants

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North Sydney 2060

P.O. Box 1903
North Sydney 2059

Tel: 02 9957 5567

ABN: 14 722 713 700

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 consolidated financial report of The Environmental Group Limited 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 2018 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

McIntosh Bishop
Chartered Accountants

Robert David Macdonald
Partner

Sydney, 22 February 2019