The Environmental Group Limited

Trading as EGL

ABN 89 000 013 427

Interim Report - 31 December 2021

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 2021
Previous period:	For the half-year ended 31 December 2020

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	11.5%	to	26,839,368
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	up	28.3%	to	1,787,132
Earnings Before Interest and Tax (EBIT)	up	49.3%	to	1,151,910
Profit from ordinary activities after tax attributable to the Equity holders of The Environmental Group Limited	up	243.7%	to	799,808

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 $799,808 (31 December 2020: $232,689).

EBIT (profit before interest and tax) before significant items for the 6 months ended 31 December 2021 was $1,361,250 (31 December 2020: $955,336). The Significant items in the period included performances rights expense of $67,760 and foreign exchange losses for $141,580.

Profit after interest and tax attributable to Equity Holders of EGL for the 6 months ended 31 December 2021 was $799,808 compared to $232,689 for the comparative period 31 December 2020.

The financial position of the Group has been strengthened by a successful capital raising of $4,510,500 (net of capital raising cost) and net assets increasing by $5,378,035.

On the 7 September 2021, 4.5 million performance rights relating Jason Dixon and Paul Gaskett for FY21 were converted into ordinary shares.

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	2.87	1.28

4. Control gained over entities

There were no business combinations for the six months ended 31 December 2021.

5. Loss of control over entities

Not applicable.

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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 2021 is attached.

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11. Signed

Signed ______________________ Date: 24 February 2022

Lynn Richardson
Chairman

The Environmental Group Limited
Trading as EGL
Corporate directory
31 December 2021

Directors	Ms Lynn Richardson (Chairman Non-Executive) Mr Adrian Siah (Non-Executive) Mr Vincent D'Rozario (Non-Executive) Mr Graeme Nayler (Non-Executive)
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	www.environmental.com.au
Corporate Governance Statement	https://www.environmental.com.au/about-egl/corporate-governance

The Environmental Group Limited
Trading as EGL
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the Group for the half-year ended 31 December 2021.

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
Chairman (Non-Executive)

Mr Adrian Siah
Director (Non-Executive)

Mr Graeme Nayler
Director (Non-Executive)

Mr Vincent D' Rozario
Director (Non-Executive)

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 30 December 2021 of the entities within the Group were design, application and servicing of innovative gas and vapour emission control systems, inlet and exhaust systems for gas turbines, engineering services, developing innovative water treatment and service install provider for heat transfer plant and equipment primarily related to boilers including 24/7 customer service for mechanical, electrical and automation support to a wide variety of industries. The Group also has an agency agreement with Turmec, an engineering and fabrication company of waste recycling plant and equipment.

Review of operations

EGL through its operating divisions provides products & engineering services into a diverse range of clients across many industries.

As you will all be aware COVID-19 has continued to impact on the operating environment across the Group and many other industries, with continued restrictions on site-based operations both domestically and internationally. EGL has performed well in these circumstances with a strong increase in profitability in the first half of the financial year with EBITDA up 28.3% on the prior comparable period (pcp). The work we undertake to improve plant emissions and facility efficiency for our customers, including removing pollutants safely and effectively from the environment has meant that although some projects were delayed, the essential nature of these works means that the work must still be completed when circumstances allow. The safety of our teams and customers continues to be a priority, ensuring we keep staff safe while remaining effective in their roles. Our professionalism and dedication have allowed EGL to continue to deliver its products and services effectively.

This has resulted in financial performance improving throughout with EGL's first half revenue increasing by 11.5% to $26,839,368 for the half year (1HFY21 $24,068,375). EBITDA improved significantly up to $1,787,140 up 28.3% from a prior comparable period EBTDA of $1,393,312 and EBIT up to $1,151,918 up 49.3% after significant items (performance shares expense $67,760 and FX losses $141,580). The profit for the Group after providing for income tax and non-controlling interest amounted to $799,808 (1HFY2021 of $232,689) up 244%. Prior to significant items EBITDA was $1,996,480 up 26% and EBIT $1,361,218 up 42.5%.

Baltec continued to develop effective strategies for the delivery of its products into international markets during the pandemic, with 80% of its work offshore. Sales were strong at $10,038,078 and EBIT of $613,899 for the half up 10.5% on pcp. Our focus has been to improve gross margin which was 18.6% up 3.6% on pcp. The appointment of Mr. Charles Borg as General Manager during the period is expected to yield improved profitability of the business through focus on product improvement, standardisation of processes and business development. A strong tender pipeline resulted in several significant wins for the half. The order book as at the end of the period was well above 30 June 2021, coupled with improving margins this should provide for another year of good performance.

TAPC had good revenue growth for the half at $3,544,510 up 59% on pcp, with EBIT $532,759 flat on pcp. This does not reflect the underlying strength in the business as the pcp had a large engineering only order with no supply component which is at higher margin due to the nature of the work. TAPC was also hampered in its service division by not being able to provide some on site services due to COVID-19 restrictions in place. With services in all states excluding Western Australia resumed, service provision should normalise in the second half. As announced on 23rd July 2021 TAPC was awarded the FLSmidth Pty Ltd contract for the design and supply of emissions control systems into the Lithium refinery in Kwinana, Western Australia with a contract value of $5.3 million proving TAPC to be a leader in the provision of flue gas emissions treatment systems for the rare earths minerals sector. TAPC has unique skill sets that can be applied to many different industries to minimise emissions to the environment. Longer term, these emission limits are expected to get tighter creating additional opportunities for the business. TAPC is ideally placed to respond to these changes through its engineering capabilities to deliver tailored solutions for our clients. As part of its strategy, TAPC has increased its focus on providing both dust and odour control systems to the waste services sector integrating its offer into the waste services tenders through our agency agreement with Turmec (see below).

Tomlinson Energy Service had great first half, providing product solutions and services to its customers throughout Australia. While site restrictions have made access to some areas difficult, the essential nature of the work has meant momentum has continued from the second half of FY21 despite some delays due to COVID-19. Revenue was up 26% on pcp to $12,990,121, with EBITDA increasing 79% to $1,731,551 and EBIT up 135% to $1,331,121. Tomlinson Energy Services has recorded record sales in packaged boilers which will see a continuation of the performance in the second half. Cost pressures have been seen with some shortages in availability of labour due to Covid, but the management team have minimised the impact as reflected in the results.

The Tomlinson technicians have played an important and growing role in supporting the group through providing site and engineering services across the group. In particular, the teams provided support commissioning a major Turmec waste plant, commissioning EGL Water's PFAS separation plant and providing services to TAPC and Baltec clients when travel restrictions prevented staff move movements. Tomlinson's national presence and skilled technicians have allowed EGL's clients to continue to get their service needs met, while building the one EGL culture.

Tomlinson is developing a position in the circular economy as clients seek responsible energy solutions such as biomass boilers to generate steam from waste products. While this market is relatively immature in Australia, Tomlinson is one of Australia's most trusted providers of boiler solutions and are well positioned to respond to their clients' needs to utilise waste or by products as a source of energy into the future.

EGL Water made substantial advances in the six-month period culminating in the release to the ASX on the 8th of December 2021 detailing the successful commercial trials undertaken at the EPA Licenced site of Reclaim Waste. The commercial water trial demonstrated the successful separation and removal of regulated PFAS from various waste streams. EGL will use its own in-house design, drafting and engineering services to fabricate its first commercial plant, to ensure the protection of its Intellectual Property and to progress into the commercial phase. The first commercial plant is expected to be completed around the middle of the calendar year.

EGL Water's PFAS separation and concentration technology has now been demonstrated as a viable solution for treating PFAS contaminated ground water, surface water, leachate, and wastewater. Research and development will continue into the treatment of PFAS contaminated soils with trials currently underway with Victoria University providing encouraging results. The technology's versatility positions it in the market as a universal tool for the environmental remediation of PFAS contaminated sites.

EGL'S agency agreement with Turmec Pty Ltd for the world-leading recycling solutions via an exclusive agency agreement for provision of the sales and service platform in Australia has continued to gain momentum in the market.

Post the end of the half year a major milestone has been achieved with the award to Turmec via the EGL Agency agreement of an engineering design freeze for a significant construction and demolition recycling plant in Brisbane scheduled for completion in 2023, which will recycle construction and demolition waste from the Southeast Queensland market. The plant can recycle up to 475 tonnes per day and will enable recycling of up to 96% of all products processed through the plant, minimising the use of landfill and the environmental impact. The product quality produced from the plant will be sold into the domestic market as part of the circular economy.

As previously mentioned, EGL has been supporting Turmec by working on the commissioning of a new plant in Australia via its Tomlinson technicians. This arrangement opens opportunities for many parts of EGL including TAPC providing existing Australian waste facilities with audits & advice on the management of odour or dust issues, continued by the supply of innovative dust extraction and odour treatment systems. We have also been able to have encouraging discussions with the waste sector about EGL's trial into the separation of regulated PFAS. This broad capability is bringing together all the strengths of the EGL group to provide a unique offering to the waste services sector.

The financial position of the Group has been strengthened by a successful capital raising of $4,510,500 (net of capital raising cost) and net assets increasing by $5,378,035.

The improved result for the half year was achieved in difficult times thanks to the dedication of EGL staff.

Dividends
There were no dividends paid, recommended or declared during the current or previous 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
No other matter or circumstance has arisen since 31 December 2021 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
Trading as EGL
Directors' report
31 December 2021

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

L Richardson

Lynn Richardson
Chairman

24 February 2022

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 2021, 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: 24 February 2022
Melbourne, Victoria

The Environmental Group Limited
Trading as EGL
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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 23 February 2022.

The Environmental Group Limited
Trading as EGL
Consolidated Statement of comprehensive income
For the half-year ended 31 December 2021

	Note	31 Dec 2021 $	31 Dec 2020 $
Revenue			
Revenue from continuing operations	4	26,839,368	24,068,375
Subcontracting and material costs	5	(20,015,141)	(17,773,235)
Gross profit		6,824,227	6,295,140
Expenses			
Employee expenses		(3,004,077)	(3,244,584)
Depreciation & amortisation		(635,222)	(621,544)
Other expenses	5	(944,487)	(798,446)
Marketing expenses		(278,090)	(158,254)
Occupancy expenses		(135,548)	(142,634)
Professional fees	5	(674,893)	(557,910)
Operating Profit		1,151,910	771,768
Interest income		14	78
Interest & finance expenses		(96,737)	(104,286)
Profit before income tax expense		1,055,187	667,560
Income tax expense	6	(255,379)	(299,551)
Profit after income tax expense for the half-year		799,808	368,009
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		799,808	368,009
Profit for the half-year is attributable to:			
Non-controlling interest		-	135,320
Equity Holders of The Environmental Group Limited		799,808	232,689
		799,808	368,009
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	135,320
Equity Holders of The Environmental Group Limited		799,808	232,689
		799,808	368,009
		Cents	**Cents**
Basic earnings per share	28	0.28	0.10
Diluted earnings per share	28	0.28	0.10

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

The Environmental Group Limited
Trading as EGL
Consolidated Statement of financial position
As at 31 December 2021

	Note	31 Dec 2021 $	30 June 2021 $
Assets			
Current assets			
Cash and cash equivalents	7	3,675,280	642,191
Trade and other receivables		7,545,540	8,258,513
Contract assets	8	5,161,677	2,479,831
Inventories		1,519,412	1,398,537
Other current assets		204,167	83,664
Total current assets		18,106,076	12,862,736
Non-current assets			
Property, plant and equipment	9	851,353	884,688
Right-of-use assets	10	2,621,321	2,169,863
Intangibles	11	14,660,177	14,584,651
Deferred tax assets	12	3,634,620	3,662,213
Other		67,838	67,838
Total non-current assets		21,835,309	21,369,253
Total assets		39,941,385	34,231,989
Liabilities			
Current liabilities			
Trade and other payables		7,591,408	7,457,725
Contract liabilities	13	1,343,116	1,677,346
Borrowings	14	600,000	1,950,000
Lease liabilities	15	958,362	805,501
Employee benefits		2,170,977	2,038,284
Total current liabilities		12,663,863	13,928,856
Non-current liabilities			
Borrowings	17	1,050,000	-
Lease liabilities	18	1,822,988	1,521,470
Deferred tax liabilities	19	923,444	695,658
Long-term provisions		127,929	110,879
Total non-current liabilities		3,924,361	2,328,007
Total liabilities		16,588,224	16,256,863
Net assets		23,353,161	17,975,126
Equity			
Issued capital	20	27,896,918	23,386,418
Reserves		698,918	631,157
Accumulated losses		(5,242,675)	(6,042,449)
Total equity		23,353,161	17,975,126

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

The Environmental Group Limited
Trading as EGL
Consolidated Statement of changes in equity
For the half-year ended 31 December 2021

	Issued capital $	Non-controlling interest $	Reserves $	Accumulated losses $	Total equity $
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	992,567	-	-	-	992,567
Balance at 31 December 2020	22,832,386	-	151,721	(7,385,496)	15,598,611

	Issued capital $	Non-controlling interest $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2021	23,386,418	-	631,157	(6,042,449)	17,975,126
Profit after income tax expense for the half-year	-	-	-	799,808	799,808
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	799,808	799,808
Contributions of equity, net of transaction costs (note 20)	4,510,467	-	-	-	4,510,467
Share-based payments (note 29)	-	-	67,760	-	67,760
Balance at 31 December 2021	27,896,885	-	698,917	(5,242,641)	23,353,161

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

The Environmental Group Limited
Trading as EGL
Consolidated Statement of cash flows
For the half-year ended 31 December 2021

	Note	31 Dec 2021 $	31 Dec 2020 $
Cash flows from operating activities			
Receipts from customers		27,078,588	23,455,257
Payments to suppliers & employees		(27,484,785)	(25,696,064)
Government grants including R&D		-	1,653,794
		(406,197)	(587,013)
Interest received		14	78
Interest paid		(96,737)	(104,286)
Net cash used in operating activities	27	(502,920)	(691,221)
Cash flows from investing activities			
Payment for acquisition of plant and equipment	9	(59,550)	(50,920)
Payments for intangibles	11	(161,048)	(158,976)
Proceeds from disposal of business		-	(126,830)
Net cash used in investing activities		(220,598)	(336,726)
Cash flows from financing activities			
Proceeds from issue of shares (net of capital raising costs)	20	4,510,500	992,567
Repayment of borrowings		(300,000)	(300,000)
Repayment of lease liabilities		(453,893)	(456,627)
Net cash from financing activities		3,756,607	235,940
Net increase/(decrease) in cash and cash equivalents		3,033,089	(792,007)
Cash and cash equivalents at the beginning of the financial half-year		642,191	763,961
Cash and cash equivalents at the end of the financial half-year	7	3,675,280	(28,046)

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 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 2021 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 Group has prepared the financial statements on the basis that it will continue to operate as a going concern. The Directors have determined that as at the date of this report, there is a reasonable expectation that the Group has adequate resources to continue operationally for the foreseeable future.

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.

Note 3. Operating segments (continued)

31 Dec 2021	Products Pollution Control $	Services $	Products Gas Turbine $	Other Segments $	Waste $	Corporate $	Total $
Revenue							
Sales to external customers	3,544,510	12,990,121	10,038,079	147,817	118,841	-	26,839,368
Other revenue	-	-	-	-	-	-	-
Total revenue	3,544,510	12,990,121	10,038,079	147,817	118,841	-	26,839,368
EBITDA	541,757	1,709,628	515,594	40,673	118,782	(1,139,302)	1,787,132
Depreciation and amortisation							(635,222)
Interest Revenue							14
Finance costs							(96,737)
Profit before income tax expense							1,055,187
Income tax expense							(255,379)
Profit after income tax expense							799,808
Assets							
Segment assets	6,356,600	12,271,997	15,959,743	1,486,622	853,255	23,234,666	60,162,883
Intersegment eliminations							(23,856,118)
Unallocated assets:							
Deferred tax asset							3,634,620
Total assets							39,941,385
Liabilities							
Segment liabilities	5,293,835	8,884,835	6,536,440	1,628,472	728,122	16,449,194	39,520,898
Intersegment eliminations							(23,856,118)
Unallocated liabilities:							
Deferred tax liability							923,444
Total liabilities							16,588,224

Note 3. Operating segments (continued)

31 Dec 2020	Products Pollution Control $	Services $	Products Gas Turbine $	Other Segments $	Waste $	Corporate $	Total $
Revenue							
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
Total revenue	2,230,151	10,333,774	11,301,176	203,274	-	-	24,068,375
EBITDA	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)
Profit before income tax expense							667,560
Income tax expense							(299,551)
Profit after income tax expense							368,009
30 June 2021							
Assets							
Segment assets	5,718,009	11,405,765	13,355,653	236,670	1,340,129	19,587,374	51,643,600
Intersegment eliminations							(21,073,824)
Unallocated assets:							
Deferred tax asset							3,662,213
Total assets							34,231,989
Liabilities							
Segment liabilities	5,008,757	8,872,559	4,331,748	45,812	1,403,052	16,973,101	36,635,029
Intersegment eliminations							(21,073,824)
Unallocated liabilities:							
Deferred tax liability							695,658
Total liabilities							16,256,863

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 15.1% of sales to external customers (2020: 12.7%). The next most significant client accounts for 7.6% (2020: 7.0%) sales to external customers.

Geographical information

	Sales to external customers		**Geographical non-current assets**	
	31 Dec 2021 $	**31 Dec 2020 $**	**31 Dec 2021 $**	**30 June 2021 $**
Australia	17,743,293	13,035,889	18,200,689	16,940,953
Rest of the World	9,096,075	9,325,680	-	-
	26,839,368	22,361,569	18,200,689	16,940,953

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.

Note 4. Revenue

	31 Dec 2021 $	31 Dec 2020 $
From external customers	26,839,368	22,361,569
Net loss from sale of PT Baltec	-	(11,385)
Government and R&D Grants	-	1,714,545
Proceed from sale of asset	-	3,646
	26,839,368	24,068,375

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

	31 Dec 2021 $	31 Dec 2020 $
Major product lines		
Engineering and Fabrication Solutions	11,512,758	11,223,688
Service	13,972,288	10,022,741
Parts	1,354,322	1,115,140
	26,839,368	22,361,569
Geographical regions		
Australia	17,743,293	13,035,889
Rest of the World	9,096,075	9,325,680
	26,839,368	22,361,569
Timing of revenue recognition		
Goods transferred at a point in time	1,354,322	1,115,140
Services transferred over time	25,485,046	21,246,429
	26,839,368	22,361,569

Note 5. Expenses

	31 Dec 2021 $	31 Dec 2020 $
Profit before income tax includes the following specific expenses:		
Cost of sales		
Cost of sales	20,015,141	17,773,235
Professional fees	674,893	557,910
Other expenses	730,526	680,435
Net foreign exchange loss	213,961	118,011
Other expenses	944,487	798,446

Note 6. Income tax expense

	31 Dec 2021 $	31 Dec 2020 $
Income tax expense		
Current tax	-	2,826
Deferred tax - origination and reversal of temporary differences	255,379	296,725
Aggregate income tax expense/(benefit)	255,379	299,551
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets (note 12)	27,593	319,025
Increase/(decrease) in deferred tax liabilities (note 19)	227,786	(22,300)
Deferred tax - origination and reversal of temporary differences	255,379	296,725
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	1,055,187	667,560
Tax at the statutory tax rate of 30% (2020: 26%)	316,556	173,566
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Tax effect amounts which are not deductible/(taxable) in calculating taxable income	365,309	108,347
	681,865	281,913
Difference in overseas tax rates	-	(113)
Adjustment to deferred tax balances as a result of change in statutory tax rate	(417,540)	-
Sundry items	(8,946)	17,751
Income tax expense	255,379	299,551

Note 7. Current assets - Cash and cash equivalents

	31 Dec 2021 $	30 June 2021 $
Cash at bank	3,675,280	642,191
	-	-
Net Cash and cash equivalent at the end of period per statement of cash flows	**3,675,280**	**642,191**

Note 8. Current assets - contract assets

	31 Dec 2021 $	30 June 2021 $
Contract assets	5,161,677	2,479,831

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	2,479,831	-
Accrued income	2,681,846	2,479,831
Closing balance	5,161,677	2,479,831

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

	31 Dec 2021 $	30 June 2021 $
Plant and equipment - at cost	2,148,509	2,088,960
Less: Accumulated depreciation	(1,297,156)	(1,204,272)
	851,353	884,688
Motor vehicles - at cost	94,925	94,925
Less: Accumulated depreciation	(94,925)	(94,925)
	-	-
	851,353	884,688

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 2021	-	-	884,688	-	884,688
Additions	-	-	59,550	-	59,550
Depreciation expense	-	-	(92,885)	-	(92,885)
Balance at 31 December 2021	-	-	851,353	-	851,353

Note 10. Non-current assets - right-of-use assets

	31 Dec 2021 $	30 June 2021 $
Land and buildings - right-of-use	2,056,260	1,941,579
Less: Accumulated depreciation	(941,198)	(744,827)
	1,115,062	1,196,752
Motor vehicles - right-of-use	2,302,191	1,853,217
Less: Accumulated depreciation	(795,932)	(880,106)
	1,506,259	973,111
	2,621,321	2,169,863

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 2021	1,196,752	973,111	2,169,863
Additions	134,765	773,506	908,271
Depreciation expense	(216,455)	(240,358)	(456,813)
Balance at 31 December 2021	1,115,062	1,506,259	2,621,321

Note 11. Non-current assets - intangibles

	31 Dec 2021 $	30 June 2021 $
Goodwill - at cost	13,485,791	13,485,791
Development - at cost	394,394	258,645
Intellectual property - at cost	350,000	350,000
Customer contracts - at cost	240,000	240,000
Less: Accumulated amortisation	(16,000)	-
	224,000	240,000
Software - at cost	614,195	588,895
Less: Accumulated amortisation	(408,203)	(338,680)
	205,992	250,215
	14,660,177	14,584,651

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 $	Intellectual Property $	Customer Relationship $	Software $	Product Development $	Total $
Balance at 1 July 2021	13,485,791	-	350,000	240,000	250,215	258,645	14,584,651
Additions	-	-	-	-	25,300	135,749	161,049
Amortisation expense	-	-	-	(16,000)	(69,523)	-	(85,523)
Balance at 31 December 2021	13,485,791	-	350,000	224,000	205,992	394,394	14,660,177

Note 12. Non-current assets - deferred tax assets

	31 Dec 2021 $	30 June 2021 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses	1,859,601	2,187,312
Leases	834,405	605,012
Fixed Assets	125,924	98,688
Accruals	93,849	140,943
Provisions	720,841	630,258
Deferred tax assets	3,634,620	3,662,213
Movements:		
Opening balance	3,662,213	3,409,671
Credited/(charged) to profit or loss (note 6)	(27,593)	252,542
Closing balance	3,634,620	3,662,213

Note 13. Current liabilities - contract liabilities

	31 Dec 2021 $	30 June 2021 $
Contract liabilities	1,343,116	1,677,346

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	1,677,346	3,174,111
Payments received in advance	17,383,487	11,385,937
Transfer to revenue - included in the opening balance	(17,717,717)	(12,882,702)
Closing balance	1,343,116	1,677,346

Note 13. Current liabilities - contract liabilities (continued)

Accounting policy for contract liabilities
Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Note 14. Current liabilities - borrowings

	31 Dec 2021 $	30 June 2021 $
Bank loans	600,000	1,950,000

Refer to note 17 for further information on assets pledged as security and financing arrangements.

Note 15. Current liabilities - lease liabilities

	31 Dec 2021 $	30 June 2021 $
Lease liability	958,362	805,501

Note 16. Current liabilities - Financial liabilities

The Group’s Bank Bill Business Loan of $1,650,000 has been renewed with a facility term of 3 years and will expire on 30 September 2024. Current portion of the loan represents the quarterly repayments of $150,000 within the next 12 months.

Note 17. Non-current liabilities - borrowings

	31 Dec 2021 $	30 June 2021 $
Bank loans	1,050,000	-

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

	31 Dec 2021 $	30 June 2021 $
Bank loans	1,650,000	1,950,000

Note 17. 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;
- Active Environmental Services Pty Ltd.

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

	31 Dec 2021 $	30 June 2021 $
Total facilities		
Bank overdraft	2,000,000	2,000,000
Bank Bill Business loans*	1,650,000	2,250,000
Trade Guarantee and Standby Letters of Credit Facility	8,000,000	8,000,000
	11,650,000	12,250,000
Used at the reporting date		
Bank overdraft	-	-
Bank Bill Business loans*	1,650,000	1,950,000
Trade Guarantee and Standby Letters of Credit Facility	6,057,627	6,076,704
	7,707,627	8,026,704
Unused at the reporting date		
Bank overdraft	2,000,000	2,000,000
Bank Bill Business loans*	-	300,000
Trade Guarantee and Standby Letters of Credit Facility	1,942,373	1,923,296
	3,942,373	4,223,296

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

Note 18. Non-current liabilities - lease liabilities

	31 Dec 2021 $	30 June 2021 $
Lease liability	1,822,988	1,521,470

Note 19. Non-current liabilities - deferred tax liabilities

	31 Dec 2021 $	30 June 2021 $
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Right of use assets	786,396	564,164
Other	137,048	131,494
Deferred tax liability	923,444	695,658
Movements:		
Opening balance	695,658	781,459
Charged/(credited) to profit or loss (note 6)	227,786	(85,801)
Closing balance	923,444	695,658

Note 20. Equity - issued capital

	31 Dec 2021 Shares	30 June 2021 Shares	31 Dec 2021 $	30 June 2021 $
Ordinary shares - fully paid	308,623,856	276,975,129	27,896,918	23,386,418

Movements in ordinary share capital

Movements in spare share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	276,975,129		23,386,418
Performance shares relating to AES acquisition	7 September 2021	4,505,870	$0.000	-
Placement	20 December 2021	27,142,857	$0.175	4,750,000
Capital raising costs	20 December 2021	-	$0.000	(239,500)
Balance	31 December 2021	308,623,856		27,896,918

Note 21. Equity - dividends

Dividends
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 2021 are $6,057,627 (30 June 2021: $5,550,626).

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.

Note 24. Business combinations

Summary of acquisition for the period ended 31 December 2021
There were no additional amounts paid for Active Environmental Services Pty Ltd .

There were no business combinations for the period ending 31 December 2021.

Summary of acquisition for the period ended 30 June 2021
2021 - summary of acquisition

On 9 February 2021 EGL acquired the shares of Active Environmental Services Pty Ltd for a consideration of $982,969. The goodwill of $192,969 represents the difference between the fair value assets acquired and the consideration paid. The values identified in relation to the acquisition of Active Environmental Services Pty Ltd are provisional as at 30 June 2021.

The acquisition strategy of Active Environmental Services Pty Ltd is to establish a footprint in Australian Waste recycling and further develop and lift water quality within the environmental sector.

Active Environmental Services Pty Ltd is in a position to introduce a substantial pipeline of prospective new business to the Group and has significant synergies with the Company's existing subsidiaries and business groups (principally Total Air Pollution Control, EGL Water and Tomlinson Energy Services). Assets being acquired are principally in the form of intellectual property and potential new business of which the full value was unknown at the time of the transaction.

The Group structured the price for the acquisition so that nearly half of the total consideration was in the form of performance rights with performance milestones to mitigate the risks of overpaying for the acquired assets. The Group calculated the number of Performance Rights to be issued primarily by reference to the profitability and shareholder value to be generated if the commercial purposes of the acquisition is achieved. The cost to the Company of issuing the shares and performance rights associated with the transaction will be in the order of $982,969 over its duration.

Details of purchase price consideration of net assets acquired and goodwill are as follows:

Purchase Consideration

	Number of shares/performance rights	Unit Value	Probability	Fair Value $
Shares issued	16,000,000	0.035	100%	560,000
Contingent consideration	15,000,000	0.035	80%-82%	422,969
Total purchase price consideration				**982,969**

Note 24. Business combinations (continued)

	Fair value $
Cash and cash equivalents	200,000
Intellectual property	350,000
Customer relationships	240,000
Net assets acquired	790,000
Goodwill	192,969
Acquisition-date fair value of the total consideration transferred	982,969
Representing:	
The Environmental Group Limited shares issued to vendor	560,000
Share Based Payment Reserve	422,969
	982,969
Acquisition costs expensed to profit or loss	9,000

Contingent consideration
Contingent consideration for the above acquisition was limited to performance rights with the following details:
(a) Performance Milestones for Performance Rights.

(i) The Performance Rights are subject to 3 Performance Milestones being achieved:

(1) AES successfully introducing a European partner named Turmec to the Company (or a similar new business acquisition with revenues exceeding $4 million);

(2) Milestone 1 plus the Company achieving actual EBITDA as a percentage of the EBITDA Target for FY2021 set out below.

(3) Milestone 1 plus the Company achieving actual EBITDA as a percentage of the EBITDA Target for FY2022 set out below.

(ii) One performance right will convert into one ordinary share in the Company, subject to the performance milestones being achieved.

(iii) As announced to the market on 24 February 2021, Milestone 1 has been achieved.

(iv) The Company's actual EBITDA will be measured against target EBITDA, as measured in accordance with Accounting Standards, and included in the audited accounts of the Group.

(v) In each of FY2021 and FY2022, the company's actual EBITDA will be measured against Target EBITDA for that year, and the maximum share allocation will be made if the Company achieves or exceeds 100% of that target. If less than 100% is achieved, then the share allocation will be reduced by a like proportion, down to a minimum of 70%. If the Company's actual EBITDA is less than 70% of the target EBITDA, then no shares will be issued.

Type of Issue	**Jason Dixon**	**Paul Gaskett**	**Total**	**Probability**
Performance Rights FY21	3,333,333	1,666,667	5,000,000	82%
Performance Rights FY22	6,666,667	3,333,333	10,000,000	80%
Total	**10,000,000**	**5,000,000**	**15,000,000**	

Note 24. Business combinations (continued)

EBITDA Targets

Financial Year	EBITDA Target	Performance shares Low	Performance shares High	Probabilit y
FY21	$3.7M	3,500,000	5,000,000	82%
FY22	$5.0M	7,000,000	10,000,000	80%

vi) The calculation of EBITDA will be adjusted to specifically to exclude abnormal or extraordinary items of revenue or expenses, as set out in the agreement.

(vii) If a Change of Control occurs during a Financial Year during the Earn-out Period, then, on the date on which the Change of Control occurs, the Purchaser must allocate and issue to the Vendors the total Performance Shares that would have been issued on or before the Annual Allocation Date in relation to the last Financial Year during the earn-out period if the EBITDA Percentage in relation to each such Financial Year was 100%.

(viii) If the Performance Milestones are achieved, then ordinary shares in the Company will be issued (with full voting and dividend rights).
No other equity security classes are being created.

(b) The number of shares that the Performance Rights will convert into if the applicable performance milestones are met, and the impact that will have on the Company's capital structure, is as follows:

Period	Existing Shares	Low	Medium	High	Max %
FY21	276,975,129	0	3,500,000	5,000,000	1.81%
FY22	281,975,129	0	7,000,000	10,000,000	3.55%
Max after FY22	291,975,129				

In relation to the performance rights for FY21 adjusted EBITDA (refer (a)vi) for further details) was $3.3 million, resulting in Jason Dixon and Paul Gaskett receiving in total 4.5 million performance rights that was converted on the 7 September 2021.

c) **The full terms of the Performance Rights are as follows:**

i. the Performance Rights are not quoted;

ii. the Performance Rights are not transferrable until they convert to ordinary shares;

iii. the Performance Rights do not confer any right to vote;

iv. the Performance Rights do not confer any right to participate in new issues of securities such as bonus issue or entitlement issues;

v. the Performance Rights do not confer any dividend rights (wither fixed or discretionary);

vi. the Performance Rights do not confer a right to participate in the surplus profit or asset of the Company upon winding up of the Company;

vii. the Performance Rights do not confer a right to a return of capital (whether in a winding up, a reduction of capital or otherwise); and

viii. each Performance Right is converted into one fully paid ordinary share upon approval of shareholders. If Shareholder approval is not given in a general meeting (whether fixed or discretionary).

Purchase Consideration - cash inflow
Net cash inflow as a result of this acquisition was as follows:

Note 24. Business combinations (continued)

	Amount $
Cash Consideration	
Less:	
Cash transferred as the result of acquisition	200,000
Net Cash inflow from this acquisition – classified as investing cashflows	**200,000**

Acquisition costs of $9,000 were expensed and classified as operating cashflows in the financial year ended 30 June 2021.

Note 25. 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:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**31 Dec 2021 %**	**30 June 2021 %**
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%
Australian Environmental Solutions Pty Ltd	Australia	100.00%	100.00%
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 26. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2021 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.

Note 27. Reconciliation of profit after income tax to net cash used in operating activities

	31 Dec 2021 $	31 Dec 2020 $
Profit after income tax expense for the half-year	799,808	368,009
Adjustments for:		
Depreciation and amortisation	635,222	621,544
Share-based payments	67,760	7,812
Foreign exchange differences	141,580	118,011
Change in operating assets and liabilities:		
Decrease in trade and other receivables	571,361	2,279,325
Increase in contract assets	(2,681,846)	(1,153,636)
Increase in inventories	(120,875)	(287,485)
Decrease in deferred tax assets	27,593	389,103
Decrease/(increase) in prepayments	(120,505)	75,216
Increase/(decrease) in trade and other payables	133,683	(835,916)
Decrease in contract liabilities	(334,230)	(2,402,316)
Increase/(decrease) in deferred tax liabilities	227,786	(22,299)
Increase in other provisions	149,743	148,894
Other- OCI allocations to operating assets	-	2,517
Net cash used in operating activities	(502,920)	(691,221)

Note 28. Earnings per share

	31 Dec 2021 $	31 Dec 2020 $
Profit after income tax	799,808	368,009
Non-controlling interest	-	(135,320)
Profit after income tax attributable to the Equity holders of The Environmental Group Limited	799,808	232,689

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	284,104,255	242,744,046
Weighted average number of ordinary shares used in calculating diluted earnings per share	284,104,255	242,744,046

	Cents	Cents
Basic earnings per share	0.28	0.10
Diluted earnings per share	0.28	0.10

Note 29. Share-based payments

Share Based Payments relating to the acquisition of Australian Environmental Services Pty Ltd.

During the period Performance based shares were issued to Mr Jason Dixon and Mr Paul Gaskett.

Note 29. Share-based payments (continued)

		EBITDA Target	Adjusted EBITDA	Actual percentage achieved	Performance shares allocated	Performance Shares issued
FY21	Jason Dixon	3,700,000	3,334,344	90.1%	3,333,333	3,003,913
FY21	Paul Gaskett	3,700,000	3,334,344	90.1%	1,666,667	1,501,957
					5,000,000	**4,505,870**

On 7 September 2021 4,505,870 Performance Shares were issued.

Performance Rights FY22

		EBITDA Target	Current estimated EBITDA	Percentage probability	Performance shares allocated	Estimated probability of Performance of Shares to be issued
FY22	Jason Dixon	5,000,000	4,000,000	80%	6,666,667	5,333,334
FY22	Paul Gaskett	5,000,000	4,000,000	80%	3,333,333	2,666,666
					10,000,000	**8,000,000**

The Environmental Group Limited
Trading as EGL
Directors' declaration
31 December 2021

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 2021 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

Lynn Richardson
Chairman

24 February 2022

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

Conclusion

We have reviewed the accompanying half-year financial report The Environment Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other 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 notes, and the directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 for the Review of the Financial Report

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 Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

RSM AUSTRALIA PARTNERS

M PARAMESWARAN
Partner

Melbourne, Victoria
24 February 2022