CO2 Group Limited
ABN 50 009 317 846
Level 11 225 St Georges Terrace
Perth Western Australia 6000
PO Box 7312 Cloisters Square
Perth Western Australia 6850
Phone (08) 9321 4111
Facsimile: (08) 9321 4411
www.co2australia.com.au

Our Ref: CO2 ASX Announce Interim Half-Year Financial Report 2007 (218)

ANNOUNCEMENT NUMBER 218

25 February 2007

Company Announcements Office
Australian Stock Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

By ASX Online
Number of pages: 19
(including this page)

Dear Sir

Re: CO2 Group Limited
Interim Financial Report for the Half-Year Ended 31 December 2007

Enclosed is CO2 Group Limited's audited Interim Financial Report for the half-year ended 31 December 2007, along with certain other disclosures as required under ASX Listing Rule 4.2A.

The Report has been subject to an independent audit review and the Audit Report and Independence Declaration are included in the Interim Half-Year Report.

Yours sincerely
CO2 Group Limited

Harley Whitcombe
Company Secretary

ENC

For announcement to the market

Extracts from this report for announcement to the market.

		$A'000		
Revenues from ordinary activities	Down 70%	2,752	to	831
Profit (loss) from ordinary activities after tax attributable to members	down 133%	(691)	to	(1,616)
Net profit (loss) for the period attributable to members	down 133%	(691)	to	(1,616)

Dividends	Amount per security	Franked amount per security
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	0.045	0.050

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax	NA	NA
Income tax on ordinary activities	NA	NA
Profit (loss) from ordinary activities after tax	NA	NA
Extraordinary items net of tax	NA	NA
Net profit (loss)	NA	NA
Adjustments	NA	NA
Share of net profit (loss) of associates and joint venture entities	NA	NA

CO2 Group Limited

ABN 50 009 317 846

Interim financial report for the half-year ended 31 December 2007

CO2 Group Limited ABN 50 009 317 846
Interim financial report - 31 December 2007

Contents

	Page
Corporate directory	2
Directors' report	3
Auditor's Independence Declaration	6
Half-year financial report	
Condensed consolidated income statement	7
Condensed consolidated balance sheet	8
Condensed consolidated statement of changes in equity	9
Condensed consolidated cash flow statement	10
Notes to the condensed consolidated financial statements	11
Directors' declaration	14
Independent auditor's review report to the members	15

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by CO2 Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

This financial report covers the consolidated financial statements for the consolidated entity consisting of CO2 Group Limited and its subsidiaries. The financial report is presented in the Australian currency.

CO2 Group Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

CO2 Group Limited
Level 11, 225 St George's Terrace
Perth WA 6000.

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report on pages 3-4, which is not part of this financial report.

The financial report was authorised for issue by the directors on 22 February 2008. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.co2australia.com.au

Directors	Ian Norman Trahar B.Ec, MBA *Chairman*
	Harley Ronald Whitcombe B.Bus, CPA *Executive Director*
	Dr Malcolm Brian Hemmerling PhD, BSc (Hons),Dip T (Sec), FAICD *Non-executive Director*
	Dr Christopher David Mitchell PhD, BSc (Hons) *Non-executive Director*
	Andrew William Thorold Grant BSc (Hons), Grad Dip Bus Mg *Chief Executive Officer*
	Paul Favretto LL.B. *Non-executive Director*
Secretary	Harley Ronald Whitcombe B.Bus, CPA
Principal registered office in Australia	Level 11, 225 St George's Terrace Perth, Western Australia 6000 Telephone No: (08) 9321 4111 Facsimile No: (08) 9321 4411
Share registry	Computershare Investor Services Pty Limited GPO Box D182 Perth, Western Australia 6000 Telephone No: (08) 9323 2000 Facsimile No: (08) 9323 2033
Auditor	Deloitte Touche Tohmatsu Chartered Accountants Woodside Plaza Level 14, 240 St George's Terrace Perth, Western Australia 6000
Bankers	Australia and New Zealand Banking Group Limited 77 St George's Terrace Perth, Western Australia 6000
Stock exchange listing	CO2 Group Limited shares are listed on the Australian Stock Exchange. ASX code - COZ.
Website address	www.co2australia.com.au

Directors' report

The directors present their report on the consolidated entity consisting of CO2 Group Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

Directors
The names of the directors of the company during or since the end of the half-year are:

Ian Norman Trahar
Harley Ronald Whitcombe
Dr Malcolm Brian Hemmerling
Dr Christopher David Mitchell
Andrew William Thorold Grant
Paul Favretto (Appointed 18 December 2007)
James McAuliffe (Resigned 18 December 2007)

On 18 July 2007, the Directors of CO2 Group appointed Mr Andrew Grant as the Group's new Chief Executive Officer (CEO).

Since 31 December 2007 Mr Favretto has been appointed as an additional member of the Audit Committee and the Remuneration Committee.

The above-named directors held office during and since the end of the half-year unless otherwise stated.

Principal activities
The Group's principal activity in the course of the financial half-year has been the provision of environmental services primarily carbon sequestration i.e. the establishment of forest carbon sinks.

Review of operations
The first half of the 2008 financial year has been another successful year whereby the Group (and its related entities) has further consolidated its market and operational reputation as Australia's market leader in providing low cost carbon solutions through the establishment of dedicated carbon sink projects for governments, corporate Australia, small and medium sized Australian businesses and international multinationals.

During the 2007 planting season, the Group successfully completed a major offset program with Macquarie Bank Limited in the central wheat-belt regions of NSW as well as smaller offset programs for a number of clients.

The Group was also successful in securing new offset programs for a number of major Australian companies. These new carbon offset contracts are briefly summarised below:

- The sole carbon offset provider for Qantas's 'Fly Carbon Neutral Day';
- Announced a carbon offset program with Woodside for up to $100 million. This program will be established over the 2008 and 2009 planting seasons with Woodside having an option to undertake additional plantings in the 2010 to 2012 planting seasons. The Group is currently finalising contractual arrangements with Woodside in relation to this carbon offset program; and
- Announced that Eraring Energy – a NSW State Government power utility had exercised its uplift notice (under the previously announced 2005 Eraring/CO2 Australia Agreement) to undertake further carbon offset plantings.

The above new carbon offset contractual arrangements with Qantas and Woodside are scheduled for the current 2008 planting season.

Further comments on the operations and the results of those operations are set out below:

(a) *2008 planting season*
The current 2008 planting season will see carbon offset programs being established in both NSW and Victoria. This highlights the scalability (via a substantial land area available for planting) of the Group's program going forward.

By the end of the 2008 planting season, the Group will have successfully established carbon offset plantings in NSW, WA and Victoria – 3 of the 4 key planting areas for our program.

Review of operations (continued)

(b) *Demand for carbon offsets continues to increase dramatically.*

The Group continues to experience a dramatic increase in interest from corporate Australia, small and medium sized businesses and other international parties in its program. The Group has a number of continuing and new negotiations concerning major new carbon offset programs, many of which are structured over a number of consecutive planting seasons. This increase in demand can be attributed to a number of significant events that have occurred during the first half of the 2008 financial year as summarised below:

- Change of Federal Government - The new Prime Minister Kevin Rudd moved quickly to ratify the Kyoto Protocol, enabling the new Federal Government to play a major role in the Bali negotiations - regarding the so-called second commitment period, i.e. beyond 2012.
- The Federal Government reconfirmed its election commitment to a national carbon trading scheme by 2010 and a long-term emission reduction target of 60% by 2050.
- The (previous) Federal Government's Prime Ministerial Task Group on Emission Trading and United Nations (UNFCCC) have acknowledged the role of carbon sinks as a 'low cost' or 'least cost' short to medium term abatement opportunity available today, while new potential low carbon technologies are advanced in the longer term.

Importantly both Federal political parties, the Prime Ministerial Task Group and the National Trading Scheme being developed by the State and Territory Governments have endorsed the use of carbon sinks as offsets under the various proposed emission trading schemes.

These significant events have endorsed the Group's carbon business strategy placing the Group in a favourable regulatory/political environment to capitalise on the growing demand for carbon solutions.

(c) *New International Accreditations being investigated*

As previously highlighted, the Group's Program has been accredited under both the NSW Greenhouse Gas Abatement Scheme and the Federal Government's Greenhouse FriendlyTM Program. It still remains the only carbon offset provider with dual accreditations.

The Group also remains an Associate Member and Participant Member of the Chicago Climate Exchange (CCX). As an Associate Member of the CCX, CO2 Australia has agreed to offset 100% of its indirect greenhouse gas emissions associated with its business activities. As a Participant Member of CCX, CO2 Australia intends to act as an Offset Provider thus enabling CO2 Australia to be a supplier of carbon credit offsets produced by its Program into the North American Carbon Market.

Given the rapidly emerging global carbon market, the Group has initiated a review of potential further international accreditation available for its Program.

(d) *Research and Development*

The Group has maintained a significant research and development program which has a dual role of further enhancing the scientific integrity of our business strategy which in turn generates a significant amount of further intellectual property. The research and development program has also been tasked with significantly increasing the scalability potential of the Program in the medium term.

(e) *Appointment of New Chief Executive Officer*

On 18 July 2007, the Directors of CO2 Group appointed Mr Andrew Grant as the Group's new Chief Executive Officer (CEO). The appointment positions the company to further drive its expansion plans and capitalise on the emerging market opportunities.

Mr Grant's expertise in the area of rule design, carbon auditing and accounting – key elements in any accreditation process, were further acknowledged with his appointment to the international Voluntary Carbon Standard review panel.

The Group has further commercialised its CO2 AUSTRALIA™ Carbon Sequestration Program in NSW. Reported revenue for the period was predominately generated by agency fees received for the 2007 plantings season and annual management fees received from previous plantings.

The Company's share price has fluctuated during the half-year period as various announcements have been made with respect to new carbon offset planting contracts, other matters of significance and general market volatility. The directors have continued to develop the Group's interest in carbon sinks and expect that future financial periods will see revenue from further operations being generated.

The directors do not believe that they are able to provide any further comment or provide any predictions on the Group's future performance without potentially misleading shareholders and the general investment community.

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 on page 6.

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

On behalf of the Directors.

H R Whitcombe

Director

Perth
22 February 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX: 206
Tel: +61 (0) 8 9365 7000
Fax:
www.deloitte.com.au

The Board of Directors
CO2 Group Limited
Level 11
255 St Georges Terrace
Perth WA 6000

22 February 2008

Dear Board Members

CO2 Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CO2 Group Limited.

As lead audit partner for the review of the financial statements of CO2 Group Limited for the half-year ended 31 December 2007, 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants

Member of
Deloitte Touche Tohmatsu

CO2 Group Limited
Condensed consolidated income statement
For the half-year ended 31 December 2007

	Notes	Half-year ended Consolidated 2007 $	2006 (restated) (Note 4) $
Revenue from continuing operations (restated)	4	**831,212**	2,751,966
Other income	3	**585,951**	106,323
Employee benefits expense		**(1,405,892)**	(1,499,696)
Plantation costs		**(493,461)**	(2,053,632)
Depreciation and amortisation expense		**(56,183)**	(54,135)
Consulting expense		**(117,348)**	(5,465)
Finance costs		**(30,899)**	(14,006)
Legal fees		**(99,884)**	(198,451)
Travel expenses		**(202,838)**	(146,961)
Insurance expenses		**(64,354)**	(72,855)
Rent expenses		**(117,220)**	(115,323)
Research and development		**(43,312)**	(26,740)
Other expenses		**(398,387)**	(266,697)
Loss before tax		**(1,612,615)**	(1,595,672)
Income tax (expense) benefit		**(3,521)**	904,390
Loss for the period		**(1,616,136)**	(691,282)
		Cents	Cents
Loss per share:			
Basic loss per share		**(0.705)**	(0.349)
Diluted loss per share		**(0.705)**	(0.349)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

	Notes	Consolidated 31 December 2007 $	30 June 2007 $
ASSETS			
Current assets			
Cash and cash equivalents		**2,525,621**	3,295,841
Trade and other receivables		**1,042,884**	401,199
Inventories		**3,233,443**	1,496,992
Other current assets		**90,187**	87,589
Other current financial assets		**-**	5,469
Total current assets		**6,892,135**	5,287,090
Non-current assets			
Other financial assets - investments		**1,033,421**	1,478,790
Property, plant and equipment		**5,676,199**	5,641,744
Deferred tax assets		**1,239,610**	1,138,551
Intangible assets		**408,380**	408,380
Total non-current assets		**8,357,610**	8,667,465
Total assets		**15,249,745**	13,954,555
LIABILITIES			
Current liabilities			
Trade and other payables		**1,155,541**	1,058,012
Borrowings		**813,992**	730,397
Provisions		**265,045**	236,018
Deferred income		**1,949,884**	386,526
Total current liabilities		**4,184,462**	2,410,953
Non-current liabilities			
Borrowings		**39,246**	126,946
Total non-current liabilities		**39,246**	126,946
Total liabilities		**4,223,708**	2,537,899
Net assets		**11,026,037**	11,416,656
EQUITY			
Issued capital	5	**28,136,113**	26,855,565
Reserves	6	**5,232,574**	5,287,605
Accumulated losses		**(22,342,650)**	(20,726,514)
Total equity		**11,026,037**	11,416,656

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated	Notes	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total $**
Balance at 1 July 2006 (restated)	4	22,751,006	4,514,661	(17,040,730)	10,224,937
Loss for the half-year		-	-	(691,282)	(691,282)
Contributions of equity	5	7,221	-	-	7,221
Recognition of share-based payments	6	-	356,470	-	356,470
Balance at 31 December 2006		**22,758,227**	**4,871,131**	**(17,732,012)**	**9,897,346**
Balance at 1 July 2007		26,855,565	5,287,605	(20,726,514)	11,416,656
Changes in the fair value of available-for-sale financial assets, net of tax	6	-	102,596	-	102,596
Transfer to profit and loss on sale of available-for-sale investments	6	-	(495,155)	-	(495,155)
Deferred tax liability crystallised on sale of available-for-sale investments	6	-	148,547	-	148,547
Loss for the half-year		-	-	(1,616,136)	(1,616,136)
Contributions of equity	5	1,280,548	-	-	1,280,548
Recognition of share-based payments	6	-	188,981	-	188,981
Balance at 31 December 2007		28,136,113	5,232,574	(22,342,650)	11,026,037

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

	Half-year ended Consolidated	
	2007	2006
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**1,888,377**	1,313,434
Payments to suppliers and employees (inclusive of goods and services tax)	**(4,595,046)**	(4,448,700)
	(2,706,669)	(3,135,266)
Interest paid	**(35,004)**	(14,006)
Net cash outflow from operating activities	**(2,741,673)**	(3,149,272)
Cash flows from investing activities		
Payments for property, plant and equipment	**(90,638)**	(473,429)
Proceeds from sale of available-for-sale financial assets	**681,387**	-
Receipts from related parties - office & administrative services	**34,368**	-
Interest received	**65,788**	70,266
Net cash inflow (outflow) from investing activities	**690,905**	(403,163)
Cash flows from financing activities		
Proceeds from issues of shares and other equity securities	**1,280,548**	7,221
Proceeds from borrowings	**-**	639,259
Net cash inflow from financing activities	**1,280,548**	646,480
Net decrease in cash and cash equivalents	**(770,220)**	(2,905,955)
Cash and cash equivalents at the beginning of the half-year	**3,295,841**	4,664,254
Cash and cash equivalents at end of the half-year	**2,525,621**	1,758,299

The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by CO2 Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

(a) Basis of preparation of half-year financial report

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

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property. Cost is based on the fair values of the consideration given in exchange for assets.

Going concern
These half-year financial statements have been prepared on a going concern basis of accounting, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2007, the Group had net current assets of $6,892,135 and current liabilities of $4,184,462 resulting in net current assets of $2,707,673. Current assets include $2,525,621 of cash and cash equivalents. For the half year ended 31 December 2007, the Group incurred a negative operating cash flow of $2,741,673 and a net loss for the period of $1,685,589.

Having regard to these results, the Directors are nonetheless of the opinion that the going concern basis upon which the financial report is prepared continues to be appropriate, as the company is at an advanced stage of negotiations with a number of customers, which would inject significant funds into the Group.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that may be necessary should the company be unable to continue as a going concern.

2 Segment information

The Group's primary basis of segmentation is geographical.

The Group's operations are located solely within Australia.

3 Other income

	Half-year ended Consolidated	
	2007	2006
	$	$
Net gain on sale of available-for-sale financial assets (a)	**495,155**	-
Interest	**58,776**	70,004
Office services	**32,020**	36,319
	585,951	106,323

(a) Net gain on sale of available-for-sale financial assets

The net gain on sale of available-for-sale financial assets relates to the disposal of 500,000 shares in Atlas Iron Limited (ASX code: AGO) that the company was entitled to as a result of its investment in Western Australian Resources Limited.

4 Correction of error in reporting revenue in the previous financial year

The restatement of income for the comparative 6 month period is the recognition of revenue previously deferred by a restatement to the accounts for the year ended 30 June 2006. Please refer to the financial statements for the year ended 30 June 2007 for a full explanation of the restatement.

5 Issuances, repurchases and repayments of equity securities

During the half-year reporting period, CO2 Group Limited issued 18,088,890 ordinary shares (2006: 111,111) for $1,175,596 on conversion of 18,088,890 convertible preference shares. The company also issued 874,601 ordinary shares (2006: Nil) for $104,952 on exercise of 874,601 listed options. None of the options were exercised by employees of the company.

The company issued 9,000,000 unlisted share options (2006: 1,000,000) over ordinary shares to the Chief Executive Officer, Mr Andrew Grant. The fair value at grant date of these options ranged between $0.12 and $0.16 per share (2006: $0.123). There were no other issues of listed or unlisted share options in the period. In the prior half-year reporting period, the company issued 300,000 listed share options to an employee which had a value of $0.17 at grant date.

6 Reserves

	Consolidated	
	31 December 2007	31 December 2006
	$	$
Share-based payments reserve		
Balance 1 July	**3,315,517**	2,843,956
Equity -settled share-based payment	**188,981**	356,470
Balance 31 December	**3,504,498**	3,200,426
Option premium reserve		
Balance 1 July	**1,670,705**	1,670,705
Balance 31 December	**1,670,705**	1,670,705

6 Reserves (continued)

	Consolidated	
	31 December 2007 $	31 December 2006 $
Financial assets revaluation reserve		
Balance 1 July	**301,383**	-
Transfer to profit and loss on sale of available-for-sale investments	**(495,155)**	-
Deferred tax liability crystallised on sale of available-for-sale investments	**148,547**	-
Gain on revaluation	**142,788**	-
Deferred tax liability recognised on gain	**(40,192)**	-
Balance 31 December	**57,371**	-

7 Events occurring after the balance sheet date

Since 31 December 2007 CO2 Group Limited has issued 28,413,017 ordinary shares for $1,846,846 on conversion of 28,413,017 convertible preference shares.

Except for the matter discussed above, there has been no matter or circumstance that has arisen since 31 December 2007 that has significantly affected, or may significantly affect:

- the company's operations in future financial periods, or
- the results of those operations in future financial periods, or
- the company's state of affairs in future financial periods.

The directors declare that:

(a) in the directors' opinion, the financial statements and notes set out on pages 7 to 13 are in accordance with the *Corporations Act 2001,* including compliance with accounting standards and give a true and fair view of the financial position and performance of the consolidated entity; and

(b) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001.*

On behalf of the directors.

H R Whitcombe

Director

Perth
22 February 2008

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Woodside Plaza
Level 14
240 St Georges Terrace
Perth WA 6000
GPO Box A46
Perth WA 6837 Australia

DX: 206
Tel: +61 (0) 8 9365 7000
Fax:
www.deloitte.com.au

Independent Auditor's Review Report to the members of CO2 Group Limited

We have reviewed the accompanying half-year financial report of CO2 Group Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, cash flow statement, statement of changes in equity for the half-year ended on that date, selected explanatory notes 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 as set out on pages 7 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2007 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 CO2 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.

Deloitte.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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 CO2 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 2007 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*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Rupp
Partner
Chartered Accountants
Perth, 22 February 2008