EGL
The Environmental Group Limited

Unit 1A, 9 Packard Avenue
Castle Hill NSW 2154
Telephone: (02) 8858 3499
Facsimile: (02) 9899 3463
www.environmental.com.au

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D
For the half-year ended 31 December 2014
(Previous Corresponding Period: Half-Year ended 31 December 2013)

	Current Reporting Period $	Previous Reporting Period $	Change	Up/down	%
Revenue from continuing operations	10,991,038	5,152,502	5,838,536	Up	113%
Net profit/(loss) after tax for the period from continuing operations	306,619	(870,657)	1,177,276	Up	N/A
(Loss)/profit for the period from discontinued operations	(20,791)	65,713	(86,504)	Down	(132%)
Profit/loss attributable to equity holders of The Environmental Group Limited after non-controlling shareholder interest	296,374	(852,665)	1,149,039	Up	N/A

Dividends / Distributions
There are no dividends declared as at the date of reporting.

Explanation of figures reported above

Refer to attached half year report and covering commentary.

This Appendix 4D should be read in conjunction with the most recent annual report for the year ended 30 June 2014.

Half Year Interim Financial Report

31 December 2014

ASX HALF-YEAR INFORMATION : 31 DECEMBER 2014
Lodged with the ASX under Listing Rule 4.2A.
This information should be read in conjunction with The Environmental Group Limited's 30 June 2014 Annual Report 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.*

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The Environmental Group Limited ("EGL") is a company limited by shares, incorporated and domiciled in Australia. It is listed on the Australian Securities Exchange (ASX Code: EGL).

All press releases, financial statements and other information is available on our website at www.environmental.com.au . If you have any questions in relation to our reporting, please email the company secretary at afink@egl.com.au

CORPORATE DIRECTORY

THE ENVIRONMENTAL GROUP LIMITED

ABN: 89 000 013 427

Directors	Mr David Cartney (Non-Executive Chairman) Mr Ellis Richardson (Executive) Mr Sinan Boratav (Executive)
Company Secretary	Mr Allan Fink
Registered Office	Unit 1A, 9 Packard Avenue Castle Hill NSW 2154 Telephone: (02) 8858 3499 Facsimile: (02) 9899 3463 Email: afink@egl.com.au Website: www.environmental.com.au
Share Registry	Board Room Limited Level 7,207 Kent Street Sydney NSW 2000 Telephone: (02) 9290 9600 Facsimile: (02) 9279 0664
Home Stock Exchange	The Environmental Group Limited's shares are listed on the Australian Securities Exchange. Listing Code: EGL
Auditor	McIntosh Bishop Level 4, 83 Mount Street, North Sydney NSW 2060

THE ENVIRONMENTAL GROUP LIMITED HALF YEAR REPORT

Contents

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 2014 and any public announcements made by The Environmental Group Limited ("EGL") during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001. EGL's public announcements, financial statements, and other information is available on our website at www.environmental.com.au.

The Directors' Report

Your Directors present their report on the consolidated entity consisting of The Environmental Group Limited ("EGL") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The name of Directors who held office during or since the end of the Half-Year are:

Mr Ellis Richardson (Executive) was a Director of EGL during the whole of the half-year and up to the date of this report. Mr Richardson held the position of Executive Chairman until 1 December 2015

Mr David Cartney (Non-Executive) was appointed a Director of EGL on 22 September 2014 and Non-Executive Chairman on 1 December 2014 and remained in that position up to the date of this report.

Mr Sinan Boratav (Executive) was appointed a Director of EGL on 1 October 2014 and remained in that position up to the date of this report.

Mr Louis A. Niederer was a Non-Executive Director of EGL until his resignation on 1 October 2014

Mr Tim Hargreaves was Non Executive a Director of EGL until his resignation on 22 September 2014.

Mr Giles Woodgate was a Non-Executive Director of EGL until his resignation on 1 October 2014

Company Secretary

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

REVIEW OF OPERATIONS

The half-year under review has been a period of consolidation, with particular emphasis on reducing operating costs to ensure the cost base is appropriate to the needs of the business. Total Air Pollution Pty Limited (TAPC) has been reshaped into two business units, the first focusing on the electrostatic precipitator and filtration business and the second focusing on the gas and vapour business, each managed by a General Manager. This has allowed a review of the resourcing needs for each business unit resulting in annualised cost savings of $900,000. Baltec IES Pty Limited continued to make a significant contribution to the group's revenue and profitability for the half-year under review and continues to win international business within an extremely competitive market environment. Baltec and TAPC have worked together over the past 6 months to identify business opportunities and in sharing technical expertise and supplier knowledge.

Revenue for the first half of the year increased to $11.0 million compared to the corresponding period of $5.2 million. This increase is as a result of a 19% increase in the revenue of TAPC and the recognition of revenue of Baltec for the full period compared to only one month's contribution in six months ended 31 December 2013.

The consolidated entity recorded a profit before taxation of $37,593 compared to a loss before taxation of $1.289,071 for the comparative period. The profit after tax from continuing operations was $306,619 compared to a Loss of $870,657. This represents a significant turnaround for the group, and is a direct consequence of the work done in closing non-profit making subsidiaries (which produced a loss from discontinued operations of $20,791), increasing TAPC revenue and a concerted effort in reducing costs in TAPC together with a reduction of $140,000 in corporate costs. In addition, the results include Baltec for six months compared to only one month in the comparative period.

Baltec continues to bid and win competitively priced international contracts, requiring significant cash commitments that have been carefully managed.

The group has developed its relationships with existing providers of funding and has negotiated new, more favorable funding arrangements. The group relies predominantly on internally generated cash to fund its operations, however past corporate issues and loss making subsidiaries, have made the procurement of traditional finance more difficult. The work to reverse these issues taken by your Directors over the past 6 months will provide EGL the ability to engage with financiers on a normalised basis.

The management of the TAPC business as two distinct specialist business units as, noted earlier, will allow management to focus on building sales and technical capability, whilst continuing to benefit from utilising shared resources. The evaluation of resourcing requirements and the resultant cost reductions have resulted in a smaller more focused "right-sized" organisation for the current levels of activity.

The outlook for the remainder of the year is expected to be similar to the first 6 months, but will depend upon the building of the sales pipeline over the next 2 months, to this extent, management are committed to building the profitability of the group to provide a market related return to shareholders.

Your Directors are committed to the development and growth of EGL and to this end they continue to consider and evaluate possible future acquisitions, when funding and opportunity allow.

Whilst the 6 months under review has been one of consolidation and building, the board appreciate that the improvement in the results is a reflection of the hard work undertaken by the Executive Leadership Team and all employees of the group, who together with the board continue to build the foundation to move forward and grow EGL.

Dividends

No dividends have been declared or paid during the current reporting period and up to the date of this report.

Significant Events after balance sheet date

No significant events have occurred in the state of affairs of the consolidated entity since the end of the financial period under review up to the date of this report.

Auditor's Independence Declaration

The auditor's independence declaration under s307C of the Corporations Act 2001 is set out on page 7, and forms part of this report.

This report is signed in accordance with a resolution of the Board of Directors.

David Cartney

David Cartney
Non-Executive Chairman
Melbourne
25 February 2015

McIntosh Bishop

**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 2014, 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

R Macdonald 24 FEB 2015.

Robert David Macdonald
Partner
Sydney

McIntosh Bishop
Chartered Accountants
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Consolidated Statement of Comprehensive Income

For the Half Year Ended 31 December 2014

	Half-Year	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
Revenue from continuing operations	10,991,038	5,152,502
Subcontracting and material costs	(8,941,209)	(3,026,383)
Gross profit	2,049,829	2,126,119
Employee expenses	(1,366,528)	(2,128,089)
Occupancy expenses	(102,229)	(231,695)
Marketing expenses	(41,795)	(30,052)
Professional fees	(356,038)	(405,838)
Depreciation and amortisation	(30,301)	(58,809)
Distribution from Liquidated entity	84,660	-
Other expenses	(56,294)	(444,882)
Operating profit/(loss)	181,304	(1,173,246)
Interest expense	(148,055)	(120,999)
Interest income	4,344	5,174
Profit/Loss before income tax	37,593	(1,289,071)
Income tax expense	269,026	418,414
Net profit/(loss) after tax for the period from continuing operations	306,619	(870,657)
Discontinued operations		
(Loss)/profit for the period from discontinued operations	(20,791)	65,713
Net (loss)/profit after tax for the period from discontinued operations	285,828	(804,944)
Other comprehensive income		
Issue of options	-	(54,112)
Total comprehensive income for the period	285,828	(859,056)
Profit/(Loss) attributable to:		
Equity holders of The Environmental Group Limited	296,374	(852,665)
Non-controlling shareholders interest	(10,546)	(6,391)
	285,828	(859,056)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Group	**Cents**	**Cents**
Basic earnings per share		
Earnings/(loss) from continuing operations	0.20	(0.98)
Earnings/(loss) from discontinued operations	(0.01)	0.07
Total	0.19	(0.91)
Diluted earnings per share		
Earnings/(loss) from continuing operations	0.20	(0.98)
Earnings/(loss) from discontinued operations	(0.01)	0.07
Total	0.19	(0.91)

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

Consolidated Statement of Financial Position

As at 31 December 2014

	31 Dec 2014 $	30 Jun 2014 $
Current Assets		
Cash and cash equivalents	1,542,795	1,192,745
Trade and other receivables	4,300,361	3,248,826
Other financial assets	808,372	161,051
Inventories	124,475	338,002
Other current assets	288,152	957,824
Total Current Assets	**7,064,155**	**5,898,448**
Non Current Assets		
Plant and equipment	755,668	771,892
Deferred tax assets	2,607,927	2,338,901
Intangible assets	9,109,118	9,109,118
Total Non Current Assets	**12,472,713**	**12,219,911**
Total Assets	**19,536,868**	**18,118,359**
Current Liabilities		
Trade and other payables	4,896,195	3,344,123
Interest bearing liabilities	15,465	1,077,782
Provisions	486,961	61,721
Tax liabilities	89,210	916,996
Total Current Liabilities	**5,487,831**	**5,400,622**
Non Current Liabilities		
Interest bearing liabilities	2,265,923	1,268,703
Deferred tax liabilities	161,894	161,894
Provisions	71,375	73,478
Total Non Current Liabilities	**2,499,192**	**1,504,075**
Total Liabilities	**7,987,023**	**6,904,697**
Net Assets	**11,549,845**	**11,213,662**
Equity		
Share Capital	21,005,632	21,005,632
Retained earnings	(9,670,896)	(9,967,270)
Reserves	229,799	179,444
Non-controlling interest	(14,690)	(4,144)
Total Equity	**11,549,845**	**11,213,662**

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

Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2014

	Half-Year	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
Cash flows from operating activities		
Receipts from customers	11,038,607	7,826,393
Payments to suppliers and employees	(10,613,286)	(7,208,731)
Interest received	2,503	5,174
Finance costs	(148,055)	(120,999)
Net cash inflow from operating activities	**279,769**	**501,837**
Cash flows from investing activities		
Purchase of plant and equipment	(14,076)	(2,588)
Decrease in fixed term deposit	149,452	(241,922)
Net cash outflow from investing activities	**135,376**	**(244,510)**
Cash flows from financing activities		
Repayment of Leases	(65,095)	(277,788)
Net cash (outflow)/inflow from financing activities	**(65,095)**	**(277,788)**
Net (decrease)/increase in cash and cash equivalents	**350,050**	**(20,461)**
Cash and cash equivalents at the beginning of the half year	1,192,745	593,737
Net cash acquired with subsidiary	-	425,542
Cash and cash equivalents at end of period	**1,542,795**	**998,818**

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

Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2014

CONSOLIDATED	Share Capital $	Retained Earnings $	Reserves $	Non-controlling interests $	Total Equity $
At 1 July 2014	**21,005,632**	**(9,967,270)**	**179,444**	**(4,144)**	**11,213,662**
Total comprehensive income	-	296,374	-	-	296,374
Option		-		-	-
FX currency reserves			50,355	-	50,355
Non-controlling interest	-			(10,546)	(10,546)
At 31 December 2014	**21,005,632**	**(9,670,896)**	**229,799**	**(14,690)**	**11,549,845**

CONSOLIDATED	Issued Capital $	Retained Earnings $	Reserves $	Non-controlling interests $	Total Equity $
At 1 July 2013	**16,855,632**	**(10,751,128)**	**152,966**	**-**	**6,257,470**
	-	-	-	-	-
Total comprehensive income	**-**	(859,056)	-	6,391	(852,665)
Acquisition of Baltec	**3,973,732**	-	(12,317)	-	3,961,415
Issue of 4,000,000 shares	**200,000**	-	-	-	200,000
Issue of 20,000,000 options	**-**	-	54,112	-	54,112
At 31 December 2013	**21,029,364**	**(11,610,184)**	**194,761**	**6,391**	**9,620,332**

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

Notes to the Consolidated Financial Statements
For the Half Year Ended 31 December 2012

1. Basis of Preparation of half-year report

This general purpose consolidated financial report for the interim half-year reporting period ended 31 December 2014 has been in accordance with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Act 2001.*

This interim financial report does not include all notes of the type normally included in an annual financial report. The financial report of The Environmental Group Limited for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 26 February 2014. This report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by EGL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

2. Comparative figures

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

3. Segment Information

Identification of reportable segments

Previously the group had identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The business of Facility Services was discontinued during the period, EGL therefore only comprises Products and the Corporate Segment which are not considered distinct segments. Therefore as there are no longer distinct business, the reporting of the segment performance has not been provided

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.

4. Contingent Liabilities

	31 Dec 2014 $	31 Dec 2013 $
Estimates of material amounts of contingent liabilities, not provided for in the financial reports arising from bank guarantees in respect of performance:	2,447,637	1,764,650

5. Interest-Bearing Loans and Borrowings

Interest bearing liabilities include Commercial Hire Purchase leases of $23,922, an interest bearing loan from interest bearing loans from Baltec Inlet & Exhaust Pty Ltd of $2,007,466 and an interest bearing loan from CBA of $250,000.

6. Events occurring after balance sheet date

No other significant events have occurred in the state of affairs of the consolidated entity since the end of the financial period under review up to the date of this report.

7. Dividends and Distributions paid or payable

No dividends have been declared or paid during the current reporting period and up to the date of this report.

Directors' Declaration

In the opinion of the directors:

a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.

b) there are reasonable grounds to believe that The Environmental Group Limited 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.

David Cartney
Non-Executive Chairman

Melbourne
25 February 2015

McIntosh Bishop

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

Report on the financial report

We have reviewed the accompanying half-year financial report of The Environmental Group Limited ("Company"), which comprises the consolidated statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes to the financial report and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-yearly 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 and the *Corporations Act 2001*, and for such internal control as 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; selecting and applying appropriate accounting policies; and making accounting estimated 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 Australian Auditing Standards 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 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 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*. As the Auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company on 24 February 2015, would be in the same terms if provided to the directors as at the date of this auditor's review report.

McIntosh Bishop
Chartered Accountants

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McIntosh Bishop

Electronic presentation of reviewed financial report

This Auditor's review report relates to the financial report of the Company for the half-year ended 31 December 2014 included on the Company's website. The Company's directors are responsible for the integrity of the Company's website. We have not been engaged to report on the integrity of the Company's website. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

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 Company 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 2014 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

Macdonald 25 FEB 2015.

Robert David Macdonald
Partner

Sydney

SUPPLEMENTARY APPENDIX 4D INFORMATION

NTA Backing	Dec'14	Jun'14
Net tangible asset backing per ordinary security	-0.003 Cents	-0.09 Cents
Net asset backing per ordinary security	7.13 Cents	14.18 Cents

NTA Backing (for comparative purposes only)	Dec'14	Jun'14 **Note 1**
Net tangible asset backing per ordinary security	-0.003 Cents	-0.04 Cents
Net asset backing per ordinary security	7.13 Cents	6.92 Cents

Note 1:
The number of shares used in the calculation of the NTA Backing (for comparative purposes only) is number of shares in issue at 31 December 2014, this therefore includes 83M shares issued in November 2013 whereas, the weighted average number of shares have been used in the NTA Backing calculation.

Other Supplementary Information

Appendix 4D Items 4, 5 and 6 are not applicable.