

**APPENDIX 4E****The Environmental Group Limited  
ABN 89 000 013 427  
And its controlled entities****Preliminary Final Report  
Financial Year Ended 30 June 2016**  
*(Previous reporting period: Year ended 30 June 2015)***This report is based on audited accounts****Results for announcement to the market**

Revenues from ordinary activities	Down	(924,047)	or	(3%)	to	\$ 25,726,811
Total profit from continuing operations before taxation	Down	(488,942)	or	(91%)	to	47,723
Total profit from continuing operations after taxation	Down	(358,858)	or	(104%)	to	(12,601)
Total comprehensive profit for the year	Down	(347,903)	or	(104%)	to	(13,984)
Net profit for the year attributable to members	Down	(347,918)	or	(94%)	to	21,741

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
Final dividend proposed:	<b>Nil</b>	<b>Nil</b>
Interim dividend paid:	<b>Nil</b>	<b>Nil</b>
Record date for determining entitlements to the dividends:	<b>Not applicable</b>	

The directors have declared no dividends during the period.

**Explanation of figures reported above**

Refer to attached annual report and covering commentary.

**This financial report is the preliminary final report provided to the Australian Securities Exchange under listing rule 4.3**

29 August 2016

**Commentary on Results for the Year Ended 30 June 2016****Chairman's Report**

Dear Shareholders,

I would like to thank my fellow Directors, our Executive Leadership Team and all staff for their continued commitment and support over the past twelve months, as during the previous financial year, The Environmental Group Limited (EGL) has been further consolidated, commercially refocused and organisational improvements have been made. This process was a continuation from the previous year.

On behalf of the Board I particularly extend my thanks to Ellis Richardson who stepped into fill the role of Group Managing Director after the resignation and departure of Henk van Kruining. As Group Managing Director, Ellis began to critically focus on the Baltec IES Pty Limited (Baltec) business with particular emphasis on obtaining more appropriate projects within the agreed targeted strategic focus. This Ellis successfully implemented and has led to a larger number of smaller yet significantly superior projects being won. As a result, and discussed in the Managing Director's report, the pipeline build of work carried over into the 2017 financial year is encouraging.

During the year under review EGL's profit was \$21,741 with Total Air Pollution Control Pty limited (TAPC) continuing to disappoint and drag down EGL's financial performance. In response to this poor performance by TAPC, which was driven by an increasing competitive environment and contracting investment by the mining sector, the two business units of TAPC were combined under the direct leadership of one single General Manager, Robert Henderson, who on streamlining TAPC reviewed the activities and resources and delivered some good cost savings. Importantly TAPC's General Manager has refocused efforts on business development and sales activities and has invested additional resources in these key areas. This has had an immediate and positive impact on the TAPC business, and we cautiously expect this continued focus should improve its future business opportunities. However, TAPC will remain under the active scrutiny of the Directors to try and avoid losses such as TAPC incurred in FY 2016.

As you may be aware, Sinan Boratav resigned as a director of EGL and Baltec in July 2016, but continues to work within the Baltec business. The Board extend our thanks and gratitude to Sinan for his significant hard work, commitment and dedication to Baltec and the group over many years, and look forward to continuing to work with him in the future.

**Outlook**

Whilst a more detailed review of the results of the group will be discussed in the Managing Director's report, I note that the overall results are disappointing due to the adverse impact of the losses within TAPC. Despite the disappointing and small profit generated by the group, the restructuring and refocus of TAPC and the significant Baltec pipeline are nevertheless a strong basis for a cautious improvement outlook in EGL's future prospects.

The Directors and management continue to work on restoring the profitability of the group to deliver results acceptable to our shareholders. The cautious improvement to profitability that we are now beginning to see will also be dependent on TAPC continuing to deliver revenue growth in its difficult markets and Baltec remaining focused to win and deliver on its pipeline and source future likewise targeted projects.

The Directors cautiously expect that the FY 2017 should see an improvement in the profitability and improved stability within the EGL Group, particularly as the recent organisational changes settle down and the business continues to concentrate on its core business.



Mr David Cartney

Chairman