



ENVIRONMENTAL SOLUTIONS INTERNATIONAL LTD

WEBSITE: www.environ.com.au

1 May 2003

ASX ANNOUNCEMENT

ESI AWARDED NEW CONTRACTS VALUED OVER \$20 MILLION

During April 2003 Environmental Solutions International Ltd (ESI) finalised commercial and technical negotiations for new contracts exceeding \$20 million.

A number of the new contracts are for the design and construction of drinking water treatment plants in Australia. These contracts follow on from ESI's success in winning the contracts for three new drinking water treatment plants in North Queensland last year, the largest of which has a capacity of 35 ML/day.

Additional to the above new contracts ESI has been awarded "preferred contractor" status for four wastewater treatment contracts valued in excess of \$30 million. It is anticipated that negotiations on three of these projects (valued over \$20 million) will be concluded successfully prior to 30 June 2003.

Together with the balance of contracts in hand the company should commence the 2003/2004 year with a record high order book exceeding \$50 million, for water and wastewater treatment business. It is anticipated that the majority of this revenue should be derived during the 2003/2004 financial year, instead of this year.

Over the past 10 months, ESI has invested in additional resources in tendering and developing the above-mentioned business, especially in the drinking water market which is supplementary to the wastewater treatment business – the company's traditional area of strength and expertise. In the same time period the company also expended in excess of \$1.5M, on the commercialisation and marketing of its ENERSLUDGE™ technology. All business development and commercialisation costs have been written off against profit and not capitalised. Thus with revenue from the above-mentioned new contracts flowing into next financial year and the continued expenditure on ENERSLUDGE™, the Board is of the opinion that the second half results for the 2002/2003 financial year are likely to be similar to those reported for the first half.

ESI Managing Director, Denis Glennon said: "In view of the slower than anticipated take up of thermal technologies such as ENERSLUDGE™, in the sewage sludge market in parts of Europe we have shifted our focus to the US and Japanese markets".

As a result of this recent marketing of ENERSLUDGE™ by the company significant new interest in the technology has been generated in both of these markets. ESI will meet with six US-based companies in May and with a number of the Japanese companies shortly thereafter.

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"The outstanding success from ESI's recent tendering in the drinking water market in Australia and its continued success in the wastewater treatment sector will allow the company to move into its next stage of growth with confidence.

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