26 November 2002

The Manager
Companies Announcements Office
Australian Stock Exchange
10th Floor
20 Bond Street
SYDNEY NSW 2000

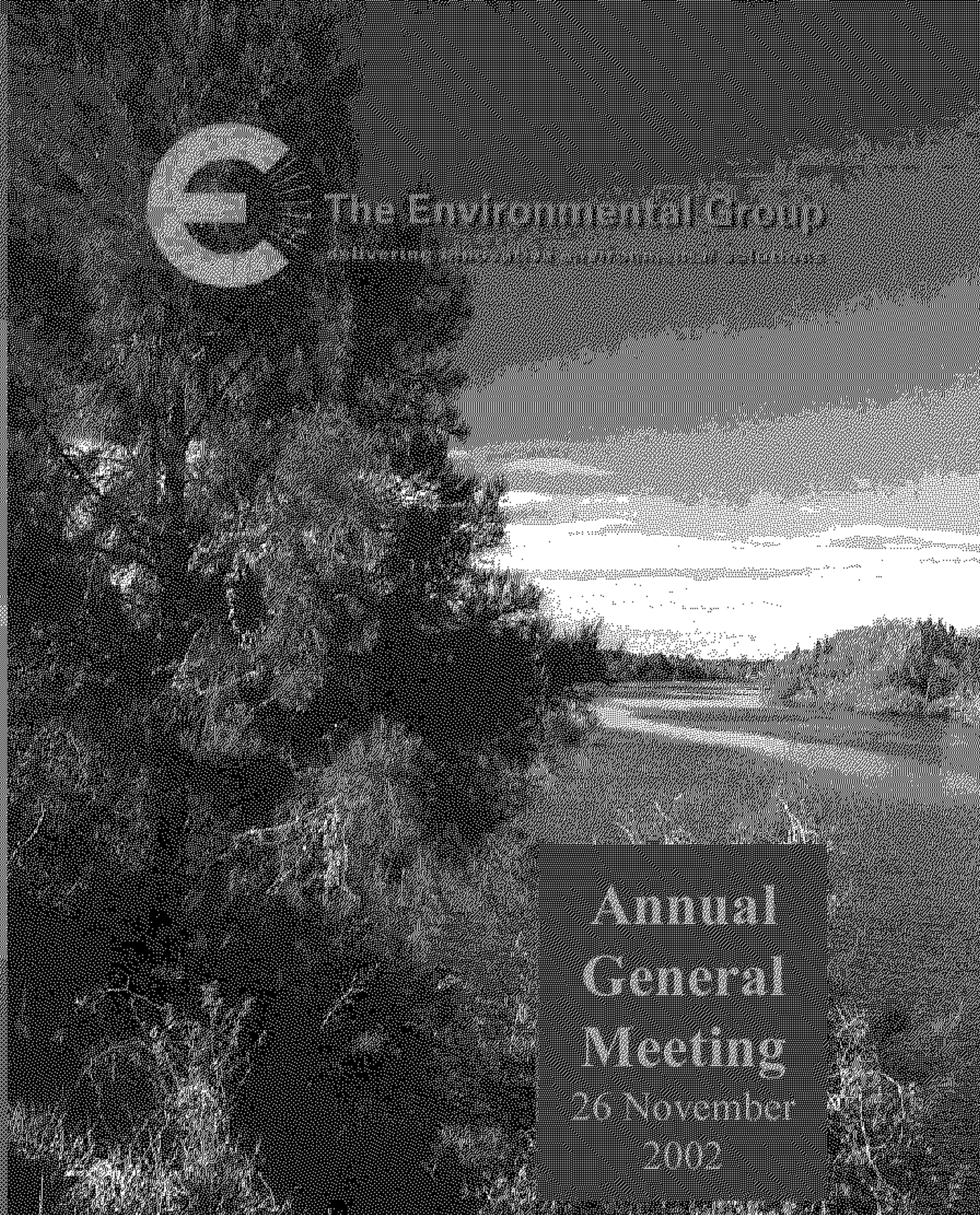
Subject: EGL – AGM 2002
Chairman and Managing Director Presentation

Please find the Chairman and Managing Director presentations that will be delivered at today's AGM at The Wentworth Hotel, 61-101 Phillip Street SYDNEY at 1.00pm.

Yours faithfully
The Environmental Group Limited

Victor Mahoney
Company Secretary

EGL


The Environmental Group
Annual
General
Meeting
26 November
2002

Environmental Group Limited

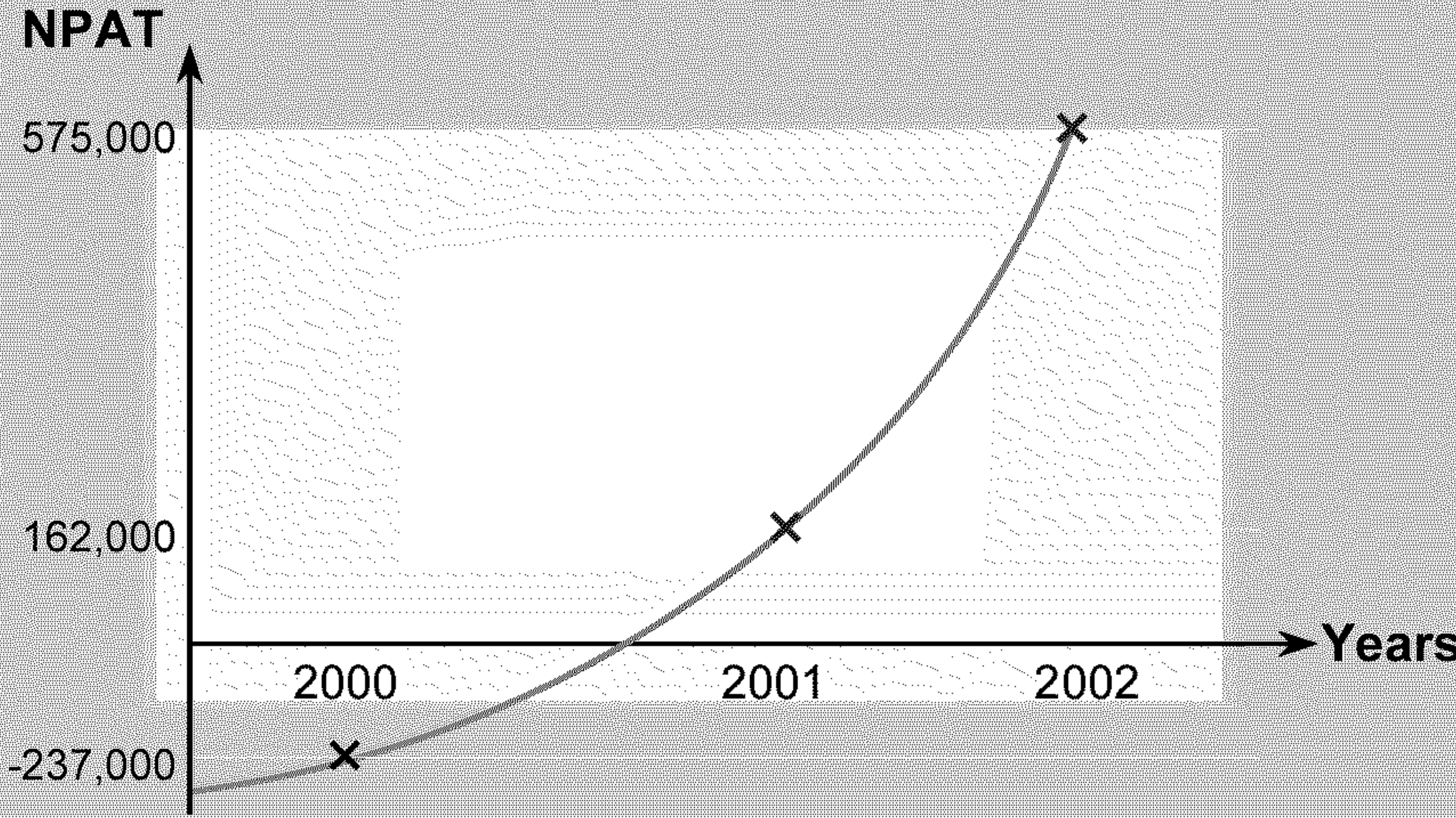
Chairman's Address
2002

The Year in Review

Snapshot of the financial results for the year ended 30 June 2002

- Net profit after tax up 219% to $575,000
- EBITDA up 160% to $902,000
- Net cash flow from operations up 840% to $1,552,000

Net Profit after Tax (2000 – 2002)



Forecast Financial Performance

A perspective on the forecast financial performance for the year ending 30 June 2003

- In the first 4 months to 31 October 2002 EGL has received orders in excess of $15.6 million (compared with revenue in the 2002 financial year of $9.5 million)
- Forecast profit before tax (PBT) of $1 million for the year ended 30 June 2003 up over 40% over the prior year.

EGL

Witnessing the Transformation of EGL

From:

Engineering product driven contractor

↓

To:

A company addressing the needs of the environmental sector

Mission Statement

EGL's mission is to give exceptional returns to its shareholders and staff whilst making a positive contribution to the communities in which it operates, by delivering effective environmental solutions.

To achieve this we will excel in:

- **Designing and delivering solutions which are robust and cost effective in use, including the operation of systems and delivery of services,**
- **Creating confidence amongst clients and potential clients in the technical and managerial capacity of EGL, and in its corporate reliability.**

What is Driving the Transformation

- Growth
- Diversity of Income
- An Ethical Company

Why is Growth Important

- Underpins future viability
- Improves profitability by reducing overheads as a percentage of sales
- Reduces the impact of any one adverse event
- Creates new opportunities for profitable growth
- Is not without risks
- First bench mark – annual recurrent revenue of $20 million

Diversity of Income

- Three distinct businesses:
  - air
  - water
  - low pressure sewer
- Diversity by geographic segments and market segments
- Reduces the volatility in future earnings

EGL an Ethical Company

- Economically, socially and environmentally sustainable
- Employer of choice
- Focus on good Governance
  - ✳ Board Composition
  - ✳ Transparency
- Invest for the long term
  - ✳ Sustainable profitability
  - ✳ Credence to the communities we serve
  - ✳ Stable workforce

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Environmental Group Limited

Managing Director's Address
2002

EGL

Innovative Solution Provider

EGL is a Provider of Innovative Solutions for customer's environmental needs, concentrating on the gas and vapour and water treatment areas

	Gas and Vapour	Water / Sewage
Industries:	• Sewage Treatment • Mineral Processing • Chemical/Petrochemical • Food Processing • Pulp and Paper • Fertiliser • Manufacturing • Oil and Gas	• Potable Water • Sewage Treatment • Oily Water • Dairy processing • Food and beverage • Wineries • Abattoirs • General industry
Solutions:	• Odour control • NOX/SOX removal • Hydrocarbons • Vapour emission control • Flue gas desulphurization • Humidification • Solvent recovery • Service and replacement parts	• Water quality enhancement • Primary treatment (suspended solids, oil and grease removal) • BOD/COD removal • Biomass (solids) removal • Sludge digestion and handling • Effluent polishing • Algae removal • Phosphorus removal • Water reclamation for re-use • Pressure sewers

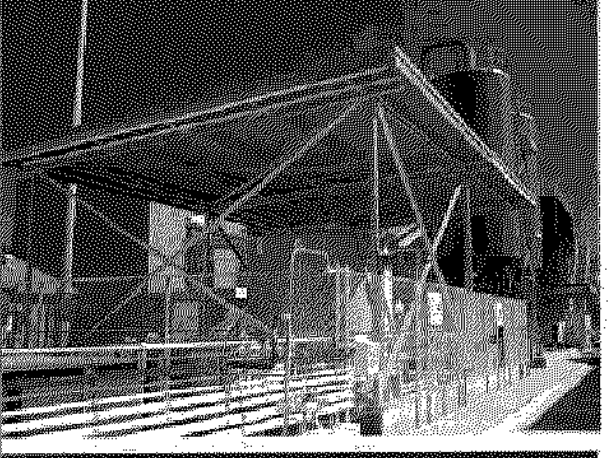
LEADING TO

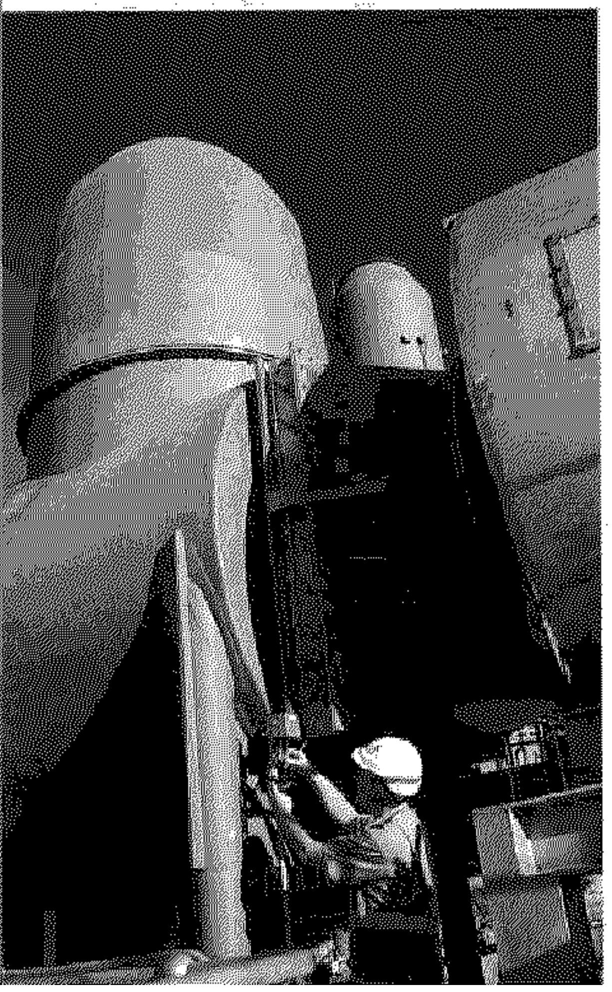
Emerging Opportunities

* Contractor to Solution Provider
* Best of breed Technology Suite
* Environmental Infrastructure and Asset Management

EGL provide life of project support, from testing, design, turnkey project delivery and commissioning, right through to ongoing service, maintenance and ownership if appropriate. EGL have access to and ongoing support for the best available technologies tailored to meet customers specific conditions and needs – either our own proprietary intellectual technologies or via strategic alliances with leading international companies.

Odour Control System at St Marys Sewage Treatment Plant for Sydney Water.





Top left:
Chemical storage facility at St Marys Sewage Treatment Plant for Sydney Water

Above:
Odour Control System installed at St Marys Sewage Treatment Plant

Left:
Testing of Odour Control System at North Head Sewage Treatment Plant for Sydney Water

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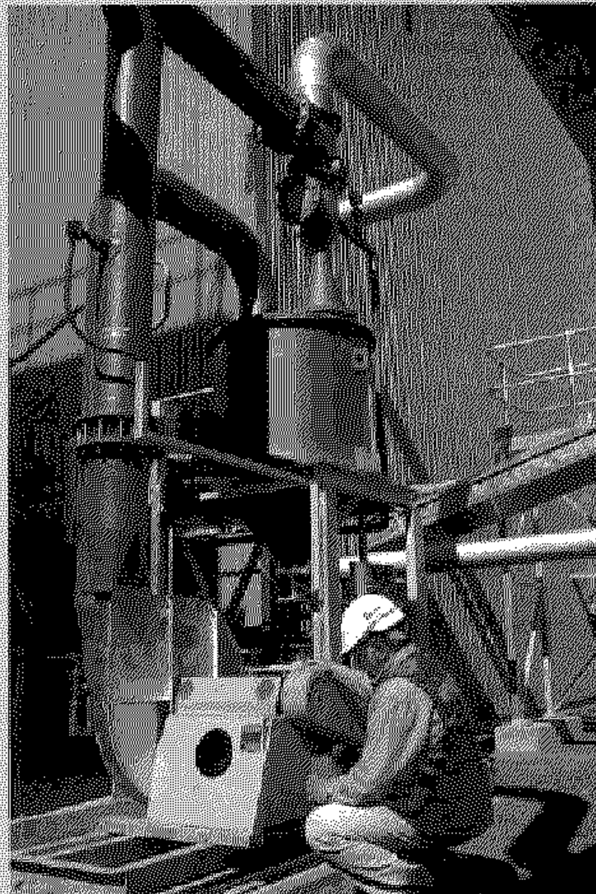
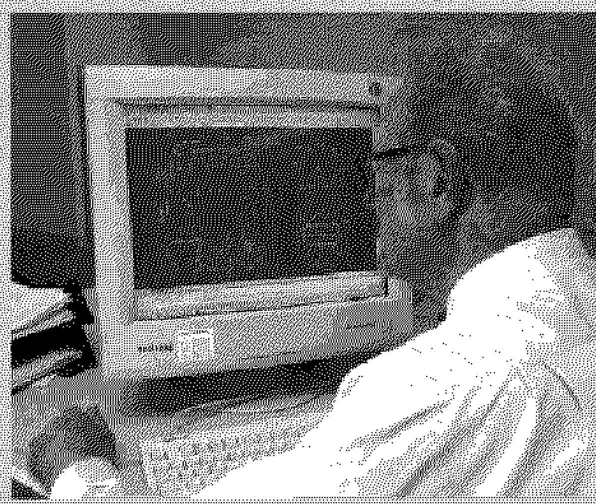




Top left:
Performance testing of Odour Control System for Sydney Water

Bottom left:
Computer aided design of flowchart for Odour Control System

Top right:
Odour Collection and Control System installed at Glenfield Sewage Treatment Plant

Centre right:
Odour Control System at North Head Sewage Treatment Plant for Sydney Water

Bottom Right:
Odour Control System at North Head Sewage Treatment Plant for Sydney Water

EGL

Tertiary water treatment system for sewage treatment - "Jameson Cell"

People

- Very low staff turnover
- Employer of Choice
  - Structured training program
  - Staff Share Plan
  - Staff Bonus Scheme
- Increasing staff numbers as approach critical mass

Ethical and Social Issues

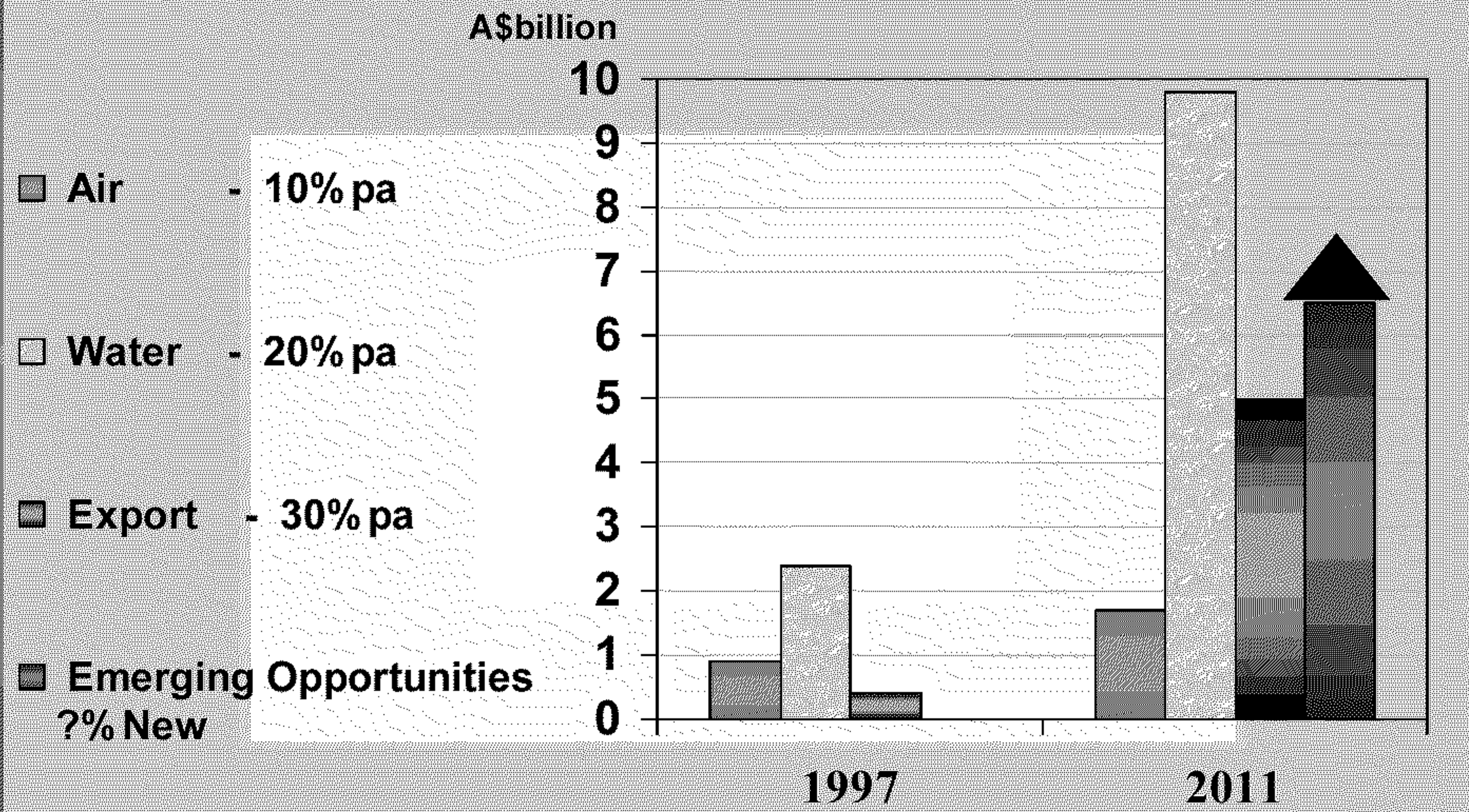
- Environmentally appropriate technologies
- Positive environmental benefits
- Community involvement
- EGL suitable as an Ethical Investment (SRI)

The Future

Business Model

- Profitable Growth
- Customer and Market Focus
- Targeted, high growth market segments
  - Air
  - Water
- Satisfying market demands
  - Best available technology at competitive price
  - Solution provider
- Leverage into emerging opportunities

HIGH GROWTH FOR AUSTRALIAN ENVIRONMENTAL MARKET



Source: EIAA

Business Environment

- Best prospects in 3 years
- Less reliance on individual contracts
- More recurrent income
- Until complete some volatility of earning remains
- EGL benefiting from diversity of income streams

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Emerging Opportunities - Leveraging off Technical & Marketing Skills

- Contractor to solution provider
- Me-to to different / unique approach
- Best of breed technology suite
- Opportunistic capture of value

First Emerging Opportunity - Sydney Water PFP Opportunities

- Backlog sewerage program - $350m over 5 to 10 years
- 1st stage $140m for priority sewerage program
- Why EGL will capture opportunity?
  - Preferred technology provider
  - Alliance with key players - technical
    - experience
    - financial
    - insurance / warranty

Events following end of financial year

- Order intake for first few months $15.6 million
- Largest ever export order, $5 million
- Largest ever order, $7 million
- Wins first major pressure sewer system order for $1.7 million
- Forward order book exceeds $16 million at end of October
- Range of products and capabilities continues to expand
- "Jameson Cell" selected for Australian Technology Showcase
- Excellent prospects for further success in next 6 months

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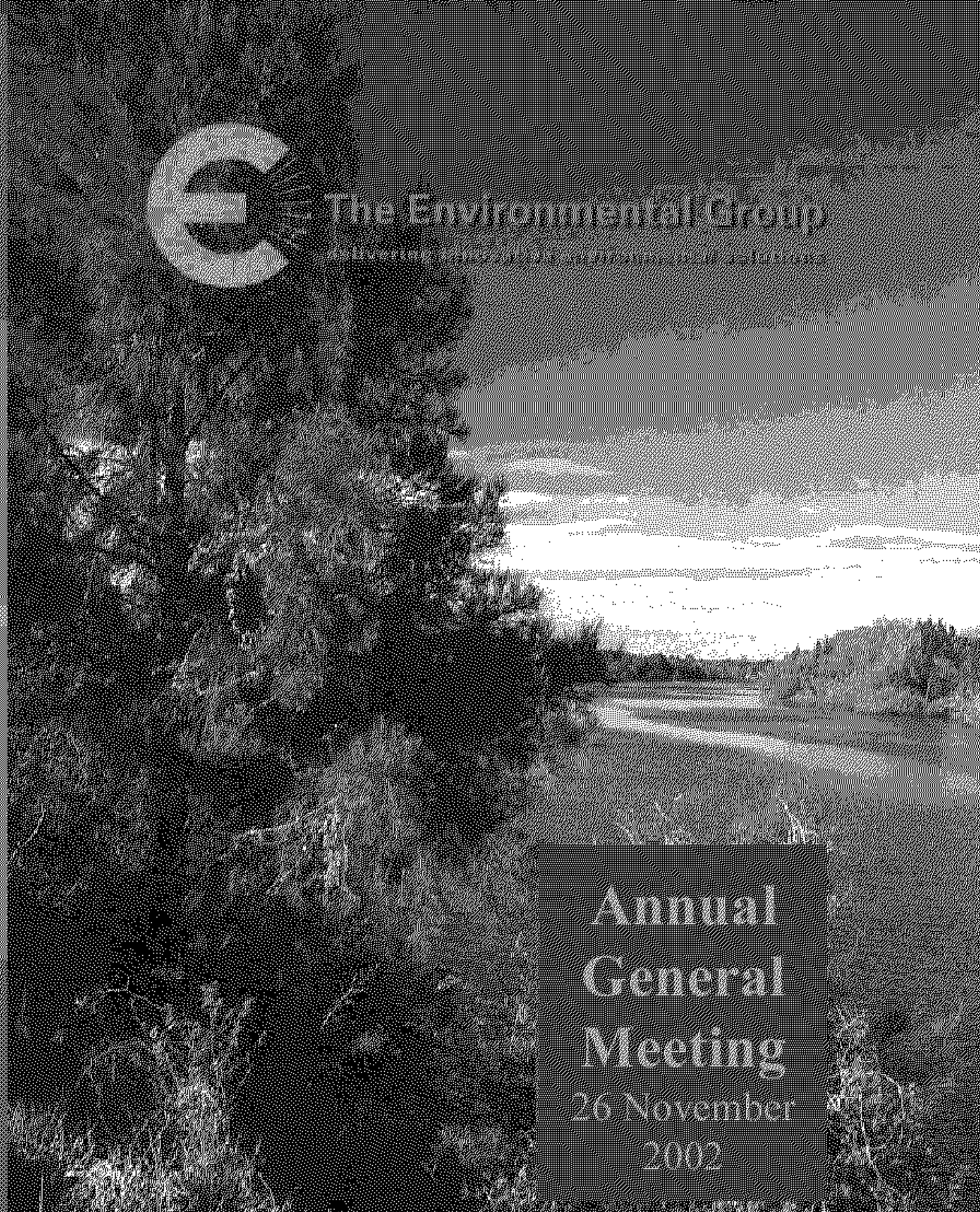

The Environmental Group
Annual General Meeting
26 November 2002

EGL as an investment

EGL

Market Capitalisation as at May, 2002

Number of Shares on Issue	-	62.4 million
Market Price per Share	-	16¢ (yearly range 7-16¢)
Market Capitalisation	-	\$10 million
Debt: Nil	-	Cash / Investments - \$2.8 million
Top 20 Shareholder	-	62.0% (62.5% in 2001)

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EGL vs COMPARABLE LISTED COMPANIES

DESCRIPTION	READY FOR EMERGING OPPORTUNITIES	EPS	SHARE PRICE ¢	MKT CAP $M	P/E
ENVIRONMENTAL GROUP (EGL)	YES	+1	16	10	16
ENVIRONMENTAL SOLUTIONS (ESI)	NO	+1.7	25	20	15
QED CORPORATION (QED)	NO	-2.1	8	5	N/A
CARDIA TECHNOLOGY (CNN)	NO	-2.1	8	10	N/A
ZEOLITE AUST. (ZEO)	NO	-2.2	13	4	N/A
CDS TECHNOLOGY (CDS)	NO	+3.9	125	41	32
ENVIROSTAR ENERGY (EEL)	NO	-4.3	9	5	N/A
ENVIRONMENTAL RECOVERY (ERS)	NO	9.9	79	16	8

EGL

Growth of Ethical Investment Funds in Australia

FY2001	$300 million
FY2011	$40,000 million

Drives share price and PE.

EGL one of a very small number of high growth, environmental benefit providers listed on the ASX that are profitable and cash flow positive.

Source: EIAA

Why Invest in EGL

- Management has delivered what was promised
  - profitable
  - managing risk
  - tight financial and management control
- Business model captures value very quickly
- EGL under valued - under values current business

  +

  - No value placed on 30 to 50% growth

  +

  - No value on emerging opportunities
- Only small listed company targeting emerging opportunities (unique opportunity rather than me-too approach)
- Ethical investment (+ve screen)