The Environmental Group Limited (EGL)
ASX Announcements
27 June 2003

MARKET UPDATE

INTRODUCTION

This market update is made in accordance with Listing Rule 3.1 and ASX Guidance Note 8. The Company has been approached by a number of its shareholders and market participants seeking further information about recent sales of the Company's securities by J.P. Morgan Nominees Australia Limited (J.P. Morgan) a substantial shareholder in The Environmental Group Limited (EGL). This market release forms part of the Company's continuous disclosure program and is designed to provide further information that may assist the market in understanding these transactions.

BACKGROUND

J.P. Morgan is a substantial shareholder in EGL. As at 15 May 2003, J.P. Morgan held 24,347,168 ordinary shares in the issued capital of EGL representing 35.3 % of the Company's then issued capital. J.P. Morgan has been a long standing EGL shareholder. J.P. Morgan's relevant interest in EGL arose upon the demise of a former fund manager whose portfolio of equities, including EGL, were transferred to a new manager mandated with the orderly realisation of that portfolio.

On 29 May 2003, J.P. Morgan sold on market 11,033,000 ordinary EGL shares for a consideration of 21 cents per share.

On 24 June 2003, J.P. Morgan sold on market a further 1, 550,000 ordinary EGL shares for a consideration of 21 cents per share.

As at 27 June 2003, J.P. Morgan had a relevant interest in 11,764,168 ordinary shares representing 17.1% of EGL's issued capital.

COMMENTARY

The orderly realisation of the J.P. Morgan shareholding is viewed positively by EGL as it provides greater liquidity in the Company's shares, an enhanced share register with an emphasis on long term quality institutional investors supportive of EGL's growth aspirations and an opportunity for the Company's directors and management to acquire further significant interests in the issued capital of EGL.

As part of the recent transactions EGL directors, management and their related parties have acquired in excess of 1,900,000 shares on market at 21 cents per share. Institutional investors introduced as part of EGL's capital raising in February 2003 also acquired an additional 3,000,000 shares on market.

For further information, please contact Mr. Howard Johnson on (02) 8858 3499

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