

ASX ANNOUNCEMENT

23 December, 2005

EGL ACQUIRES MAJOR INFRASTRUCTURE OPERATIONS

The Environmental Group Limited (EGL) today announced the completion of its acquisition of Anglian Water Pty Ltd (Anglian Water) and with it, the right amongst other things to operate the Redcliffe and West Wodonga wastewater treatment plants. The two plants combined have the capacity to serve an estimated 1% of Australia's population.

In announcing the acquisition, EGL's Managing Director, Mike Williamson said "this is a key step in the Company's growth strategy providing both diversity and recurrent annuity income for the 8 to 11 year life of the existing operating contracts". Mr. Williamson added "when combined with the Company's existing operating contract for Centennial Coal at Lithgow and the soon to commence operating contract for Bluescope Steel at Port Kembla, the Anglian Water acquisition provides sufficient scale and stature to enable us to aggressively pursue new operating contracts of a similar recurrent annuity nature."

In the 2005/06 financial year earnings from recurrent income, including operating contracts, are expected to exceed 35% of total group earnings. The acquisition of Anglian Water is anticipated to be immediately earnings per share accretive.

Redcliffe is a northeastern seaside suburb of Brisbane approximately 27km from the Brisbane CBD. The Redcliffe Wastewater Treatment Plant serves a population of approximately 70,000. The operating contract's initial term expires on 30 June 2016 with the option to extend for an additional term of 5 years subject to the mutual consent of the operator and the owner.

The West Wodonga Wastewater Treatment Plant serves a population of approximately 130,000 in Wodonga, a major regional centre in north eastern Victoria, Australia. The plant is of a high standard having only been completed in 2003. The initial term of the West Wodonga operating contract expires on 31 December 2013 with the option to extend for an additional two terms of 5 years each subject to the mutual consent of the operator and the owner.

In conclusion, Mr. Williamson said, "the Anglian purchase is the first step in acquiring profitable enterprises which will generate additional high quality recurrent income."

For further information, contact Mr Mike Williamson on (02) 8858 3499 or 0414 542 589.



MIKE WILLIAMSON
MANAGING DIRECTOR

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