

29 May 2009

Company Announcements Office
Australian Securities Exchange

- 1. Revised 2008/08 Forecast**
- 2. Q-Armada Acquisition Update**

Revised 2008/08 Forecast

Pacific Environment Limited ("PEL" or "the Company") would like to advise of anticipated financial results for the 2008/2009 financial year. In earlier reports the Company had forecast that results for the 2008/2009 financial year would show approx \$3M EBIT. Subsequent half year reports released indicated the company had a loss of \$1.2M for the half year to 31 December 2008.

PEL now advises that an operating loss of approximately \$1.2M is forecast for the 2008/2009 full year which would mean that the Company has moved into a break even period just 15 months after the Company's successful IPO.

Delayed technology revenues have resulted in reduced operating profit for the second half of the year, nevertheless the Company reports that operating entities are profitable and start up costs have now been absorbed.

On the assumption that the recently announced potential acquisition of Firevac Services Pty Ltd proceeds the Company expects to show continued strong growth in revenues for 09/10 and consistent month to month profitability, with annualised growth increasing 400% from \$7 million to in excess of \$33 million.

The Company also reports it has entered into pilot sites for key PEL technologies – Emissions Xpert and the Ecovision System, and anticipates new revenue streams will now begin building out in the 2009/10 financial year.

Q-Armada Acquisition Update

The Company announced on 21 April, 2008 that it had signed an exclusive term sheet for the acquisition of Q-Armada Pty Ltd ("Q-Armada"), a technology asset management company, and provided subsequent updates on the progress of negotiations.

The Directors of both companies have decided that an acquisition at this time would not be in the best interest of their respective shareholders.

PEL will continue to look for partnering opportunities with Q-Armada and may initiate new discussions once general market conditions return.

Yours faithfully

PACIFIC ENVIRONMENT LIMITED



Darren Herft
Executive Chairman

ABOUT PACIFIC ENVIRONMENT LIMITED (ASX code: PEH)

Pacific Environment Limited (“PEL” or “the Company”) is an environmental consulting and technology company which listed on the Australian Securities Exchange on 6 February 2008 under the ASX code “PEH”. PEL provides services in the areas of climate change and energy management; air emissions, air quality and environmental noise measurement; air quality and noise impact modelling and assessment; applied meteorology and climatology; toxicology, and real-time environmental management and forecasting systems. The Company’s objective is to expand its environmental consultancy capacity through acquisition of specialist environmental companies and commercialisation of its intellectual property. In addition, PEL will increasingly look to broaden its suite of service offerings to deal with water, ecological and marine issues, and to grow internationally.

For further information about Pacific Environment Limited please contact:

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