

1st September 2009

Company Announcements Office
Australian Securities Exchange

2008/2009 Financial Results

Pacific Environment Limited (**PEL** or **the Company**) yesterday announced results for the 2008/2009 financial year.

The Company reported a loss of \$9.148M for the year ended 30 June 2009 after including impairment and losses from discontinued operations.

The loss has been largely impacted by the asset impairment of several businesses, notably Commercial Energy Services (CES) and Ecovision Solutions (EV). Both of these companies were acquired in the 2008/2009 financial year, and in EV's case is in the early stages of market penetration in the energy management sector in which it operates. Profitability was not expected of EV in the first 12 months of operation.

CES was acquired on 22 December 2008, and as previously advised was placed in voluntary administration on 16 June 2009. CES has entered into a Deed of Company Arrangement for the sale of this asset. As such, a loss from discontinued operations of \$3.32M has been included in the figures reported above. The CES loss combined with impairment of EV and small adjustments to other PEL entities has seen a combined write down of \$5.26M, a significant overall amount of the reported annual loss.

Also contributing to the loss was a reversal of a future tax benefit of \$1.17M. PEL will be able to claim this tax benefit back against future profits.

2009/2010 (July 2009) Interim Results (\$138,743 Operating Profit)

The PEL Board has taken significant steps in the last 6 months to restructure PEL for increased growth and shareholder return. As such, the Board would like to advise an interim group operating profit for the month of July 2009 of \$138,743.

This result is after all operating costs for July 2009 have been taken up and highlights the commitment to the long term business strategy being implemented. Start up costs born in the first 12 months since the Company's listing on the ASX in February 2008 have now largely been removed and the Company has been able to streamline processes and remove operational inefficiencies.

In a difficult market since listing PEL has been able to concentrate on core environmental consulting and technology solutions and implementing significant cost reductions. The July results demonstrate that the actions already taken should deliver positive outcomes for the coming financial year.

PEL continues to invest in envirotechnology solutions that are expected to provide longer term value for shareholders as the environmental and energy markets experience further strong growth rates. PEL has positioned its EcoVision technology and EmissionsXpert and PlumeXpert technologies to benefit from this market growth and continues to invest accordingly in these technologies.

The Board would like to thank investors for their continued support over the past 12 months.

In what has been a difficult market PEL is pleased that July 2009 results provide confidence in the infrastructure put in place after the February 2008 IPO and the concentration on core environmental activities over the last 6 months.

PEL will provide a more detailed shareholder update in the near future outlining the positive progression in the marketplace of PEL environmental technologies and further detail on future consultancy and product related revenue growth strategies.

Yours faithfully
PACIFIC ENVIRONMENT LIMITED



Darren Herft
Executive Chairman