

31 July 2010

Company Announcements Office
Australian Securities Exchange

APPENDIX 4C - QUARTERLY CASH FLOW STATEMENT

Please find attached Appendix 4C "Quarterly report" for Pacific Environment Limited ("PEH" or "the Company") for the quarter ended 30 June 2010.

The following are additional explanatory notes to be read in conjunction with the report.

1. The 4th Qrt reflected strong cash collections, and significant improvement on both the 'Net Operating Cashflow' (-\$15,000) and 'Total: cash at end of quarter' \$57,000 over the previous 3rd Qrt.
2. Much like the last quarter, PEH has also for the most part operated within its operating cashflow. External funding generally has been, and in the future will only be, needed for accrued creditors and abnormal legal expenses. PEH continues to access funding for such purposes when required and manages any dilution prudently.
3. We expect negative operating cashflow for the next few quarters as we continue with our strategy to pay off historical creditors.
4. The continuation of this strategy will see PEL move to a situation where the Company's balance sheet contains minimal historical creditors and the Company is meeting creditor obligations in line with its operating quarters. At that time PEH will be working within its operating cash capabilities and any external funding will be predominantly focused on growth opportunities.
5. The Company continues to execute its business objectives and strategies set out in its IPO prospectus, namely:
 - the Company continues to see consistent revenues and operating profits from the Consultancy arm of the business; and,
 - the Product / Technology side has not delivered forecast revenues for the quarter, however the Company remains committed to growing the business through distribution of EmissionsXpert and EcoVision technologies and can continue to report pending sales.
6. To the best of the Company's knowledge the Company is in compliance with the ASX Listing Rules, and in particular Listing Rule 3.1

Yours Faithfully



Merv Jones
Chairman

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Pacific Environment Limited

ABN

42 122 919 948

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from customers	2,177	7,974
1.2 Payments for		
(a) staff costs	(1,252)	(4,145)
(b) advertising and marketing	(15)	(23)
(c) research and development	(102)	(259)
(d) leased assets	(17)	(110)
(e) other working capital	(758)	(4,109)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid	(82)	(237)
1.6 Income taxes paid	-	93
1.7 Other (provide details if material)	32	129
Net operating cash flows	(15)	(685)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(15)	(685)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	(282)
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(79)	(197)
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	11
(e) other non-current assets	-	-
1.11 Loans to other entities	(6)	(15)
1.12 Loans repaid by other entities	-	20
1.13 Other (provide details if material)	-	-
Net investing cash flows	(85)	(463)
1.14 Total operating and investing cash flows	(100)	(1,148)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	202	1,251
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	180	180
1.18 Repayment of borrowings	(23)	(181)
1.19 Dividends paid	-	-
1.20 Other (Expenses of the offer)	(14)	(117)
Net financing cash flows	345	1,133
Net increase (decrease) in cash held	245	(15)
1.21 Cash at beginning of quarter/year to date	(188)	72
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	57	57

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	14
1.25	Aggregate amount of loans to the parties included in item 1.11	6

1.26 **Explanation necessary for an understanding of the transactions**

Re-imbursement due of GST liability paid on behalf of former vendors - \$ 6,635 \$14,245 to AMMA Private Investment Pty Ltd for commission on Private Placement.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

-

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	500	475
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	532	287
4.2 Deposits at call	-	-
4.3 Bank overdraft	(475)	(475)
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.23)	57	(188)

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Director)

Date: July 31 2010

Print name: Merv Jones

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.