



**Company Announcements Office
Australian Securities Exchange**

CLARIFICATION OF ACQUISITION DETAILS

Since the announcement yesterday (22/09/2014) regarding the acquisition of DLA Environmental (DLA) the Directors of Pacific Environment Limited ('PEH' or the 'Company' or 'Group') have become aware of misinformation on a well known stock market forum concerning the details of the transaction. In clarification and further to the announcement made yesterday the Company confirms the following details of the transaction:

- The Company has purchased the assets of DLA for \$2.76 million which is 3 times the annual Target EBIT of \$918,000.
- 'Target EBIT' has been defined as a 3 year normalised weighted average of EBIT for 2012 FY (20%), 2013 FY (30%) and 2014 FY (50%). Applying this method the normalised 3 year weighted average EBIT is \$918,000 per annum.
- With adjustments that include a market salary for the vendor, a contribution to PEH overhead, staff entitlements, debtor and creditor adjustments, the 'normalised' DLA EBIT for 2014 FY was \$1.4m.
- The purchase consideration will be paid over 3 payments including an upfront payment being equal to 40% of total consideration and two subsequent annual payments of 30%.
- For the deferred payments, upside and downside performance based triggers are in place to incentive vendor performance and mitigate financial risk to PEH.

Please refer to the announcement made on the 22/09/2014 for further details.

The Director's believe that this transaction is a significant milestone in the Group's Acquisition strategy and that the Company is now well placed for further growth both organically and by future acquisitions.

A Company update presentation will be released shortly and any queries should be directed to the CEO Peter White.

For more information contact CEO Peter White on 02 9870 0900 or email:

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Yours faithfully,

PACIFIC ENVIRONMENT LIMITED

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