

# WAVEFRONT ENERGY AND ENVIRONMENTAL SERVICES INC.

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## NEWS RELEASE

### PE-TECH FINANCIAL RESULTS

Wavefront Energy and Environmental Services Inc. (the "Company") a provider of innovative technologies for fluid flow optimization and monitoring processes, is pleased to provide an update on the ongoing financial improvements of PE-TECH INC., which as announced on October 6, 2003, was recently acquired by the Company.

#### Financial Highlights of PE-TECH Inc.

|  | <u>Years Ended</u><br><u>Audited</u> |                   | <u>1<sup>st</sup> Quarter</u><br><u>Three Months Ended</u> |                   | <u>2<sup>nd</sup> Quarter</u><br><u>Six Months Ended</u> |                  |
|--|--------------------------------------|-------------------|--|-------------------|--|------------------|
|  | <u>Nov. 30'02</u>                    | <u>Nov. 30'01</u> | <u>Feb. 28'03</u>  | <u>Feb. 28'02</u> | <u>May 31'03</u>   | <u>May 31'02</u> |
| Revenue                                  | <b>\$ 1,173,239</b>                  | \$ 1,283,287      | <b>\$ 895,953</b>  | \$ 521,979        | <b>\$ 1,920,110</b>                                      | \$ 910,868       |
| Gross Margin<br>as percent of<br>revenue | <b>591,289</b><br><b>50.4%</b>       | 504,630<br>39.3%  | <b>536,647</b><br><b>59.9%</b>                             | 303,816<br>58.2%  | <b>1,102,632</b><br><b>57.4</b>                          | 422,929<br>46.4% |
| Earnings before<br>Extraordinary Items   | <b>(2,079,428)</b>                   | (993,639)         | <b>38,475</b>  | (202,344)         | <b>85,622</b>  | (679,745)        |
| Net Income (Loss)                        | <b>(3,294,922)</b>                   | (380,337)         | <b>41,134</b>  | (103,168)         | <b>90,941</b>  | (679,745)        |
| Cash Flow from<br>Operations             | <b>(2,037,648)</b>                   | (704,478)         | <b>283,115</b>   | (489,182)         | <b>182,986</b>   | (843,746)        |

#### Notes:

- (1) The financial highlight above are the consolidated results of PE-TECH only, and does not include the result of Wavefront Energy and Environmental Services Inc.
- (2) Cost of Goods Sold for the fiscal years ended November 2001 and 2002 only include direct materials, whereas the amounts for the interim period includes direct materials and direct labour.

Revenues for PE-TECH's fiscal year ended November 2002 were flat, as PE-TECH focused resources on the reverse take-over and corporate restructuring. Revenues for the first quarter ended February 28, 2003 however, increased dramatically with a **71.6% increase in revenues** as compared to the end of the first quarter of last year. PE-TECH's revenues continued to increase in the second quarter ended May 31, 2003, where it also realized a **110.8% increase in revenues**, as compared to the end of the second quarter of last year. The revenue growth exceeded the volume increase as PE-TECH continues to sell higher value added services to its existing and new customers. Revenues ended May 31, 2003 exceeded last year's total revenue by approximately 63.7%, while also increasing gross margins. These increases can be attributed to the customer intimacy and ability to provide customized solutions that PE-TECH has created over the years.

Increased expenses for the fiscal year ended November 2002 are reflective of the corporate restructuring efforts and extraordinary expenses including the impairment of goodwill and intangible assets of \$1,434,306 (November 2001 – nil) resulting from the acquisition of non-controlling interests in PE-TECH's operating subsidiaries, a dilution gain that resulted from the gain on issuance of shares to third parties by PE-TECH's operating subsidiaries of \$98,953 (November 2001 - \$613,302) and a gain on the sale of fixed assets of \$33,943 (November 2001 – nil) that could not be recognized as revenue.

For the first quarter ended February 28, 2003, PE-TECH recorded net income (before tax) of \$41,134 compared to the loss of \$103,168 for the corresponding comparative results. And in the second quarter ended May 31, 2003, it recorded net income (before tax) of \$90,941 compared to the loss of \$679,745 for the corresponding comparative results. The change in income for fiscal 2003 also represents management's efforts to establish new business policies, procedures and ability to carefully control and monitor expenses. As a result, cash flow from operations as at the end of the first quarter amounted to \$283,115, a positive change of \$772,297 from the results reported in the first quarter of the previous year, and as at the end of the second quarter amounted to \$182,986, a positive change of \$1,026,732 from the results reported in the second quarter of last year

These financial highlights should be read in conjunction with the consolidated financial statements, and the required Quarterly Report, form 51-901F, inclusive of management's discussion and analysis of results, which have been filed on SEDAR.

Wavefront is a provider of innovative technologies for fluid flow optimization and monitoring processes. As a service contractor Wavefront provides sound technical and environmentally responsible solutions to the challenges facing the environmental and petroleum sectors. Through implementation of innovative technologies Wavefront provides a focused, bottom-line approach that enhances human health, the environment and protects our clients' investments.

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ON BEHALF OF THE BOARD OF DIRECTORS

***WAVEFRONT ENERGY AND ENVIRONMENTAL SERVICES INC.***

*"Brett Davidson" (signed)*

Brett Davidson,  
President & Director