

30 April 2015

Company Announcements Office  
Australian Securities Exchange

## **QUARTERLY REPORT – APPENDIX 4C**

In accordance with ASX Listing Rule 4.7B, the Company attaches its March 2015 Quarterly Report – Appendix 4C.

### **Commentary**

At the end of the March 2015 quarter Aeris Environmental Ltd (Aeris or the Company) had cash on hand of A\$4,373,000, had received firm purchase orders and issued invoices for a total in excess of A\$720,000, and had cash receipts of A\$172,000 relating to the previous period of trading. The Company has advanced commercial discussions in place with key customers both domestically and across the Asia Pacific region.

The current pipeline of qualified projects is in excess of A\$5 million domestically and this does not take into account the revenue potential from Aeris' international markets or new platinum distribution partners. The Company anticipates that this pipeline will grow strongly over the coming quarters and, whilst the rate of conversion will be subject to several factors, the level of qualified customer engagement is ahead of Aeris' previous expectations.

### **Expanded Commercial Capability**

During the quarter, and consistent with its stated expansion plans, the Company recruited a number of highly-regarded project and corporate sales specialists, both in Australia and Asia, covering its SmartENERGY and OEM coatings portfolios.

Aeris is very pleased to have Charles O'Neil join the team in a technical sales role and Ian Braby join in a project sales capacity. Prior to accepting a role with the Company, Charles O'Neil was National Sales Manager of a large, multi-national electrical wholesaler, L&H Group (a division of Sonepar, a €17.3 billion per annum revenue global company), leading its Government, health, mining, oil and gas manufacturing sales efforts. Ian Braby was formerly a State Manager for Grosvenor Engineering Group, a leading HVAC mechanical services contractor. Both have outstanding records in the HVAC, refrigeration and energy efficiency sectors, including major corporate sales and strong project delivery expertise. Critically, both Charles and Ian have significant knowledge of the specifier, design and construction sectors.

In Thailand, Aeris welcomes Andrew Ludlam and Peter Colliver, each with a strong technical sales background and an in-depth knowledge of the SmartENERGY portfolio. Both Andrew and Peter, led by Alan Boswell, have outstanding knowledge of the Thai, Asian and Middle Eastern markets, and are highly regarded by both customers and the trade. The pipeline of projects and opportunities that the Company's team has in place are likely to lead to near-term revenue on a meaningful scale.

Aeris has now formally opened its own representative office in Singapore to service key customers and distributors, building on that country's mandated position for 'Green' building certification and energy efficiency. The initial response from leading property groups and Government in Singapore has been extremely positive. It is anticipated that Singapore will prove to be a strategic and successful market in the 2015 calendar year.

## **Commercialisation**

During the quarter, Aeris has successfully developed relationships with, and built strong sales pipelines across, key targeted vertical markets, i.e. hospitals and health care facilities, shopping centres, large-scale food retailers, landmark office buildings, and the commercial and Government sectors.

The Company has this week announced the energy efficiency results of pivotal SmartENERGY projects and is now undertaking multiple new commercial installations with several leading corporations, many of which are household names. Each client represents a significant financial and strategic opportunity for Aeris, both in Australia and globally. While the market size for the Company's technology is very material, Aeris tracks its pipeline of qualified revenue opportunities, and subsequent conversion rates, as key drivers of its commercialisation. Almost every commercial job undertaken in the past quarter is an initial component of a much larger portfolio. This qualified pipeline is well in excess of A\$5 million domestically (as stated above) and growing rapidly.

The Company has just won the contract, and has the related purchase order, for the HVAC protection and remediation of one of the major facilities in Bangkok for The Siam Commercial Bank Public Company Limited following a recent fire in this building. In addition, Aeris has secured a number of contracts in the Thai hotel market and has advanced discussions with some of the largest hospitals in the region, with an expectation that some significant projects will be finalised in the coming quarters. The Company's senior management recently had a series of meetings in Thailand, including engagement with a leading property and retail group. This group parallels other opportunities for Aeris with other key industry players in the Asia Pacific region.

Over the last few months, the Company gained orders and forward commitments for its innovative range of OEM coatings, and has an unprecedented pipeline of opportunities with several new OEM manufacturers. Aeris now has an expanded range of OEM coating technologies, placing it in an attractive position to meet the broadest needs of a number of HVAC and refrigeration coil manufacturers around the world, potentially adding significant value to a number of leading air-conditioning brands across the broad spectrum of consumer, industrial and commercial markets.

The Company has now commenced shipping commercial quantities of its unique anti-microbial duct sealing coating with its launch customer in Australia that has projected annual requirements in excess of A\$500,000. Aeris will utilise its expanded sales capability to drive its Myco Guard Duct Sealant to customers and applicators across the Asia Pacific region.

The Company's novel range hood cleaning and coating solutions are targeted for commercial launch early in the second half of the 2015 calendar year. The market opportunity for this breakthrough technology is large, and importantly, the regular cleaning and remediation of exhaust range hoods is mandated by legislation. Early indications are that the Company's range hood coating will solve 'real world' problems, and deliver lower costs, time savings, and greater compliance and safety for customers and consumers alike. The focus market for Aeris will be global fast food chains and restaurants, together with leveraging the Company's strong contacts in the retail and hospitality sectors.

Aeris' strong achievements during the past quarter, together with its expanded sales and strategic capability, will help drive both the Company's SmartENERGY and OEM coatings platforms deeply into each of the sectors that it has established a presence in.

## **Advisory Board**

Consistent with the Company's clear objective of early recognition and adoption of its SmartENERGY portfolio, Aeris has attracted and appointed two high-profile business leaders to its global advisory board. The Company welcomes Guy Picken, who has held Chief Executive Officer (CEO) and Managing Director positions for Rexel Holdings Australia, part of a €5 billion market capitalisation global market leader in the electrical industry, for 17 years running Australasian businesses with annual revenues ranging from A\$140 million to A\$1.3 billion and up to 1,900 employees. He is considered one of the most knowledgeable leaders in the industry, and brings expertise in the energy efficiency, mining, contractor, specification, large corporate and retail sectors.

Richard Lazar has also joined Aeris' advisory board, bringing enormous expertise in the media, communications, and public, Government and investor relations sectors, together with a long and successful track record of strategic consulting to many of the largest corporations across most fields of corporate enterprise. He is currently the Managing Director of Professional Public Relations (PPR) Australia and New Zealand, and the CEO of PPR Asia Pacific. PPR has recently been named as the world's most innovative public relations (PR) agency at the latest PR World Awards. Richard Lazar is also active in not-for-profit and environmental sectors.

The Company is in discussion with other industry leaders in relation to the expansion of its advisory board and anticipates further announcements in this regard.

### **Summary**

Aeris enjoys a positive and growing reputation as a trusted supplier of energy efficiency solutions to key sectors, including assets and facilities management, electrical contractors, energy retailers, HVAC and refrigeration suppliers, and the property sector, each of which has been impressed with the consistent achievements of the Company. Aeris is now expanding its activities in investor, public and Government relations, and widening its trade and industry profile, and will be appointing platinum channel partners to support its regional growth.

Aeris has attracted a number of institutional investors, continues to build its profile in its strategic markets, and is generating initial sales with multiple customers that have the capacity to implement the Company's technologies across their entire business networks. Aeris has a strong and innovative product pipeline of key new revenue opportunities that will be technically and commercially available during the 2015-16 financial year.

### **Aeris Environmental Ltd**

#### **Peter Bush**

Chief Executive Officer

### **About Aeris**

Aeris Environmental Ltd is focused on the global megatrends of energy efficiency, healthier air, food safety, water quality, and long-term materials protection, with core guiding principles of 'clean, green, protect'.

SmartENERGY is a proprietary system that provides dramatic and proven energy savings in the range of 19% to 33%, alongside documented improvement in system efficiency (54% to 289% improvement in airflow and up to 40% in coil efficiency) and independently-validated indoor air quality across all air-conditioning and refrigeration systems, with proven immediate cash flow savings.

Smart Coatings provide long-term prevention of mould, bacteria growth, corrosion and improved hygiene, with OEM, consumer and technical applications.



## Appendix 4C

### Quarterly report for entities admitted on the basis of commitments

Name of entity

**Aeris Environmental Ltd**

ABN

**19 093 977 336**

Quarter ended ("current quarter")

**31 March 2015**

#### Consolidated statement of cash flows

##### Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	172	405
1.2 Payments for		
(a) staff costs	(212)	(572)
(b) advertising and marketing	(161)	(335)
(c) research and development	(88)	(308)
(d) product manufacturing and operating costs	(71)	(134)
(e) administration and corporate costs	(167)	(510)
(f) other, including working capital	115	77
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	39
1.5 Interest and other costs of finance paid	(41)	(115)
1.6 Income tax refund received (including R&D Tax Offset)	-	21
1.7 Other income -		
(a) Export Market Development Grant	-	-
(b) Other income	-	-
<b>Net Operating Cash Flows</b>	<b>(422)</b>	<b>(1,432)</b>

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.8 Net Operating Cash Flows (brought forward)</b>	(422)	(1,432)
<b>Cash flows related to investing activities</b>		
1.9 Payment for purchases of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(3)	(20)
(e) other non-current assets	-	-
1.10 Proceeds from sale of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material) -	-	-
<b>Net investing cash flows</b>	(3)	(20)
<b>1.14 Total operating and investing cash flows</b>	(425)	(1,452)
<b>Cash flows related to financing activities</b>		
1.15 Repayment of convertible notes	-	-
1.16 Proceeds from share placement (net of issue cost)	-	5,005
1.17 Proceeds from borrowings	-	715
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Share Issue Cost	-	(36)
<b>Net financing cash flows</b>	-	5,684
<b>Net increase (decrease) in cash held</b>	(425)	4,232
1.21 Cash at beginning of quarter/year	4,805	162
1.22 Exchange rate adjustments	(7)	(21)
<b>1.23 Cash at end of quarter</b>	<b>4,373</b>	<b>4,373</b>

<b>Payments to directors of the entity and associates of the directors</b>	<b>Current quarter</b>
<b>Payments to related entities of the entity and associates of the related entities</b>	<b>\$A'000</b>
1.24 Aggregate amount of payments to the parties included in item 1.2	141
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

	<b>Current quarter \$'000</b>
Property outgoing and other charges paid to Ramlist Pty Ltd of which Messrs M Stang and B Stang are Directors.	2
Property outgoing and other charges paid to Stangcorp Pty Ltd of which Messrs M Stang and B Stang are Directors.	-
R & D expenses paid to Novapharm Research (Australia) Pty Ltd of which Messrs M Stang, B Stang and S Kritzler are Directors.	35
Rent, Corporate overheads, distribution and administration expenses paid to Regional Healthcare Pty Ltd of which Messrs M Stang and B Stang are Directors.	63
Interest on Directors' loan - ATO benchmark rate	41

**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	Not applicable
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Not applicable

**Financing facilities available**

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	3,000	2,765

**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	117	54
Deposits at call	4,256	4,751
Bank overdraft	-	-
Others	-	-
<b>Total: cash at end of quarter (item 1.23)</b>	<b>4,373</b>	<b>4,805</b>

**Acquisitions and disposals of business entities**

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	n/a	n/a
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 ~~does not\*~~ ~~(delete one)~~ give a true and fair view of the matters disclosed.

Sign here: *Robert Waring*

(Director/Company Secretary)

Print name: **Robert J Waring**

Date: **30 April 2015**