

30 January 2015

Company Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

On 27 January 2015 Aeris Environmental Ltd (ASX:AEI) provided a market update reflecting the initial commercialisation of its priority revenue platforms: SmartENERGY and Smart Coatings. The Company advised in that announcement that it had either invoiced or received purchase orders in excess of \$400,000 during January 2015.

Receipts in the December 2014 quarter were not material and reflected pre-commercial activity, which successfully resulted in the material purchase orders received in January 2015, and are now combined with an unprecedented forward pipeline of significant revenue opportunities. During the October to December 2014 period, Aeris invested in a number of pre-commercial, high-profile validation trials. These trial sites and evaluations were highly successful, and demonstrated to a number of significant potential customers the multiple and now-proven benefits of the AerisGuard SmartENERGY and Smart Coatings platforms. These successful trials also underpinned the strong growth in revenue achieved in January 2015.

On 19 December 2014 the Company announced to the ASX that it had raised a total of \$5,005,444 through the issue of 22,752,018 new shares at a price of \$0.22 per share in a placement to a group of professional, sophisticated and other investors. The share issue was made to fund the expansion of the recently-acquired Smartcool energy efficiency business and its integration into, and the marketing of, the Aeris SmartENERGY platform, as well as to further develop and market the Company's products, to conduct further research and development activities, and to provide funds for administration, corporate costs and working capital. Aeris was particularly pleased to see institutional investors, including Regal Funds Management and Allan Gray Australia, subscribe for greater than 50% of the placement.

In accordance with ASX Listing Rule 4.7B, the Company attaches its December 2014 Quarterly Report – Appendix 4C.

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 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	36	233
1.2 Payments for		
(a) staff costs	(173)	(360)
(b) advertising and marketing	(79)	(174)
(c) research and development	(124)	(220)
(d) product manufacturing and operating costs	(37)	(63)
(e) administration and corporate costs	(183)	(343)
(f) other, including working capital	(17)	(38)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	8
1.5 Interest and other costs of finance paid	(40)	(74)
1.6 Income tax refund received (including R&D Tax Offset)	-	21
1.7 Other income -		
(a) Export Market Development Grant	-	-
(b) Other income	-	-
Net Operating Cash Flows	(610)	(1,010)

	Current quarter \$A'000	Year to date (6 months) \$A'000
1.8 Net Operating Cash Flows (brought forward)	(610)	(1,010)
Cash flows related to investing activities		
1.9 Payment for purchases of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(17)
(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) -	-	-
Net investing cash flows	-	(17)
1.14 Total operating and investing cash flows	(610)	(1,027)
Cash flows related to financing activities		
1.15 Repayment of convertible notes	-	-
1.16 Proceeds from share placement (net of issue cost)	4,969	4,969
1.17 Proceeds from borrowings	330	715
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Others	-	-
Net financing cash flows	5,299	5,684
Net increase (decrease) in cash held	4,689	4,657
1.21 Cash at beginning of quarter/year	123	162
1.22 Exchange rate adjustments	(7)	(14)
1.23 Cash at end of quarter	4,805	4,805

Payments to directors of the entity and associates of the directors	Current quarter
Payments to related entities of the entity and associates of the related entities	\$A'000
1.24 Aggregate amount of payments to the parties included in item 1.2	206
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

	Current quarter \$'000
Property outgoing and other charges paid to Ramlist Pty Ltd of which Messrs M Stang and B Stang are Directors.	1
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.	107
Rent, Corporate overheads, distribution and administration expenses paid to Regional Healthcare Pty Ltd of which Messrs M Stang and B Stang are Directors.	59
Interest on Directors' loan - ATO benchmark rate	39

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	54	107
Deposits at call	4,751	16
Bank overdraft	-	-
Others	-	-
Total: cash at end of quarter (item 1.23)	4,805	123

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 January 2015**