

30 October 2015

Company Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

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

Summary

- **Two strategic customers announced; Coils International Group and Spotlight, and the Company has foreshadowed that it is negotiating a number of material agreements in the near term.**
- **The Company has over \$8,030,000 in cash on hand.**
- **Strong growth in international platinum distributor programme.**
- **Material commercial agreements under negotiation with large scale local and international customers representing a revenue opportunity pipeline in excess of \$10 million.**

Commentary

The key focus of the Aeris' activities has been transitioning from single site pilot projects to engaging with potentially high value customers and platinum distribution partners across the priority markets of Australia, New Zealand and Asia Pacific and two strategic customers have been recently announced; Coils International Group and Spotlight. The Company has also foreshadowed that it is negotiating a number of material agreements in the near term.

During the September 2015 quarter, Aeris Environmental Ltd (ASX:AEI, Aeris or the Company) had cash receipts of \$186,000 and received purchase orders and invoices in excess of \$200,000 and has its strongest revenue pipeline to date. The Company has \$8,030,000 in cash-in-hand and continues to successfully engage with many of the region's largest potential customers, with targeted significant commercial sales expected in the next two quarters.

As previously advised to the market, Aeris continues to invest time and resources into strategic opportunities in its key regions. The vast majority of Aeris' executive, technical and sales resources were applied to this focus, that is, customers and opportunities that afforded significant potential for larger scale contracts and annuity revenue.

Aeris will be providing a detailed update on its activities, achievements and future plans at its forthcoming Annual General Meeting, to be held on 30 November 2015.

The Company continues to make strong progress in its core business of SmartENERGY, OEM Coatings for HVAC, speciality coatings for mould, ducts and kitchen exhaust hoods and its AerisGuard HVAC and cool room remediation range.

Notably, Aeris is in the process of finalising a number of new strategic platinum distribution partners, each of whom has existing business in the relevant sectors, a significant customer base and are capable of rapidly scaling the commercialisation of the Aeris portfolio in their markets. These agreements stand alongside Aeris' own ability to service multinational and leading regional clients. The Company's additional platinum partners will be committed to high levels of growth, sales and marketing activities and technical expertise.

In respect of our international activities, commercial sales of AerisGuard HVAC consumables and specialty coatings have been made to channel partners and customers in Hong Kong, New Zealand, Singapore, Taiwan, Thailand and the Middle East during the quarter. In the quarter initial sales were made to the Australian branch of a multi-national distributor of speciality products for HVAC consumables and to a leading global facilities management group. Whilst individually modest, these sales are indicative of a pipeline of commercial demand which is being currently realised in each of our target markets.

In line with its focus on leadership in the Heating Ventilation and Air Conditioning sector, Aeris has been accepted as the 26th corporate member of AIRAH (Australian Institute of Refrigeration, Air Conditioning and Heating), the leading specialist membership association for air conditioning, refrigeration, heating and ventilation professionals. AIRAH represents over 10,000 professionals across Australia and collaborates closely with the American Society of Heating, Refrigerating and Air Conditioning Engineers (ASHRAE), and is also an inaugural member of the Green Building Council of Australia (GBCA).

Aeris is actively engaging in scaling up its supply chain and anticipates that by early 2016 it will have manufacturing capability in Australia, the United States and Asia. The Company has representative offices in Singapore, Thailand and the United States, and is rapidly building its team of technical sales specialists to support both platinum partners and end user large scale customers.

Aeris is now leveraging in Australia its first-mover status as a proven air conditioning retrofit energy efficiency solution in terms of accessing State based rebate schemes and carbon abatement programmes. Materially, the Company is now formally collaborating with major energy retailers, leading to a series of potential joint projects across both the Government and private sectors.

Aeris anticipates further commercial developments in the period leading up to its forthcoming Annual General Meeting, which will lay out its strategy for 2016 and beyond.

Aeris Environmental Ltd

Peter Bush
Chief Executive Officer

About Aeris Environmental Ltd

Aeris develops, manufactures and markets patented, environmentally-friendly technology solutions that address 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'.

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

SmartENERGY 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.



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")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	187	187
1.2 Payments for		
(a) staff costs	(310)	(310)
(b) advertising and marketing	(125)	(125)
(c) research and development	(85)	(85)
(d) product manufacturing and operating costs	(65)	(65)
(e) administration and corporate costs	(341)	(341)
(f) other, including working capital	(35)	(35)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	60	60
1.5 Interest and other costs of finance paid	(35)	(35)
1.6 Income tax refund received (including R&D Tax Offset)	-	-
1.7 Other income -		
(a) Insurance Claim	229	229
(b) Other income	1	1
Net Operating Cash Flows	(519)	(519)

	Current quarter \$A'000	Year to date (3 months) \$A'000
1.8 Net Operating Cash Flows (brought forward)	(519)	(519)
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	(96)	(96)
(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	(96)	(96)
1.14 Total operating and investing cash flows	(615)	(615)
Cash flows related to financing activities		
1.15 Repayment of convertible notes	-	-
1.16 Proceeds from share placement	-	-
Proceeds from exercise of options	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Share Issue Cost	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(615)	(615)
1.21 Cash at beginning of quarter/year	8,656	8,656
1.22 Exchange rate adjustments	(11)	(11)
1.23 Cash at end of quarter	8,030	8,030

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	200
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 outgoings and other charges paid to Ramlist Pty Ltd of which Messrs M Stang and B Stang are Directors.	2
Property outgoings 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.	105
Rent, Corporate overheads, distribution and administration expenses paid to Regional Healthcare Pty Ltd of which Messrs M Stang and B Stang are Directors.	58
Interest on Directors' loan - ATO benchmark rate	35

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	2,515

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	253	200
Deposits at call	77	6
Term Deposits	7,700	8,450
Others	-	-
Total: cash at end of quarter (item 1.23)	8,030	8,656

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 October 2015**