

Rule 4.3A

# Appendix 4E

## Preliminary final report for the financial year ended 30 June 2015

Name of entity

**AERIS ENVIRONMENTAL LTD** ABN: 19 093 977 336**Reporting period:** 30 June 2015**Previous period:** 30 June 2014**Results for announcement to the market**

				\$A'000
Revenues from ordinary activities	up	66.48%	to	874
(Loss) from ordinary activities after tax	up	88.86%	to	(2,017)
(Loss) for the period attributable to members	up	88.86%	to	(2,017)

Dividends (distributions)	Amount per security	Franked amount per security
	Nil ¢	Nil ¢
Final dividend		
Previous corresponding period	Nil ¢	Nil ¢

**Brief explanation of the above**

The Group generated a revenue of \$874,389 and incurred an operating loss after income tax of \$2,016,912 in the year ended 30 June 2015. As at 30 June 2015, the Group had net assets of \$6,036,863 and cash / financial assets balances of \$8,655,574.

This Appendix 4E should be read in conjunction with the Half Year Financial Report of the Group as at 31 December 2014 and the Annual Financial Report for the year ended 30 June 2015, due to be released in September 2015. It is also recommended that the Appendix 4E be considered together with any public announcements made by the Group since commencement of the 2014-15 financial year in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

**NTA backing**

	30-Jun-15 cents	30-Jun-14 cents
Net tangible asset backing per ordinary share	3.99	(1.79)

**Events occurring after Balance Date**

No matter or circumstance has arisen since 30 June 2015 that has significantly affected or may significantly affect the consolidated entities operations, the results of these operations, or the consolidated entities state of affairs in future financial years.

**Details of entities over which control has been gained or lost during the period**

Not Applicable

**Foreign Entities details**

Not Applicable

**Audit Qualification or Review details**

This report is based on accounts that are in the process of being audited.



Sign here:  
(Director/Company Secretary)  
Print name: **Robert J Waring**

Date: **28 August 2015**

## Preliminary Final Report – Appendix 4E

The financial year ended 30 June 2015 was the most pivotal and transformational in Aeris Environmental Ltd's (Aeris or the Company) recent history. The Company has validated and launched its SmartENERGY platform, a new generation of OEM advanced coatings, significant new technologies in duct and kitchen rangehood treatments, breakthrough enzymatic cleaning solutions and has made strong progress with its antimicrobial polymers. In parallel, Aeris has raised meaningful additional capital, attracted institutional and strategic investors, and secured launch customers for each of its main commercial platforms across the Asia Pacific region.

Building on these achievements, the Company has put in place a growing team of technical sales specialists, and strategic industry partners in the energy, air-conditioning, refrigeration, environmental and electrical sectors. A number of industry leaders have joined Aeris' Advisory Board bringing forth decades of valuable expertise and contacts in the key industries targeted by the Company. The Company enjoys a rapidly expanding profile as a trusted supplier of energy efficiency solutions to key sectors, including assets and facilities management, electrical contractors, energy retailers, air-conditioning and refrigeration suppliers, and the property sector, each of which has seen on-site validation of the unique achievements of the Aeris products.

The core of the Company's focus is on opportunities in energy and system efficiency, materials protection, indoor air quality and food safety. Of particular importance is Aeris' increasing capability to provide an integrated range of environmental solutions to its end customers and partners. This provides an opportunity for the Company to expand its offerings to large-scale customers that have common needs for Aeris' 'clean, green, protect' solutions.

The Company continues to expand its activities and profile in investor, public and Government relations, and is widening its trade and industry profile across the Asia Pacific region.

## Key Achievements for the 2014-15 Financial Year

- A year-on-year revenue growth of 64% to \$800,886. A year-on-year cash receipt increase of 94% to \$820,000 with a modest increase in monthly overhead costs. The June 2015 quarter was Aeris' highest quarter for revenue in six years.
- A sales pipeline in excess of \$10,000,000, with continuing successful customer engagement.
- Cash-on-hand of \$8,655,574, which represents approximately 36 months of cash at the current expense burn rate.
- Total capital raised of \$10,025,444 through the issue of 32,792,018 shares in two tranches to a group of professional, sophisticated, institutional and strategic investors.
- Proposed Director loan conversions of \$1,500,000 at \$0.50 per share (to be approved by shareholders).
- The launch of the SmartENERGY platform after the integration of in-house engineering and project delivery capabilities. The finalisation of a number of preferred supplier agreements and early sales through key channel partners.

- The recruitment of a number of highly-regarded project and corporate sales specialists, both in Australia and Asia, covering the SmartENERGY and OEM coatings portfolios. The establishment and ongoing engagement with an Advisory Board of industry experts.
- Independent validation of the SmartENERGY platform, including NSW Government Energy Savings Scheme accreditation.
- The first sales and scale manufacturing of duct coating was shipped to commercial customers.
- The first sales and manufacturing of exhaust hood coating.
- An expanded distribution network for the AerisGuard range, both domestically and internationally, including a number of key clients through exclusive product specification.
- Growing HVAC OEM coating manufacturing engagement and awareness, with near-term agreements for supply.
- Expanded enzyme cleaning opportunities in the hospitality industry, including beer and beverages.
- The expansion of Asian sales and technical delivery resources in addition to the opening of a representative office in Singapore to service key customers and distributors, building on Singapore's mandated position for 'Green' building certification and energy efficiency.

Since the 30 June 2015 balance date, the Company has secured a number of new, high-profile customers and is anticipating the transition from individual to multiple site rollouts. Aeris' sales pipeline continues to grow significantly and the Company has now rolled out the new rangehood coatings in Australia, with immediate interest also coming from a number of international markets. Aeris is now receiving active referrals and customer introductions from key industry leaders, across energy, engineering, specification, facilities management and design consultants.

A more detailed operational review will be set out in the Company's upcoming Annual Report.

#### **Dividends**

No dividends were paid or proposed during the 2014-15 financial year.

**Consolidated statement of profit or loss and other comprehensive income**

	<b>For the year ended</b>	
	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>\$000's</b>	<b>\$000's</b>
Revenues from operating activities	801	487
Export Market Development Grant	-	35
Interest revenue	68	3
Rental income	-	-
Other income	5	-
	<u>874</u>	<u>525</u>
Cost of goods sold	(240)	(158)
Depreciation and amortisation expense	(21)	(5)
Distribution expenditure	(59)	(49)
Employee benefits expense	(884)	(447)
Financial expenditure	(165)	(94)
Occupancy expense	(153)	(89)
Provision for doubtful debt expense	(12)	(1)
Other general and Administration	(557)	(367)
Product Registration, Patents, Trade Marks and R&D expenditure	(380)	(346)
Sales, Marketing & Travel	<u>(441)</u>	<u>(93)</u>
Profit / (loss) from ordinary activities before income tax expenses	(2,038)	(1,124)
Income tax credit relating to ordinary activities	<u>21</u>	<u>56</u>
Loss from continuing operations after tax	(2,017)	(1,068)
Profit / (loss) from discontinued operations	-	-
	<u>-</u>	<u>-</u>
Net loss for the period	(2,017)	(1,068)
<b>Other Comprehensive Income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences	(20)	(1)
<b>Items that will not be reclassified subsequently to profit or loss</b>		
	-	-
<b>Total Comprehensive Loss for the period</b>	<u>(2,037)</u>	<u>(1,069)</u>
<b>Loss for the period attributable to:</b>		
Owners of Aeris Environmental Ltd	(2,017)	(1,068)
Non-controlling Interest	-	-
	<u>(2,017)</u>	<u>(1,068)</u>
<b>Total comprehensive loss for the period attributable to:</b>		
Owners of Aeris Environmental Ltd	(2,037)	(1,069)
Non-controlling Interest	-	-
	<u>(2,037)</u>	<u>(1,069)</u>
<b>Earnings per share</b>		
Basic loss per share (cents per share)		
Loss from continuing operations	(1.55)	(0.91)
Loss from discontinued operations	-	-
Total	<u>(1.55)</u>	<u>(0.91)</u>
Diluted loss per share (cents per share)		
Loss from continuing operations	(1.55)	(0.89)
Loss from discontinued operations	-	-
Total	<u>(1.55)</u>	<u>(0.89)</u>

**Consolidated statement of financial position**

	<b>30-Jun-15</b> <b>\$000's</b>	<b>30-Jun-14</b> <b>\$000's</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,856	162
Inventories	47	22
Trade and other receivables	143	162
Other	65	40
Financial Assets (Term Deposits)	4,800	-
<b>TOTAL CURRENT ASSETS</b>	<b>8,911</b>	<b>386</b>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	26	6
Intangible assets	31	-
<b>TOTAL NON-CURRENT ASSETS</b>	<b>57</b>	<b>6</b>
<b>TOTAL ASSETS</b>	<b>8,968</b>	<b>392</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	393	318
Liabilities associated with assets held for sale	-	-
Interest-bearing liabilities	2,515	100
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,908</b>	<b>418</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	23	28
Interest-bearing liabilities	-	2,050
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>23</b>	<b>2,078</b>
<b>TOTAL LIABILITIES</b>	<b>2,931</b>	<b>2,496</b>
<b>NET ASSETS</b>	<b>6,037</b>	<b>(2,104)</b>
<b>EQUITY</b>		
Contributed equity	38,600	28,467
Reserves	1,187	1,162
Accumulated losses	(33,750)	(31,733)
Non-controlling Interest	-	-
<b>TOTAL EQUITY</b>	<b>6,037</b>	<b>(2,104)</b>

**Consolidated statement of changes in equity**

	<b>Equity</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
<b>Balance at 1 July 2013</b>	<b>28,467</b>	<b>1,158</b>	<b>(30,665)</b>	<b>(1,040)</b>
Loss for the year	-	-	(1,068)	(1,068)
Other comprehensive income/(loss)	-	(1)	-	(1)
Total comprehensive loss for the year	-	(1)	(1,068)	(1,069)
<i>Transactions with owners in their capacity as owners:</i>				
Additions to share based payments reserve	-	5	-	5
<b>Balance at 30 June 2014</b>	<b>28,467</b>	<b>1,162</b>	<b>(31,733)</b>	<b>(2,104)</b>
Loss for the year	-	-	(2,017)	(2,017)
Other comprehensive income/(loss)	-	(20)	-	(20)
Total comprehensive loss for the year	-	(20)	(2,017)	(2,037)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued during year	10,213	-	-	10,213
Share issue cost	(80)	-	-	(80)
Additions to share based payments reserve	-	45	-	45
<b>Balance at 30 June 2015</b>	<b>38,600</b>	<b>1,187</b>	<b>(33,750)</b>	<b>6,037</b>

**Consolidated statement of cash flows**

	<b>For the year ended</b>	
	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	820	423
Payment to suppliers and employees	(2,674)	(1,796)
R&D tax offset	21	56
Export Market Development Grant	-	35
Rent Received	-	-
Interest received	73	2
Interest paid	(171)	(84)
Other Income	-	-
Net cash from operating activities	<u>(1,931)</u>	<u>(1,364)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans to other entities	-	-
Term Deposits	(4,800)	-
Proceeds from sale of assets	-	-
Purchase of assets	<u>(28)</u>	<u>(4)</u>
Net cash used in investing activities	<u>(4,828)</u>	<u>(4)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of Shares	10,088	-
Share issue expenses	(80)	-
Loan borrowings	715	1,350
Loan repayments	<u>(250)</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>10,473</u>	<u>1,350</u>
Net increase (decrease) in cash held	3,714	(18)
Cash & cash equivalents at the beginning of the financial year	162	181
Effects of exchange rate changes on cash and cash equivalents	<u>(20)</u>	<u>(1)</u>
Cash & cash equivalents at the end of the financial year	<u><b>3,856</b></u>	<u><b>162</b></u>
<b>Reconciliation of cash balance</b>		
	<b>30-Jun-15</b>	<b>30-Jun-14</b>
	<b>\$000's</b>	<b>\$000's</b>
Deposits on call	6	6
Term Deposits	3,650	-
Cash on hand and at bank	<u>200</u>	<u>156</u>
	<u><b>3,856</b></u>	<u><b>162</b></u>

**Reconciliation of operating loss after income tax to net cash flows from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>\$000's</b>	<b>\$000's</b>
Operating loss after Income Tax	(2,017)	(1,068)
<b>Non cash/non-operating items included in profit and loss</b>		
Depreciation and amortisation	21	5
Employee entitlement expense	2	4
Provision for doubtful debts	12	1
Share based payments	32	15
<b>Changes in assets and liabilities</b>		
(Increase) / decrease in receivables	7	(65)
(Increase) / decrease in inventory	(25)	(10)
(Increase) / decrease in other assets	(25)	6
Increase / (decrease) in trade creditors	10	(238)
Increase / (decrease) in other creditors and accruals	52	(14)
<b>Net cash used in operating activities</b>	<b>(1,931)</b>	<b>(1,364)</b>

**Earnings per security (EPS)**

Calculation of the following in accordance with AASB 133: Earnings per Share

	<b>30-Jun-15</b>	<b>30-Jun-14</b>
Net profit/(loss) - \$'000 (used to calculate basic EPS)	(2,017)	(1,068)
Interest on convertible loans portion	-	10
Net profit/(loss) - \$'000 (used to calculate diluted EPS)	<u>(2,017)</u>	<u>(1,058)</u>
Weighted average number of ordinary shares used in the calculation of the Basic EPS	130,365,853	117,746,704
Convertible share options	32,973	-
Convertible loans	-	500,000
Weighted average number of ordinary shares used in the calculation of the Basic EPS	<u>130,398,826</u>	<u>118,246,704</u>
Basic EPS – loss per share (cents)	(1.55)	(0.91)
Diluted EPS – loss per share (cents)	(1.55)	(0.89)

**Financial reporting by geographical segments**

	<b>Australia</b>	<b>North America</b>	<b>Intersegment elimination</b>	<b>Consolidated</b>
	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>	<b>\$000's</b>
Segment revenue	874	-	-	874
Segment result	(2,016)	(32)	31	(2,017)
Segment assets	9,051	9	(92)	8,968
Segment liabilities	4,720	1,868	(3,657)	2,931



**Notes to the consolidated financial statements****NOTE 1: Basis of Preparation**

This Financial Report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Financial Report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**NOTE 2: Going Concern Basis**

The Financial Report has been prepared on a going concern basis. The Directors consider the Group has adequate funding and therefore, no adjustments have been made to the financial report that might be necessary should the Group not continue as a going concern.

**NOTE 3: Accounting Policies**

The Appendix 4E does not include notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide a full understanding of the financial performance and financial position of the Group as in the full Annual Financial Report. The Appendix 4E should be read in conjunction with the Half Year Financial Report of the Group as at 31 December 2014 and the Annual Financial Report, due to be released in September 2015, for the year ended 30 June 2015. It is also recommended that the Preliminary Final Report be considered together with any public announcements made by Aeris Environmental Ltd during the year ended 30 June 2015 in accordance with the continuous disclosure obligations under the ASX Listing Rules and under the Corporations Act 2001.