

Rule 4.3A

Appendix 4E

Preliminary final report for the financial year ended 30 June 2014

Name of entity

AERIS ENVIRONMENTAL LTD ABN: 19 093 977 336**Results for announcement to the market**

\$A'000				
Revenues from ordinary activities	down	47.34%	to	525
(Loss) from ordinary activities after tax	down	5.65%	to	(1,068)
Net profit (loss) for the period attributable to members	down	5.65%	to	(1,068)

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

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)Date: **28 August 2014**Print name: **Robert J Waring**

Preliminary Final Report – Appendix 4E

The financial year ended 30 June 2014 focused on effective cost management together with a number of strategic achievements and significant progress with Aeris Environmental Ltd's (Aeris or the Company) product development activities. The decline in annual revenue largely reflects the sale of the Aeris Hygiene Services cold storage business, which also resulted in a lower overall loss for the year. Aeris will be providing a full report of its activities in its Annual Report to be released by 30 September 2014.

Key Achievements for the 2013-4 Financial Year

- Negotiation (post-balance-date acquisition) of the business of Smartcool Systems Australia Pty Ltd.
- Independent validation of the SmartENERGY platform.
- Commercially-significant expansion of the AerisGuard long-life anti-microbial coatings platforms. Several new multimillion-dollar applications were identified and validated, with strategic distribution partners in place.
- Agreement for the expansion of AerisGuard HVAC, and the cold storage business in the Philippines, Hong Kong, Singapore and China.
- Expanded distribution network for the AerisGuard range, both domestically and internationally.
- New OEM manufacturing agreements for supply in the 2014-15 financial year.
- First international distributor for the consumer mould range. Shipments to begin before the end of December 2014.
- Impressive technical results from the Lonza collaborative development on the AerisGuard hard surfaces platform.
- Expanded enzyme cleaning opportunities in the hospitality industry, including beer and beverages.
- Collaborative agreement with an industry leader for smart polymer production.
- Improved trading position for the 2013-14 financial year.
- Drawn-down non-dilutive loan funds of \$2,050,000 from the Company's Non-Executive Directors, with further undrawn facilities available.

During the 2013-14 financial year, Aeris concentrated its activities on scalable and global commercial opportunities for its proprietary 'Smart' platforms. The core of the Company's technologies continues to be energy and system efficiency, materials protection, indoor air quality and food hygiene. Of particular importance is Aeris' capability to provide an integrated range of solutions to its end customers and partners.

Since 30 June 2014, the Company has secured commercial orders for its SmartENERGY platform, and a number of high-profile customers are in negotiations with Aeris, with a view to implementing a broad cross section of the Aeris technologies across their enterprises, both in Australia and internationally.

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 year.

Consolidated statement of profit or loss and other comprehensive income

	For the year ended	
	30-Jun-14	30-Jun-13
	\$000's	\$000's
Revenues from operating activities	487	549
Export Market Development Grant	35	-
Interest revenue	3	7
Rental income	-	141
Other income	-	300
	<u>525</u>	<u>997</u>
Cost of goods sold	(158)	(194)
Depreciation and amortisation expense	(5)	(13)
Distribution expenditure	(49)	(55)
Employee benefits expense	(447)	(526)
Financial expenditure	(94)	(167)
Occupancy expense	(89)	(299)
Provision for doubtful debt expense	(1)	(265)
Other general and Administration	(367)	(343)
Product Registration, Patents, Trade Marks and R&D expenditure	(346)	(313)
Sales, Marketing & Travel	<u>(93)</u>	<u>(67)</u>
Profit / (loss) from ordinary activities before income tax expenses	(1,124)	(1,245)
Income tax credit relating to ordinary activities	<u>56</u>	<u>61</u>
Loss from continuing operations after tax	(1,068)	(1,184)
Profit / (loss) from discontinued operations	-	52
	<u>-</u>	<u>52</u>
Net loss for the period	(1,068)	(1,132)
Other Comprehensive Income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences	(1)	(5)
Items that will not be reclassified subsequently to profit or loss		
	-	-
Total Comprehensive Loss for the period	<u>(1,069)</u>	<u>(1,137)</u>
Loss for the period attributable to:		
Owners of Aeris Environmental Ltd	(1,068)	(1,132)
Minority Interest	-	-
	<u>(1,068)</u>	<u>(1,132)</u>
Total comprehensive loss for the period attributable to:		
Owners of Aeris Environmental Ltd	(1,069)	(1,137)
Minority Interest	-	-
	<u>(1,069)</u>	<u>(1,137)</u>

Consolidated statement of financial position

	30-Jun-14 \$000's	30-Jun-13 \$000's
CURRENT ASSETS		
Cash assets	162	181
Inventories	22	11
Receivables	162	98
Other	40	46
Assets classified as held for sale	-	-
TOTAL CURRENT ASSETS	386	336
NON-CURRENT ASSETS		
Plant and equipment	6	7
Intangible assets	-	-
TOTAL NON-CURRENT ASSETS	6	7
TOTAL ASSETS	392	343
CURRENT LIABILITIES		
Payables	318	562
Liabilities associated with assets held for sale	-	-
Interest-bearing liabilities	100	100
TOTAL CURRENT LIABILITIES	418	662
NON-CURRENT LIABILITIES		
Payables	28	22
Interest-bearing liabilities	2,050	700
TOTAL NON-CURRENT LIABILITIES	2,078	722
TOTAL LIABILITIES	2,496	1,384
NET ASSETS	(2,104)	(1,041)
EQUITY		
Contributed equity	28,467	28,467
Reserves	1,162	1,157
Accumulated losses	(31,733)	(30,665)
Minority Interest	-	-
TOTAL EQUITY	(2,104)	(1,041)

Consolidated statement of cash flows

	For the year ended	
	30-Jun-14	30-Jun-13
	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	423	809
Payment to suppliers and employees	(1,796)	(1,644)
R&D tax offset	56	61
Export Market Development Grant	35	-
Rent Received	-	141
Interest received	2	7
Interest paid	(84)	(44)
Other Income	-	-
Net cash used in operating activities	<u>(1,364)</u>	<u>(670)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans to other entities	-	-
Proceeds from sale of assets	-	37
Purchase of assets	(4)	-
Net cash provided by (used in) investing activities	<u>(4)</u>	<u>37</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of Convertible Notes	-	-
Proceeds from issue of Shares	-	5
Share issue expenses	-	-
Loan borrowings	1,350	400
Finance lease payments	-	-
Net cash provided by (used in) financing activities	<u>1,350</u>	<u>405</u>
Net increase (decrease) in cash held	(18)	(228)
Cash at the beginning of the financial year	181	414
Effects of exchange rate changes on cash and cash equivalents	<u>(1)</u>	<u>(5)</u>
Cash at the end of the financial year	<u>162</u>	<u>181</u>

Reconciliation of cash

	30-Jun-14	30-Jun-13
	\$000's	\$000's
Deposits on call	6	51
Cash on hand and at bank	<u>156</u>	<u>130</u>
	<u>162</u>	<u>181</u>

Notes to the consolidated financial statements

It is recommended that the Preliminary Final Report be considered together with any public announcements made by Aeris Environmental Ltd during the year ended 30 June 2014 in accordance with the continuous disclosure obligations under the ASX Listing Rules and under the Corporations Act 2001.

Earnings per security (EPS)

Calculation of the following in accordance with AASB 1027: Earnings per Share

	30-Jun-14	30-Jun-13
Net profit/(loss) - \$'000	(1,068)	(1,132)
Weighted average number of ordinary shares used in the calculation of the Basic EPS	117,746,704	114,720,764
Basic EPS – loss per share (cents)	(0.91)	(0.99)

NTA backing	30-Jun-14 cents	30-Jun-13 cents
Net tangible asset backing per ordinary share	(1.79)	(0.88)

Financial reporting by geographical segments

	Australia	Australian Services - Discontinued Operations	North America	Intersegment elimination	Consolidated
	\$000's	\$000's	\$000's	\$000's	\$000's
Segment revenue	522	-	39	(36)	525
Segment result	(1,033)	-	(145)	54	(1,124)
Segment assets	536	4	9	(157)	392
Segment liabilities	2,487	1,820	1,492	(3,303)	2,496