

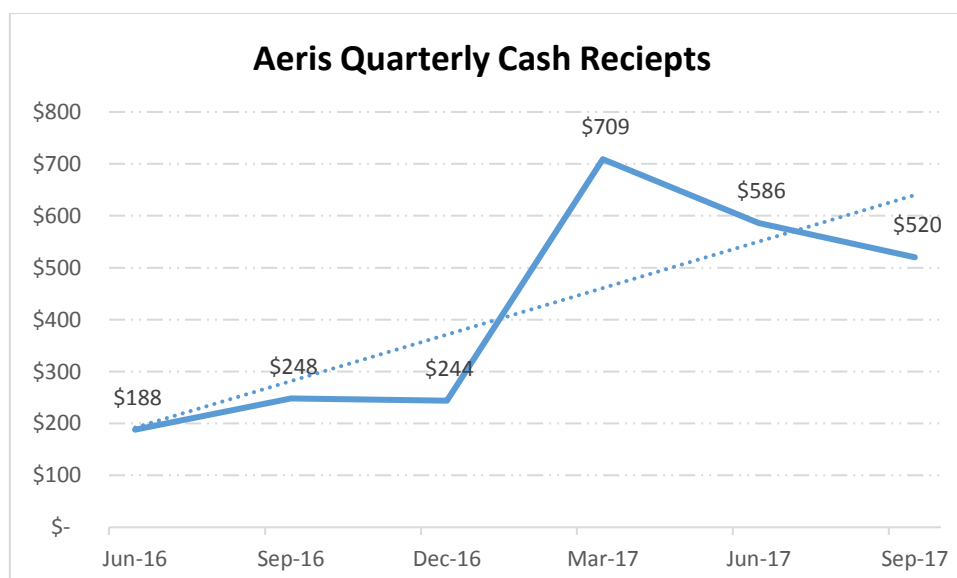
30 October 2017

Company Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

In accordance with ASX Listing Rule 4.7B, Aeris Environmental Ltd (Aeris or the Company) attaches its September 2017 Quarterly Report – Appendix 4C.

- **Cash receipts from customers of \$520,000 received for first quarter of 2017-18 financial year – an increase of 170% on prior corresponding period, demonstrating increased customer adoption and recurring sales.**
- **Cash received in October 2017 in excess of \$465,000, including successful receipt of ATO R&D cash-back.**
- **\$1 million of invoiced sales and purchase orders in September 2017 quarter. Current December 2017 quarter now with over \$812,000 of confirmed purchase orders, which are targeted for shipment and are to be recorded as revenue in December 2017 quarter, with over two months of additional trading remaining. This demonstrates strengthening sales and customer demand.**
- **Platinum partnership programme, with over 25 partners confirmed and multiple pending, accelerating Aeris' growth. Increasing number of global OEM corrosion protection customers. Broadening adoption of key Aeris SmartHUB ecosystem, with successful installations in marque customers in September 2017 quarter.**
- **Strategic discussions underway focussed on enabling Aeris to access large vertical customer groups globally, with potential to accelerate sales trajectory.**
- **\$15 million of verified sales in pipeline, five times 2016-17 financial year revenue, to be delivered over next 18 months. This re-affirms trajectory for Aeris to turn cash flow positive in 2018.**



Average cash receipts for the last three quarters (\$605,000 per quarter) are 2.7 times higher than the comparable previous three quarters (\$227,000 per quarter).

Summary

The September 2017 quarter has seen an increasingly successful demonstration of Aeris' growth in both commercial activity and revenue across its entire portfolio. In parallel, the Company has won tenders and/or commenced a number of marque projects, which are likely to drive widening acceptance of Aeris' disruptive technologies across global customer groups and industry verticals.

The Company is applying considerable focus on the cost efficiency and increased capacity of its manufacturing and supply chain, and has identified a number of manufacturing partners internationally that could deliver high-quality manufacturing capacity and, at the same time, improve Aeris' margins.

Cash receipts from the Company's customers of \$520,000 in the September 2017 quarter are more than double the cash receipts from the comparable September 2016 quarter, demonstrating increased customer adoption and recurring sales. Average cash receipts for Aeris' last three quarters (\$605,000 per quarter) are 170% higher than the comparable prior three quarters (\$227,000 per quarter).

From a revenue perspective, each of the Company's core divisions (Consumables, Functional Coatings and SmartHUB, and SmartENERGY and Control) are growing and gaining traction in key global markets. Both committed orders and a forward sales pipeline are at a historic high, and growing.

Aeris is utilising a highly-scalable mix of its platinum partners, together with a broadening base of international distributors, global direct customers and wholesale channel partners, to grow its business. The strategy is to grow recurring revenue through not only new customer adoption, but also expanding the full portfolio of products deeply into existing accounts.

Investments have been made in not only providing product efficiently and in a scalable way to customers, but importantly, in making sure there is sufficient trained applicator capacity to implement the Aeris ecosystem in the key markets of Australia, South East Asia, North America and Europe.

Strategic discussions are progressing, as previously reported, which could facilitate the rapid and widespread adoption of the Company's technologies across large customer bases, providing highly-desirable access to thousands of customers in material vertical opportunities worldwide.

Aeris will be providing a comprehensive update at its forthcoming Annual General Meeting, to be held at 11am on 29 November 2017 at Level 8, Angel Place, 123 Pitt Street, Sydney. The Company is now seeing the revenue opportunity associated with its outstanding portfolio of validated 'clean, green' technologies, and anticipates that the trajectory of growth will continue to accelerate towards achieving sustainable and long-term profitability.

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 and biofilm colonisation, 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 a documented improvement in system efficiency (54% to 289% improvement in airflow and up to 40% in coil efficiency), and independently-validated indoor air quality improvements across all air-conditioning and refrigeration systems, with proven immediate cash flow savings.



Appendix 4C

Quarterly report for entities subject to Listing Rule 4.7B

Name of entity

Aeris Environmental Ltd

ABN

19 093 977 336

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
1 Cash flows from operating activities		
1.1 Receipts from customers	520	520
1.2 Payments for		
(a) research and development	(119)	(119)
(b) product manufacturing and operating costs	(106)	(106)
(c) advertising and marketing	(120)	(120)
(d) staff costs	(521)	(521)
(e) administration and corporate costs	(369)	(369)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income tax refund received (including R&D Tax Offset)	-	-
1.7 Government grants and tax incentives	-	-
1.8 Others (provide details if material)	1	1
1.9 Net cash from / (used in) operating activities	(715)	(715)

	Current quarter \$A'000	Year to date (3 months) \$A'000
2 Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.2 Proceeds from disposal of:		
(a) property, plant and equipment	-	-
(b) businesses (item 10)	-	-
(c) investments	-	-
(d) intellectual property	-	-
(e) other non-current assets	-	-
2.3 Loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-
3 Cash flows from financing activities		
3.1 Proceeds from issue of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-
4 Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of quarter/year	1,520	1,520
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(715)	(715)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	(1)	(1)
4.6 Cash and cash equivalents at end of quarter	804	804

5 Reconciliation of cash and cash equivalents

at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts

5.1 Cash on hand and at bank

5.2 Term Deposits

5.3 Bank overdrafts

5.4 Deposits at call

5.5 Cash and cash equivalents at end of quarter (item 4.6)

Current quarter \$A'000	Previous quarter \$A'000
799	515
-	1,000
-	-
5	5
804	1,520

6 Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of loans to these parties included in item 2.3

6.3 Explanation necessary for an understanding of these transactions

Salaries paid to Peter Bush, Alternate Director and Chief Executive Officer

Current quarter \$A'000
67
-
67

7 Payments to related entities of the entity and their associates

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of loans to these parties included in item 2.3

7.3 Explanation necessary for an understanding of these transactions

Property outgoings and other charges paid to Ramlist Pty Ltd of which Messrs M Stang and B Stang are Directors.

Marketing and operational services provided by Ensol Systems Pty Ltd of which Mr M Stang is a shareholder.

R & D and other expenses paid to Novapharm Research (Australia) Pty Ltd of which Messrs M Stang, B Stang and S Kritzler are Directors.

Accounting services provided by Bright Accountants of which Mr Peter Bush is a related party.

Rent, Corporate overheads, distribution and administration expenses paid to Regional Healthcare Group Pty Ltd of which Messrs M Stang and B Stang are Directors.

Current quarter \$A'000
226
-
14
6
124
16
66

8 Financing facilities available

Add notes as necessary for an understanding of the position.

8.1 Loan facilities

8.2 Credit standby arrangements

8.3 Other (please specify)

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan facilities are provided by Non-Executive Directors Messrs M and B Stang and Mr S Kritzler. These are unsecured loans with interest payable at ATO benchmark rates and has a maturity term of 2 years.

Total facility \$A'000	Amount drawn \$A'000
1,500	-
-	-
-	-

9 Estimated cash outflows for next quarter

9.1 Research and development

9.2 Product manufacturing and operating costs

9.3 Advertising and marketing

9.4 Staff costs

9.5 Administration and corporate costs

9.6 Other (provide details if material)

9.7 Total estimated cash outflows

\$A'000
30
99
120
510
340
-
1,099

10 Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)

10.1 Name of entity

10.2 Place of incorporation or registration

10.3 Consideration for acquisition or disposal

10.4 Total net assets

10.5 Nature of business

Acquisitions	Disposals
n/a	n/a

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Sign here: *Robert Waring*

(Director/Company Secretary)

Print name: **Robert J Waring**

Date: **30 October 2017**