

29 April 2011

Companies Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B, we attach the March 2011 Quarterly Report – Appendix 4C.

Commentary

In the March 2011 quarter Aeris recorded a sales revenue increase of over 215% when compared with the same quarter in 2010. The Company continues its active Research & Development program together with accelerating commercial trials. The ongoing management of costs has resulted in operating expenditure being under budget for the quarter.

Aeris continues to progress a series of focussed programs to commercialise its proprietary platform technologies. A significant number of opportunities are now emerging as a consequence of the stabilisation of the global financial environment. The Company has recently re-engaged with potential collaborative partners/customers who had previously put new developmental programs on hold. A number of these initiatives have now been 'reactivated' based on pressing market needs and a greater confidence in investment.

Microbial control is increasingly seen as a key driver of productivity and safety in a number of industries. Aeris is well positioned to benefit from this accelerating demand.

Aeris has successfully commissioned its own polymer extruder to fast track the development and validation of several new 'smart surface' plastics. These materials have already exhibited outstanding anti-microbial properties which would support their successful use in a range of mouldings and slow release applications.

Highly encouraging results have also been achieved with the Company's collaboration, focusing on bringing to market a new generation of 'smart surface' coatings. Testing has demonstrated that these new proprietary coatings are long lasting, efficient and economical to manufacture. In addition, the new surfaces have highly desirable environmental qualities, and provide an accelerated entry into the lucrative automotive and transport applications. These applications are subject to valuable 'OEM' application opportunities.

The Aeries Guard 'Brewery Solutions' are progressing favourably in a number of pre-commercial evaluations. The Company's water treatment and biofilm solutions enjoy an increasing level of interest from both potential end customers and collaborative partners. Aeris Hygiene Services continues to expand its corporate client footprint by adding new sites and services to the Coles, Woolworths, Tip Top and Costa Group accounts.

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Importantly, the proportion of repeat business continues to exceed 60% on a monthly basis, while the continuation of a strong acquisition drive has seen a number of new accounts open up in markets such as South Australia, Queensland and Victoria.

As previously announced, Aeris has a number of advanced commercial discussions underway with key industry players and global customers in multiple sectors. As a result of ongoing and favourable feedback and evaluation of the Company's technology portfolio, Aeris is targeting early commercial agreements.

Aeris Environmental Ltd

Maurie Stang
Chairman

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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 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	227	719
1.2 Payments for		
(a) staff costs	(199)	(693)
(b) advertising and marketing	(30)	(116)
(c) research and development	(91)	(232)
(d) other working capital	(295)	(781)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	43
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income tax refund received (including R&D Tax Offset)	-	102
1.7 Other income -		
(a) Rent received	44	133
(b) Other income	-	-
Net Operating Cash Flows	(333)	(827)

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	Current quarter \$A'000	Year to date (9 months) \$A'000
1.8 Net Operating Cash Flows (brought forward)	(333)	(827)
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	(4)	(6)
(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	(4)	(6)
1.14 Total operating and investing cash flows	(337)	(833)
Cash flows related to financing activities		
1.15 Proceeds from issues of convertible notes	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(337)	(833)
1.21 Cash at beginning of quarter/year	1,091	1,579
1.22 Exchange rate adjustments	(3)	5
1.23 Cash at end of quarter	751	751

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	204
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
	\$
Rent & other charges paid to Ramlist Pty Ltd of which Messrs M Strang and B Strang are directors.	71,536
R & D expenses paid to Novapharm Research (Australia) Pty Ltd of which Messrs M Strang, B Strang and S Kritzler are directors.	32,294
Corporate overheads, distribution and administration expenses paid to Regional Healthcare Pty Ltd of which Messrs M Strang and B Strang are directors.	55,348
Salary paid to H Jones.	44,728

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	Nil
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	Amount used
	\$A'000	\$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	250	Nil

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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	147	194
Deposits at call	454	747
Bank overdraft	-	-
Other - 90 day bank bills	150	150
Total: cash at end of quarter (item 1.23)	751	1,091

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 ~~not~~ ~~(delete one)~~ give a true and fair view of the matters disclosed

Sign here: 

(~~Director~~/Company Secretary)

Print name: Robert J Waring

Date: 29 April 2011

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