



Aeris Technologies Ltd
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29 October 2004

Companies Announcements Office
Australian Stock Exchange Limited

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B we attach the September 2004 Quarterly Report – Appendix 4C.

The Company has recently published its 2004 Annual Report containing a review of operations and key achievements. The document can be found on the Aeris Technologies website at www.aeris.com.au.

In August 2004 Aeris was pleased to welcome Trane as its authorised distributor in Thailand and Indo China. Trane is a 5 billion US dollar Fortune 500 global leader in heating, ventilation and air-conditioning (HVAC) service and systems. Trane has a significant global presence with 28 manufacturing locations around the world.

In the quarter Aeris successfully conducted trials on a number of landmark buildings both in Australia and internationally with results which validate both the efficacy and the commercial opportunity for the Aeris suite of products. Following successful results from OEM trials earlier in the year, the next quarter will also see Aeris expanding its collaboration with a number of new potential OEM customers throughout the Asia Pacific region.

Following the successful conclusion of trials with leading hotel groups, the Company expects that AerisGuard™ will begin its international roll-out within the hospitality industry in the near term starting in the 2005 calendar year. In Asia, where the cost of running air conditioning systems accounts for up to 65% of total energy costs, Aeris is offering customers a compelling return on investment through substantially enhanced performance and therefore should enjoy rapid acceptance.



As previously reported, gaining regulatory approval for the AeriGuard products and their superior marketing claims has become an absolute focus of the Company. Aeri is working with expert regulatory consultants in both USA and Canada to expedite the process and has been advised that the materials from which Aeri products are formulated fall within those acceptable under the US EPA guidelines. Additionally, Aeri continues to enjoy highly encouraging feedback from customers in these North American markets who have evaluated the AeriGuard system to date. The EPA registrations are a major driver of potential business and a significant number of potential key customers have put forward EPA registration as a requirement. As a consequence the Company has extended the payment terms given to distributors in the US and certain related markets in recognition of the interim impact of the requirement for EPA approval. Whilst this represents a direct impact on current sales and cash flow, the Company is likely to achieve uniquely powerful claims resulting in a rapid acceleration of business upon registration.

Finance

Cash on hand at 30 September 2004 was \$660,000 which included a \$400,000 Directors' loan provided to the Company prior to the placement of shares (see After Balance Date Events below). This loan was repaid in October 2004. Expenses were in line with forecast whilst cash receipts continue to be affected by the extended regulatory process in the US.

After Balance Date Events

On 8 October 2004 Aeri announced a placement of 3,850,000 ordinary shares at a price of 83 cents per share which raised \$3,195,500. This placement was significantly oversubscribed, and has brought onto the Aeri share register a number of leading institutions. The Company will utilise the funds to support and expand its international regulatory efforts, to invest in the marketing and promotion of the Aeri and AeriGuard brands and to provide the Company with additional working capital to apply to its business objectives.

Yours sincerely

Maurie Stang
Chairman

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

Aeris Technologies Ltd

ABN

19 093 977 336

Quarter ended ("current quarter")

30 September 2004

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	106	106
1.2 Payments for:		
(a) staff costs	(191)	(191)
(b) advertising and marketing	(50)	(50)
(c) research, development and patents	(113)	(113)
(d) leased assets	(6)	(6)
(e) other working capital	-	-
(f) other admin and corporate costs	(263)	(263)
(g) product purchased	(305)	(305)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	8
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid – R&D tax rebate	-	-
1.7 Other (currency hedge)	6	6
Net operating cash flows	(808)	(808)

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date \$A'000
1.8 Net operating cash flows (carried forward)	(808)	(808)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(23)	(23)
(e) other non-current assets	-	-
1.10 Proceeds from disposal 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	(23)	(23)
1.14 Total operating and investing cash flows	(831)	(831)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	193	193
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	400	400
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – share issue expenses	-	-
Net financing cash flows	593	593
Net increase (decrease) in cash held	(238)	(238)
1.21 Cash at beginning of quarter/year to date	898	898
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	660	660

Note: On 8 October 2004 Aeris announced the placement of 3,850,000 shares at \$0.83 to raise \$3,195,500.

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	9
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil
1.26	<p>Explanation necessary for an understanding of the transactions</p> <div style="border: 1px solid black; padding: 5px;"> Payments for wages of \$3,439 and rent of \$5,500 were made to Regional Health Care Group, of which Messrs M Stang, B Stang and S Kritzler are directors. </div>	

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

None

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	400	400

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

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	485	79
4.2 Deposits at call	175	819
4.3 Bank overdraft	-	-
4.4 Other – bank accepted bills of exchange	-	-
Total: cash at end of quarter (item 1.23)	660	898

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity		
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.

Robert Waring

Sign here: _____ Date: 29 October 2004
 (~~Director~~/Company Secretary)

Print name: _____ Robert J Waring _____

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.