



Aeris Technologies Ltd
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29 July 2005

Companies Announcements Office
Australian Stock Exchange Limited

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B we attach the June 2005 Quarterly Report – Appendix 4C.

US Environmental Protection Agency (EPA)

In May 2005 Aeris Technologies was very pleased to advise that the Company had filed its regulatory submission to the USA EPA for its patented AerisGuard™ Bioactive Coil Treatment product.

The AerisGuard Bioactive Coil Treatment is the cornerstone of the Aeris technology solution within the HVAC (heating, ventilation and air-conditioning) market and the submission was a major milestone for the Company.

Aeris has been working with a specialist regulatory consultant in the USA to ensure that the file submitted fully meets the EPA's requirements including extensive testing by an accredited US laboratory.

Later in the quarter the Company was subsequently able to report that the USA EPA submission for the AerisGuard™ Bioactive Coil Treatment product had been granted the faster track 120 day EPA review process.

Once the product is registered the Company expects a rapid acceleration of business in the USA, the largest HVAC market in the world.



Japan Market Update

At the beginning of June Aeris Technologies advised that it had signed a memorandum of understanding (MOU) with Sumitomo 3M Limited for the exclusive distribution and marketing of the complete range of Aeris products in Japan.

Sumitomo 3M Limited is a subsidiary of 3M, a leading Fortune 500 company. The organisation has over 2000 employees in Japan and enjoys a strong position in several of the markets that the Aeris products address. The signing of the MOU followed extensive independent validation of the market opportunity by Sumitomo 3M Limited including the completion of a number of demonstrations with key customer groups in Tokyo.

Japan is the second largest heating, ventilation and air-conditioning (HVAC) market in the world and represents an outstanding opportunity for Aeris' complete product portfolio due to a major focus on energy saving and a parallel heightened concern for human health and safety. It is envisaged that Sumitomo 3M will commence commercial activity with the Aeris range in late 2005 and will move to a full national launch in 2006.

Aeris has received confirmation that the complete range of the Company's products can be marketed in Japan without any additional regulatory requirements. Sumitomo 3M brings a complete coverage and intimate knowledge of the Japanese market to the successful launch of Aeris in Japan and provides a partner with a strong technical capability well aligned with Aeris' requirements.

New Product Development

The planned launch in August of the Company's new anti-corrosion coating product designed for application in HVAC (heating ventilation and air-conditioning) systems post installation is on target. This significant new product has wide applications in the HVAC market in all geographic markets throughout the world. The roll-out of the product will initially commence in Australia and USA and then India later in the year.

Finance

Cash receipts from operations in the quarter were \$94,000 and the Company also received \$6.61 million in cash in the quarter from exercise of share options with an expiry date of 1st July 2005, with an additional \$580,000 received in July 2005.

As forecast earlier in the year the second payment of \$100,000 relating to the Export Market Development Grant (EMDG) was received in the quarter.

The Company is pleased to advise that operating expenses continued to be in line with forecast and averaged \$325,000 per month over the quarter (excluding products purchased).

Aeris remains debt free with cash on hand of \$8.17 million at 30 June 2005 and is now in a strong position to take advantage of the significant opportunities across its broad business objectives.

Recent Events***Commercial OEM Order***


On 26 July 2005 the Company was very pleased to advise that it had received its first significant commercial order for its unique AerisCoat™ OEM (original equipment manufacture) Corrosion Protection product.

The order from SKM in the United Arab Emirates, one of the leading manufacturers of residential and commercial air-conditioning equipment in the Gulf region, is for an initial 2,000 litres.

It is expected that SKM will expand the application of AerisCoat throughout its production operations over the next 24 months to an estimated usage of between 10,000 and 15,000 litres per year and would generate between \$400,000 and \$750,000 of annual on-going sales revenue to Aeris Technologies.

Aeris has been working with SKM on this project for over 18 months and continues to be in advanced discussions with a number of other potential OEM customers. This first milestone in commercialization provides strong validation of Aeris' strategy for its global OEM markets.

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 June 2005

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	94	364
1.2 Payments for:		
(a) staff costs	(266)	(888)
(b) advertising and marketing	(138)	(373)
(c) research, development and patents	(132)	(380)
(d) leased assets	(93)	(145)
(e) other working capital	-	-
(f) other admin and corporate costs	(346)	(1,215)
(g) product purchased	(29)	(382)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	21	101
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid – R&D tax rebate	-	-
1.7 Other - Currency hedge	-	103
- Export Market Development Grant	100	150
- Rent	51	51
Net operating cash flows	(738)	(2,615)

+ 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)	(738)	(2,615)
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	(31)	(78)
(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	(31)	(78)
1.14 Total operating and investing cash flows	(769)	(2,693)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	6,610	10,097
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 – share issue expenses	-	(130)
Net financing cash flows	6,610	9,967
Net increase (decrease) in cash held	5,841	7,274
1.21 Cash at beginning of quarter/year to date	2,331	898
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	8,172	8,172

+ 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	178
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Payments for wages of \$676 and rent of \$21,333 were made to Regional Health Care Group, of which Messrs M Stang, B Stang and S Kritzler are directors. Payments for rent of \$85,333 were made to Ramlist Pty Ltd, of which B Stang is a director. Payments for contracted R&D of \$62,855 were made to Novapharm Research (Australia) Pty Ltd and \$7,758 to Nanosonics Pty Ltd, of which Messrs M Stang, B Stang and S Kritzler are directors.

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	250	Nil

+ 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	5,866	94
4.2 Deposits at call	2,306	2,237
4.3 Bank overdraft	-	-
4.4 Other – bank accepted bills of exchange	-	-
Total: cash at end of quarter (item 1.23)	8,172	2,331

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 July 2005
(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.