

30 April 2008

Companies Announcements Office
Australian Securities Exchange

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B we attach the March 2008 Quarterly Report – Appendix 4C.

Financial Performance Summary

Cash receipts from customers in the quarter were \$604,000 up 104% on the previous quarter. This increase combined with continued focused management of operating expenses and the receipt of a \$120,000 R&D Tax Rebate resulted in a significant reduction in net operating cash burn. The average monthly net operating cash burn for the quarter was \$198,000, down 42% on the average over the previous 6 months.

The strong cash receipts from customers reflected the positive sales in the December quarter including the implementation of the AerisGuard solution at the first two Merck facilities in Puerto Rico.

Aeris cash on hand at 31 March 2008 was \$3.6 million and the Company remains debt free (excluding vehicle leases).

USA Update

Aeris Atlantic LLC (majority owned subsidiary of Aeris Environmental Ltd) has been awarded a service contract with Harrah's Entertainment in the USA for application of the Company's AerisGuard Air-Conditioning Performance Solution.

The 12 month contract is with a Harrah's casino in Atlantic City and was awarded after successful trials of the AerisGuard technology which demonstrated significant improvements in airflow and overall system efficiency.

Harrah's is the world's largest provider of branded casino entertainment and has 48 casinos worldwide, 35 of which are based in USA. The casino in Atlantic City is the 2nd largest of Harrah's facilities worldwide.

The total contract is planned to generate revenues in excess of US\$200,000 to Aeris Atlantic over the next 12 months.

Aeris is now working on expanding the application of AerisGuard throughout the Harrah's network with initial paid work already scheduled for a number of other facilities in Atlantic City.

In addition Aeris has just completed an promising paid trial at a large Harrah's facility to treat and protect the air-con systems of the individual hotel rooms attached to the casino. The trial will run for a number of months and if successful will open up a large opportunity to treat the 1,000 plus rooms at each casino.

In the quarter Aeris Atlantic also won its first service contract in the brewing industry with The Boston Beer Company, Inc ("Boston Beer")

Boston Beer is America's leading brewer of handcrafted, full-flavored beers and brewer of the renowned Samuel Adams range of beers.

The initial contract is for the application of the AerisGuard Air-Conditioning Performance Solution to Boston Brewery's newly acquired facility in Pennsylvania.

The brewery has been idle for several years and the air-conditioning system had become fouled with commonly occurring biological contamination and this had resulted in a significant impact on system efficiency and particularly reduced air-flow and poor temperature control.

Boston Beer chose the AerisGuard system due to its unique ability to restore efficiency by environmentally removing the contamination build-up and then protecting the system from recontamination.

Application of the AerisGuard technology at this facility is anticipated to generate over USD\$200,000 to Aeris over the next 12 months as well as opening up additional opportunities in the large brewing industry in the USA.

Asia Update

As previously announced, in November 2007, Trane signed a pan-Asia agreement for the distribution of the unique AerisGuard Air-Conditioning Performance Solutions.

The partnership agreement is currently non-exclusive for China but it has been agreed in principle to be amended to exclusive rights in the near future following a recent review of Trane's business plan for AerisGuard in China.

Aeris is extremely pleased with the resources that Trane is investing in China and both parties believe the upcoming Beijing Olympics will significantly increase the awareness of the environmental issues addressed by the AerisGuard Solution.

Importantly in the March quarter Trane exceeded the performance targets set out in the partnership agreement.

Cold Storage Update

The Company's direct service operation in Australia, Aeris Hygiene Services (AHS), continues to expand its customer network. Importantly, over 50% of AHS's monthly revenue is now derived from repeat from key customers.

Also in the quarter Aeris Environmental received notification that its core products have received NSF¹ registration in the USA.

The NSF Mark is required by many of the major food related corporations in the USA before products can be used in their cold storage facilities. This registration now clears the path for entry into the large USA Food Cold Storage market and allows Aeris to target food manufacturing facilities which have the greatest hygiene requirements as part of their Food Safety Management Plans.

Aeris Becomes USA Energy Star Partner

Aeris has been accepted as an Energy Star Partner² in the USA and named as an “Energy Service and Product Provider” for its AerisGuard Air-Conditioning Performance Solution technology.

The Energy Star program recognises companies with energy efficient products and services who demonstrate that they provide customers with energy savings whilst protecting the environment. For more information visit www.energystar.gov.

The Energy Star partnership is the latest recognition of the environmental benefits of the AerisGuard technology and strengthens the Company’s status as an emerging international environmental services and cleantech company. Importantly it also fully supports the Company’s global supply agreement with Merck & Co to reduce their energy consumption.

R&D Update

The Company’s collaboration with CSIRO on the development of a unique anti-microbial polymer technology has regained momentum after recent positive analysis by CSIRO of the technology’s effectiveness and commercial potential.

Aeris is now targeting potential licensing partners who are able to take the technology to their global customers.



Huw Jones
Chief Executive Officer

¹ NSF International is the world leader in standards development, product certification, education, and risk-management for public health and safety. The NSF Mark is recognized for its value in international trade around the world and is respected by American regulatory agencies at the local, state, and federal levels.

² Energy Star is a joint national program of the U.S. Environmental Protection Agency and the U.S. Department of Energy.

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

Aeris Environmental Ltd

ABN

19 093 977 336

Quarter ended ("current quarter")

31 March 2008

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 customers	604	1,098
1.2 Payments for		
(a) staff costs	(559)	(1,812)
(b) advertising and marketing	(107)	(503)
(c) research and development	(90)	(397)
(d) leased assets	(3)	(11)
(e) other working capital	(620)	(1,440)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	69
1.5 Interest and other costs of finance paid	(5)	(15)
1.6 Income taxes refund (including R&D tax rebate)	121	272
1.7 Other - Export Market Development Grant	-	-
- Rent received	40	104
Net operating cash flows	(595)	(2,635)

+ 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 (9 months) \$A'000
1.8 Net operating cash flows (carried forward)	(595)	(2,635)
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	(16)	(122)
(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	22	22
(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	6	(100)
1.14 Total operating and investing cash flows	(589)	(2,735)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	200	3,796
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	200	3,796
Net increase (decrease) in cash held	(389)	1,061
1.21 Cash at beginning of quarter/year to date	4,032	2,633
1.22 Exchange rate adjustments	(51)	(102)
1.23 Cash at end of quarter	3,592	3,592

+ 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	173
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Payments for rent of \$94,806 were made to Ramlist Pty Ltd, of which Messrs M Stang and B Stang are directors. Payments for contracted R&D of \$12,568 were made to Novapharm Research (Australia) Pty Ltd of which Messrs M Stang, B Stang and S Kritzler are directors. Payments for corporate overhead, distribution and administration of \$65,781 were made to Medi-Consumables Pty Ltd, of which Messrs M Stang and B Stang 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	392	3,563
4.2 Deposits at call	200	469
4.3 Bank overdraft	-	-
4.4 Term Deposits	3,000	-
Total: cash at end of quarter (item 1.23)	3,592	4,032

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

Sign here: **Robert Waring.** Date: 30 April 2008
(Director/Company secretary)

Print name: Robert J Warring

+ 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.