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30 April 2007

Companies Announcements Office
Australian Stock Exchange Limited

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B we attach the March 2007 Quarterly Report – Appendix 4C.

Highlights

- BHP Billiton mines signs 12-month service contract
- CSIRO commissioned to study energy reduction benefits of AerisGuard technology in cold storage environment
- Senior executive recruited to run newly established USA subsidiary
- Trane wins AerisGuard Corrosion Protection contract with Marriott hotel.

Introduction

In the quarter Aeris continued to report key successes and make strong progress in its major business units.

The Water business successfully completed negotiations with a BHP Billiton mine in Australia to deliver its unique biofilm remediation service. Meanwhile the company continued to strengthen its direct presence in the lucrative USA market, establishing a wholly owned subsidiary and recruiting an experienced senior executive to run the operations.



In line with the re-focus on the environmental benefits of the AerisGuard technology the Cold Storage business in Australia commissioned the CSIRO to conduct trials to quantify the energy savings resulting from the AerisGuard remediation and treatment technology.

In Asia the Company's Indochina distributor, Trane, reported a major success in winning a contract to coat over 350 heat exchange coils with the AerisGuard OEM Corrosion Protection technology at a Marriott hotel in Thailand.

USA Market Update

In February Aeris advised the market that it had established new operations in Philadelphia to support the Company's future growth in the USA.

Aeris Technologies LLC is a wholly owned subsidiary of Aeris Technologies Limited and will focus on managing the existing distributor network, forging new direct relationships with large national customers and developing and implementing new business opportunities.

The Company has also appointed Ronald J. Bacskai as Executive Vice-President of its USA operations and reporting to Aeris CEO, Huw Jones. Prior to joining Aeris Technologies Ron was President and CEO of ETG Environmental (a technology-based hazardous waste management company) and President and CEO of Williard Inc. (Williard Inc. at the time had annual revenues of US\$110 million and was the 6th largest USA mechanical and electrical construction company involved in the design and installation of commercial air-conditioning, and specialty energy systems.)

Aeris Technologies LLC has the responsibility of developing and implementing the Company's business strategy in the USA to a more direct model and has already commenced direct sales activity to a number of significant US based multi-national organisations.

The USA is the world's largest air-conditioning and importantly the largest food processing market in the world and has the greatest awareness of the broad range of environmental and energy savings benefits offered by Aeris' patented technologies. It is therefore critical that Aeris now has a presence in this significant and growing market to be able to capitalise on these opportunities.

The Company has made strong progress with its high-level negotiations with a major US pharmaceutical company regarding the roll-out of its products to its facilities world-wide. Based on successful energy reduction trials, the customer's internal energy team has strongly recommended the AerisGuard technology to its major facilities. The company is now focussed on converting this into a formal agreement which will allow implementation at each facility. If successful, such an agreement has the potential to deliver multi-million dollar sales on an annual basis with first sales anticipated to occur towards the end of calendar 2007.

Japan Market Update

Aeris' distributor in Japan, Sumitomo 3M, has advised that it has secured an agreement with Duskin to supply the AerisGuard air-conditioning treatment products. Duskin is the largest home air-conditioning cleaning company in Japan and has conducted extensive trials on the AerisGuard product range.

Duskin will initially purchase the patented unique AerisGuard Bioactive Coil Treatment product to compliment its current cleaning system. Aeris has been working with Sumitomo 3M and Duskin to modify the Company's remaining AerisGuard products (Bioactive Coil Cleaner and Bioactive Pan Tablet) to suit the unique environment in Japan (including smaller size home air-conditioning units and the high incidence of nicotine deposits in home systems).

It is envisaged that Duskin will introduce Aeris' remaining products for the 2008 season.

Trane wins Marriott AerisGuard Corrosion Protection Contract.

Trane has reported that it has recently won the contract to supply over 350 condenser heat exchange coils to a large Marriott hotel – and all the coils are to be pre-treated with the unique AerisGuard OEM Corrosion Protection technology. The hotel is located by the ocean and the air-conditioning system is therefore highly susceptible to salt induced corrosion. This is a key win for Trane and Aeris and has provided a strong reference site for the Company's Indochina distributor.

As part of Trane's focus on the hotel industry and commitment to the AerisGuard product range, the corporation has just completed a very successful series of seminars to hotel engineers of major hotels in Thailand and Philippines. AerisGuard was positioned as a key part of Trane's offering to the hotel industry and generated significant interest and revenue opportunities in both countries.

Trane continues to expand the distribution of the AerisGuard products across South East Asia and is currently in the process of setting up central coordination and management of the AerisGuard opportunity in the region.

Australian Cold Storage Market

In the quarter Aeris entered into an agreement with Food Science Australia (FSA), a joint venture of CSIRO and the Victorian Government, to conduct a study to document the energy saving benefits of the Company's unique AerisGuard™ Cool Room Performance Solutions.

The 2 month study will focus on refrigeration systems in cold storage environments with trial sites in Sydney and Brisbane and commenced in March 2007.

The Company's cold storage direct service subsidiary, Aeris Hygiene Services, has completed over 150 paid remediation jobs since it was

established in June 2006 all of which have clearly demonstrated significant improvements in system efficiency and system hygiene.

The key objective of the FSA study will be to quantify the energy savings directly resulting from these efficiency gains and thereby quantify the reduction in green house gases resulting from application of the AerisGuard system.

The Company also plans to commission further independent studies to demonstrate the energy savings from the AerisGuard system in commercial air-conditioning systems.

Aeris is confident that the results of the FSA cool room study will provide further tangible evidence of the positive impact the AerisGuard system has on the environment and on its customer's bottom line.

The total opportunity for cool-room refrigeration hygiene services in Australia is estimated to be in excess of \$100 million per year and includes the fresh produce, meat, seafood, food retail, hospitality, refrigerated transport and pharmaceutical industries.

Water Treatment

Aeris' wholly owned water treatment subsidiary, Aeris Biological Systems, has signed an exclusive supply contract with BHP Billiton to provide its patented Multi-Enzyme Biofilm Removal technology and related services for the first of their large coal mines.

The contract value for this first site is over \$150,000 per annum (the exact contract value is commercial-in-confidence) and involves the supply and application of the Company's Multi-Enzyme technology and on-going monitoring of biofilm levels in the mine's large underground water system.

This contract follows lengthy trials with BHP Billiton during which the Aeris technology was validated on-site and in real working conditions.

The use of the Aeris technology will provide BHP Billiton enhanced productivity and improved management of biological contamination in a 6 kilometre, high volume throughput water circuit.

It is estimated there are in excess of 600 underground coal mines worldwide representing almost two-thirds of all hard coal production.

At the Company's Annual General Meeting in November 2006 Aeris announced that it had undertaken in-field commercial trials with BHP Billiton since September 2005 on the management of biofilm fouling in the water circuit used for dust retention and fire safety purposes. Arising from these trials the Aeris system was demonstrated to remediate the biofouling of filters and to enhance productivity. Aeris has made a significant investment in these validation studies in anticipation of further opportunities not only in BHP Billiton (a very large producer in its own right) but also with other leading global mining corporations.

In related activities Aeris Biological Systems has recently generated encouraging results in on-going trials of its advanced Multi-Enzyme Biofilm Removal technology at a groundwater treatment plant in Australia.

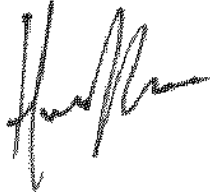
Importantly, Aeris continues to have an active R&D investment program in developing a world-class specialist capability in biofilm removal and believes that this initial technical and commercial success with BHP Billiton (the world's largest diversified resources corporation) is a strong validation of the Company's investments to date and the commercial potential it has now demonstrated.

Finance

Cash receipts from operations in the quarter (including interest and other income) were \$442,000 with cash receipts from customers for the financial year-to-date showing an increase of 118% over the same period last year.

Operating expenses continue to be well controlled and were 5% lower in the quarter compared to the same period last year. Expenses are expected to rise slightly in the next period as a result of the Company's investment in establishing the new subsidiary in the USA and recruitment of additional service personnel at Aeris Hygiene Services in Australia.

Aeris cash on hand at 31 March 2007 was \$3.5 million and the Company remains debt free.



Huw Jones
Chief Executive Officer

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 Technologies Ltd

ABN

19 093 977 336

Quarter ended ("current quarter")

31 March 2007

Consolidated statement of cash flows

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from customers	300	946
1.2 Payments for		
(a) staff costs	(528)	(1,349)
(b) advertising and marketing	(167)	(613)
(c) research and development	(108)	(457)
(d) leased assets	(78)	(234)
(e) other working capital	(467)	(1,148)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	55	200
1.5 Interest and other costs of finance paid	(6)	(11)
1.6 Income taxes refund (including R&D tax rebate)	-	85
1.7 Other - Export Market Development Grant	70	70
- Rent received	17	61
Net operating cash flows	(912)	(2,450)

+ See chapter 19 for defined terms.

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

	Current quarter	Year to date (9 months)
	\$A'000	\$A'000
1.8 Net operating cash flows (carried forward)	(912)	(2,450)
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	(35)	(115)
(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	(35)	(115)
1.14 Total operating and investing cash flows	(947)	(2,565)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
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	(947)	(2,565)
1.21 Cash at beginning of quarter/year to date	4,397	6,015
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	3,450	3,450

+ 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	238
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 \$90,731 were made to Ramlist Pty Ltd, of which B Stang is a director. Payments for contracted R&D of \$54,565 were made to Novapharm Research (Australia) Pty Ltd of which Messrs M Stang, B Stang and S Kritzler are directors. Payments for corporate overhead and administration of \$91,773 were made to Medi-Consumables 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.

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.