

Rule 4.3A

Appendix 4E

Preliminary final report for the financial year ended 30 June 2009

Name of entity

AERIS ENVIRONMENTAL LTD ABN: 19 093 977 336**Results for announcement to the market**

				\$A'000
Revenues from ordinary activities	down	13.26%	to	2,132
(Loss) from ordinary activities after tax attributable to members	down	33.18%	to	(2,249)
Profit (loss) from extraordinary items after tax attributable to members		-		-
Net profit (loss) for the period attributable to members	down	33.18%	to	(2,249)

Dividends (distributions)	Amount per security	Franked amount per security
	Final dividend	Nil ¢
Previous corresponding period	Nil ¢	Nil ¢

Details of entities over which control has been gained or lost during the period

Aeris Caribbean LLC incorporated on 18 September 2008

Compliance statement

This report is based on accounts that are in the process of being audited.

Sign here:
(Director/Company Secretary)

Date: 31 August 2009

Print name:

Huw Jones

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Financial Performance Summary

Despite an extremely challenging global economy, in the year ended 30 June 2009 Sales Revenue declined only 11% over the previous year and Total Revenue (including interest income) declined 13% to \$2.13 million.

As a result of proactive management of costs, the Operating Expenses for the Company for the 2008/2009 financial year were reduced by 21% compared to the previous year.

Aeris' cash on hand at 30 June 2009 was \$645,000 and the Company remains debt free (excluding finance leases).

In July 2009 the Company announced that it had successfully completed a cash raising of \$2.5 million via the placement of convertible notes to professional and sophisticated investors. The 12.5 million convertible notes were issued at 20 cents each, will accrue interest at 10% per annum and each noteholder received one share option for every ten convertible notes they subscribed to. The raising was well supported by a mix of both existing and new shareholders.

Environmental Protective Coatings and Remediation

Over the last 12 months Aeris' US subsidiary, Aeris Atlantic, has successfully implemented the AerisGuard HVAC Performance Solution at a number of major facilities owned by some of the world's largest corporations. These include Boeing, Schering Plough, Harrah's Entertainment, Bristol Myers and Sheraton. The ultimate customer benefits resulting from these projects included significant improvement in system efficiency, energy (and cost) savings and healthier indoor air.

Also in the USA, Aeris is currently working with a Trane manufacturing facility on implementing the AerisGuard OEM Corrosion Protection product. The value of this single opportunity to Aeris is estimated between \$500,000 and \$1 million per annum and Trane have another 18 manufacturing facilities in the USA.

In Asia, Aeris' distribution partner, Trane, secured and developed iconic customers in the retail segment with the AerisGuard Performance Solutions product range, including winning a contract to AerisGuard all of SM Group's shopping malls in the Philippines. SM owns and operates over 30 shopping malls across Asia and is the largest shopping mall and retail operator in the Philippines.

In China, Trane has had initial success with both the AerisGuard HVAC Performance Solution and AerisGuard Maintenance Corrosion Protection product ranges, particularly with the hotel and casino corporations in the Macau region where the coastal environment presents significant corrosion challenges to air conditioning systems.

Our distributor in Japan, Sumitomo 3M, has strengthened its' relationship with Duskin who are dominant in the Japanese residential HVAC cleaning market and the AerisGuard Coil Treatment technology is now a standard part of Duskin's premium cleaning service offering.

Food Cold Storage

Aeris' Cold Storage division, Aeris Hygiene Services (AHS) specializes in the remediation and protection of commercial refrigeration systems and cold storage facilities from biological contamination. AHS was launched in the Australian market in 2006 and has continued to make inroads into the cold storage remediation market, with a focus upon acquiring large scale multi-site national corporate customers. AHS has won service contracts with a number of key customers during the year including Woolworths, Bidvest, Moraitis and the Costa Group and this has contributed to a 46% growth in revenue.

AHS is now actively working on licensing the AHS Cold Storage Performance Solutions business model to other 3rd parties in Australia and overseas.

Water Treatment

One of the founding pillars of the Aeris business is providing customers significant improvements in system efficiency by the environmentally friendly removal of biofilm. Aeris' water treatment division is the newest of Aeris' businesses and specializes in the environmentally safe removal of biofilm from industrial water and fluid systems using the patented AerisGuard Multi-Enzyme technology.

During the year strong progress had been made in adapting the multi-enzyme technology for a diverse range of applications.

Cooling Towers: Following successful trials of the AerisGuard Enzymatic Cooling Tower solution conducted against conventional water treatment systems, Aeris is now in active discussions with a number of the leading international water treatment companies regarding the commercialisation of the proprietary biofilm remediation system.

Brewing: For the past 9 months Aeris has been conducting a series of laboratory and on-site trials to validate the Aeris multi-enzyme technology for application in the brewing industry. The trials successfully demonstrated that the AerisGuard system provides significant improvements in operational efficiency and hygiene. It is anticipated that the full commercial launch of this exciting product will occur in the first quarter of calendar 2010.

Dairy: Recent laboratory trials with a leading global dairy manufacturer have validated Aeris' ability to digest the biofilm in one treatment using the AerisGuard Enzymatic Dairy solution. The next stage in the commercialisation process is to replicate these laboratory results in off-line trials at one of the customers' manufacturing facilities, after which full on-line trials will take place.

Ice Machines: During the year, the Company completed the development of a commercial biofilm removal solution for the large ice machine market, which are notorious for the growth of biofilm. The product has been pilot launched in Australia and the first customer orders have already been received. Export sales are expected to commence in early calendar 2010.

New Product Pipeline and I.P.

Aeris has successfully invested in a number of major new growth platforms for the Company. Specifically, Aeris has pioneered a new class of biocidal plastics (polymers) which have potential applications in several of Aeris' core markets but equally should provide significant new revenue streams from major new commercial and industrial opportunities. Currently Aeris has executed confidentiality agreements with a number of leading international polymer manufacturers with a view to developing one or more strategic alliances to target the multi-billion market for "advanced polymers".

The second major focus for the Company is the development and commercialisation of new OEM biocidal coatings which will be applied at the time of manufacturer and will provide the customer materials that exhibit long term resistance to the growth of micro-organisms (including biofilm). Aeris is targeting entering into the first commercial agreement for these novel coatings in the near term as a result of a series of discussions with one of the world's largest suppliers to the OEM manufacturing market.

Aeris continues to assess a number of interesting growth opportunities in the cleantech space. The Company has been formally evaluating a potentially significant new technology in the area of water diagnostics. It is Aeris' aim to conclude a transaction in the coming quarter providing the Company global rights to the novel technology. At the time this transaction is completed it is anticipated that Aeris would begin immediate commercialisation of the technology and preliminary discussions are already underway with a number of parties to address this potentially lucrative global market.

Dividends

No dividends were paid or proposed during the year.

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Consolidated statement of comprehensive income

	For the year ended	
	30-Jun-09 \$000's	30-Jun-08 \$000's
Revenues from operating activities	1,765	1,998
Export Market Development Grant	93	90
Interest revenue	105	166
Rental income	169	145
Other Income	-	59
Cost of goods sold	(866)	(1,268)
Depreciation and amortisation expense	(102)	(98)
Distribution expenditure	(46)	(56)
Employee benefits expense	(2,285)	(2,491)
Financial expenditure	(34)	(359)
Occupancy expense	(581)	(559)
Other general and Administration	(426)	(478)
Product Registration, Patents, Trade Marks and R&D expenditure	(351)	(487)
Sales, Marketing & Travel	(221)	(587)
Loss from ordinary activities before income tax expenses	<u>(2,780)</u>	<u>(3,925)</u>
Income tax credit relating to ordinary activities	201	272
Net loss from ordinary activities after income tax expense attributable to members of the parent entity	(2,579)	(3,653)
Total revenues, expenses and valuation adjustments attributable to minority interest	<u>330</u>	<u>287</u>
Total changes in equity other than those resulting from transactions with owners as owners	<u>(2,249)</u>	<u>(3,366)</u>
Accumulated Losses		
	30-Jun-09	30-Jun-08
	\$000's	\$000's
Accumulated losses at the beginning of the financial year	(21,707)	(18,341)
Net loss attributable to the members of the parent entity	<u>(2,249)</u>	<u>(3,366)</u>
Accumulated losses at the end of the financial year	<u>(23,956)</u>	<u>(21,707)</u>

Consolidated statement of financial position

	30-Jun-09 \$000's	30-Jun-08 \$000's
CURRENT ASSETS		
Cash assets	645	2,859
Inventories	55	66
Receivables	466	376
Other	84	134
TOTAL CURRENT ASSETS	<u>1,250</u>	<u>3,435</u>
NON-CURRENT ASSETS		
Plant and equipment	199	247
Intangible assets	-	-
TOTAL NON-CURRENT ASSETS	<u>199</u>	<u>247</u>
TOTAL ASSETS	<u>1,449</u>	<u>3,682</u>
CURRENT LIABILITIES		
Payables	550	499
Provisions	55	74
Interest-bearing liabilities	27	27
TOTAL CURRENT LIABILITIES	<u>632</u>	<u>600</u>
NON-CURRENT LIABILITIES		
Payables	105	-
Interest-bearing liabilities	16	40
TOTAL NON-CURRENT LIABILITIES	<u>121</u>	<u>40</u>
TOTAL LIABILITIES	<u>753</u>	<u>640</u>
NET ASSETS	<u>696</u>	<u>3,042</u>
EQUITY		
Contributed equity	24,347	24,347
Reserves	962	729
Accumulated losses	(23,956)	(21,707)
Minority Interest	(657)	(327)
TOTAL EQUITY	<u>696</u>	<u>3,042</u>
	-	-

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Consolidated statement of cash flows

	For the year ended	
	30-Jun-09 \$000's	30-Jun-08 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,941	1,869
Payment to suppliers and employees	(4,707)	(5,833)
R&D tax offset	200	272
Export Market Development Grant	93	90
Rent Received	169	145
Interest received	105	131
Interest paid	(18)	(19)
Net cash (used in) operating activities	<u>(2,217)</u>	<u>(3,345)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	-	22
Purchase of assets	(39)	(116)
Net cash used in investing activities	<u>(39)</u>	<u>(94)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	-	3,796
Proceeds from issue of promissory notes	105	-
Finance lease payments	(24)	(45)
Net cash provided by financing activities	<u>81</u>	<u>3,751</u>
Net increase (decrease) in cash held	(2,175)	312
Cash at the beginning of the financial year	2,859	2,633
Effects of exchange rate changes on cash and cash equivalents	(39)	(86)
Cash at the end of the financial year	<u>645</u>	<u>2,859</u>
Reconciliation of cash		
	30-Jun-09 \$000's	30-Jun-08 \$000's
Cash on hand and at bank	<u>645</u>	<u>2,859</u>

Notes to the consolidated financial statements

This preliminary final report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the preliminary final report be considered together with any public announcements made by Aeris Environmental Ltd during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

Earnings per security (EPS)

	30-Jun-09	30-Jun-08
Calculation of the following in accordance with AASB 1027: Earnings per Share		
Net profit/(loss)	(2,249)	(3,366)
Weighted average number of ordinary shares used in the calculation of the Basic EPS	97,545,191	92,783,057
Basic EPS – loss per share (cents)	(2.31)	(3.63)

NTA backing

	30-Jun-09 cents	30-Jun-08 cents
Net tangible asset backing per ordinary share	0.71	3.12

Financial reporting by geographical segments

	Australia \$000's	North America \$000's	Intersegment elimination \$000's	Consolidated \$000's
Segment revenue	1,194	952	(14)	2,132
Segment result	(2,752)	(786)	1,289	(2,249)
Segment assets	1,511	478	(540)	1,449
Segment liabilities	1,938	2,917	(4,102)	753

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