Aeris Technologies Ltd
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29 April 2003

Companies Announcement Office
Australian Stock Exchange Limited

QUARTERLY REPORT – APPENDIX 4C

In accordance with Listing Rule 4.7B we attach our March 2003 Quarterly Report – Appendix 4C. During the quarter, Aeris continued to make strong progress, expanding its international presence and significantly enhancing its technical position. Following is a summary of key activities.

New Distribution Deals

During the quarter Aeris entered into distribution agreements with representatives in the Philippines and in Hong Kong. This brings to five the number of international distributors actively representing Aeris in overseas markets. Aeris expects to sign further distribution deals during the current quarter, with negotiations well advanced with potential partners in both Korea and Taiwan.

Each distributor is granted exclusivity for a defined geographic region and a specific range of products. The distributors' continued exclusive rights are conditional upon them meeting committed minimum annual purchases. These minimum purchase commitments begin immediately upon signing the agreement.

Breakthrough Results in Malaysian Trial

During the quarter Aeris received the results of an independent official trial conducted in Malaysia, where four high-profile buildings underwent Aeris treatment. The trial was monitored by the government-owned SIRIM Berhad, formerly the Standards and Industrial Research Institute of Malaysia, which conducted a series of studies to determine rates of microbial colonisation within the air handling systems of these four buildings. The final readings, taken two months after application of the Aeris treatment confirmed that the process was highly successful.

The results provide further independent validation of the efficacy of the Aeris products and provide our Malaysian distributor with significant impetus in its ongoing discussions with key potential customers.

New Treatment for Tepid Water Systems

In January 2003 the Aeris distributor in France was approached to treat a tepid water legionella problem at a large healthcare facility in Paris. Tepid water systems are common in institutions such as hospitals and aged care facilities, where hot domestic water systems are considered dangerous. These tepid water systems are known to be potential sources of legionella outbreaks.

The results of the treatment were very successful, opening the way for Aeris's launch into an entirely new market. The tepid water treatment product is an adaptation of the Aeris platform water treatment technology developed for legionella control in cooling tower water. It is covered by the same patents and relies on the same mode of action. However, it addresses an entirely different market and brings with it significant additional commercial opportunity.

Our French distributor has since treated a second facility and has signalled a strong potential for a widespread adoption of the process. Aeris is working towards an independently monitored tepid water treatment trial in Australia.

Finance

Cash at hand at 31 March 2003 was $1,307,000. The Company has no borrowings. Reflecting the start up phase of our commercial activities, receipts from customers for the quarter were $26,000 and revenue for the quarter was $57,000. Significant payments during the quarter included a one-off payment of $106,000 relating to the lodgement of multiple patent applications across a range of countries.

Summary

The global demand for superior air quality and healthy indoor environments continues to expand. With its leading technologies and growing network of international distributors, Aeris is well positioned to capitalise on this growing demand.

Aeris Technologies Ltd

Howard Leibman
Director

Rule 4.7B

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	Quarter ended ("current quarter")
19 093 977 336	31 March 2003

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (9 months) $A'000
	Cash flows related to operating activities		
1.1	Receipts from customers	26	106
1.2	Payments for:		
	(a) staff costs	(81)	(407)
	(b) advertising and marketing	(23)	(57)
	(c) research, development and patents	(40)	(108)
	(d) leased assets	(7)	(32)
	(e) other working capital	-	-
	(f) other admin and corporate costs	(57)	(226)
	(g) product purchased	(34)	(122)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	18	62
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net operating cash flows	(198)	(784)

		Current quarter $A'000	Year to date (9 months) $A'000
1.8	Net operating cash flows (carried forward)	(198)	(784)
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	(106)	(106)
	(d) physical non-current assets	(10)	(33)
	(e) other non-current assets		
	- costs of acquisition of intangibles	-	(225)
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	(116)	(364)
1.14	**Total operating and investing cash flows**	(314)	(1,148)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	-	705
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	-	(73)
	Net financing cash flows	-	632
	Net increase (decrease) in cash held	(314)	(516)
1.21	Cash at beginning of quarter/year to date	1,621	1,823
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	1,307	1,307

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	68
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

The salary paid to the executive director and the directors' fees and consultancy fees paid to non-executive directors amounted to $28,846. In addition $34,609 was paid to Novapharm Pty Ltd of which Messrs M Stang, B Stang and S Kritzler are directors, for research work on new projects. This includes an amount of $4,199 in respect of research work done by Aeris director S Kritzler. An Amount of $5,000 was paid for office rent to Nanosonics Pty Ltd, a company associated with the above three 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	Nil	Nil

+ See chapter 19 for defined terms.

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	134	94
4.2 Deposits at call	1,173	1,527
4.3 Bank overdraft	-	-
4.4 Other – bank accepted bills of exchange	-	-
Total: cash at end of quarter (item 1.23)	1,307	1,621

Acquisitions and disposals of business entities

	Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
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.

Sign here: Robert Waring Date: 29 April 2003
(~~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.