Rule 4.3A

Appendix 4E

Preliminary final report for the financial year ended 30 June 2004

Name of entity

AERIS TECHNOLOGIES LTD ABN: 19 093 977 336

Results for announcement to the market

				$A'000
Revenues from ordinary activities	up	482%	to	1,786
Profit (loss) from ordinary activities after tax attributable to members	down	65%	to	(290)
Profit (loss) from extraordinary items after tax attributable to members		-		-
Net profit (loss) for the period attributable to members	down	65%	to	(290)

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

Brief Explanation

The past 12 months have seen Aeris Technologies expand and consolidate its global distribution network and further establish direct channels into the Australian market.

The 482% increase in revenue for the period reflects the Company's initial stock sales into the distribution network. The $1,786,000 revenue is made up of operating revenue of $1,712,000 (2003 - $230,000) and interest income of $74,000 (2003 - $77,000). The loss per share decreased from 2.0 cents to 0.6 cents. The loss incurred was below that envisaged in the business plan.

The Company continues to develop its global distribution network which is projected to be completed during 2005. Aeris is pleased to welcome Trane as its authorised distributor in Thailand and Indo China. Trane is a 5 billion US dollar global leader in both HVAC service and systems. In addition Aeris successfully conducted trials on a number of landmark buildings both in Australia and internationally with results which validate both the efficacy and the commercial potential of the Aeris suite of products.

As previously announced the Company is now focusing on EPA approval in USA and Canada. These EPA registrations have proven a major driver of potential business and a significant number of potential key customers have put forward EPA registration as a requirement. The Company has extended the payment terms given to distributors in the US and certain related markets in recognition of the interim impact of the requirement for EPA approval. This will impact the Company during 2004 but full EPA registration will be a positive driver of the business in 2005. The Company has engaged expert consultancies resulting in preliminary advice that full EPA registration in both countries is likely to be achievable in an acceptable timeframe.

In Commercial-Air, leading Aeris accredited applicators in the USA have applied the AerisGuard system to key reference sites including buildings around Ground Zero in New York. In Australia AerisGuard has been accredited for use on the 180 stores of a leading national retail group as part of a two-state executed service contract. The Company continues to increase the number of commercial contractors promoting the Aeris product range in Australia supported by Aeris' expanded local team. The range has now been successfully applied to HVAC systems of critical areas of 35 major Australian hospitals. Healthcare and hospitality continue to be major global opportunities for the Company. In Asia, one of the Aeris distributors was able to win the contract to clean and treat the 400 air-handling systems of a major international airport based on the results of a prior AerisGuard trial.

In Residential-Air, Aeris has increased the number of wholesale stores in Australia carrying the Aeris product range from 36 to 64. Additionally, the Company has recently signed a landmark agreement with a major residential contractor in Australia for the Total Air Care Pack to be included as standard product in its service offering. This company carries out more than 3,000 service calls per year.

In the Water segment, Aeris completed successful trials on cooling towers in Singapore, Kuala Lumpur, Dubai and Manila and won contracts to clean cooling towers in a number of these countries.

In the OEM segment, Aeris achieved the technical milestones laid down by a leading global producer of HVAC (heating, ventilation and air-conditioning) coils. Aeris is hopeful of finalising negotiations on supplying the product as a standard part of the producer's manufacturing regime.

The Company continues to expand awareness of Indoor Air Quality both domestically and internationally and has reinforced its technical leadership in the market. The period saw Aeris continue to lay the foundations on which its future growth will be built. Following successful expansion and roll-out of the distribution network and the completion of essential trials Aeris has positioned itself to take advantage of the vast and expanding global market for Indoor Air Quality solutions in 2005 and beyond.

Further details are provided in the commentary below.

Highlights of results

	For the year ended	
	30 June 2004 $000's	**30 June 2003 $000's**
Revenue from ordinary activities	1,786	307
Net profit/(loss) attributable to members of Aeris Technologies Ltd	(290)	(825)

Commentary on results

Introduction

Aeris Technologies' core business is the development and distribution of products to address the global problem of biological contamination resulting in poor indoor air quality and inefficient power consumption in contaminated HVAC systems. In the last twelve months the Company has implemented the next phase of the business plan and has rapidly expanded its global distribution network whilst continuing to build its portfolio of reference sites around the world.

Aeris has a commanding multiple patent position and the performance of its products is being recognised by an increasing number of high profile global customers. The Company has distribution agreements established for sales into 19 countries and is now focused on supporting the commercial roll-out of its distribution partners together with completing its global footprint.

The Company continues to focus on expanding its product offering in response to customer demands and over the past 24 months has built a strong R&D pipeline. This is expected to considerably increase the Aeris product range in the coming year and strengthen its position in novel biological controls and the Indoor Air Quality solution market.

Indoor Air Quality

In 1995 the World Health Organisation reported that "up to one third of buildings in industrialised countries are sick." The CSIRO found in 1998 that, "the airborne chemical cocktail Australians inhale in their homes and offices is costing the nation 12 billion dollars a year in sickness and lost productivity." The health problems associated with poor indoor air quality are well documented. The issue is attracting significant attention by government, regulators and health authorities around the world.

One of the primary sources of poor indoor air quality is the proliferation of micro-organisms that occurs typically within the air handling infrastructure of modern buildings. Contamination of key air handling surfaces often leads to elevated levels of a range of airborne biological particulates. Sustained exposure has been shown to cause headaches and fatigue as well as more serious ailments such as respiratory irritation and suppression of the immune system.

The Aeris Solution

Aeris Technologies has developed a suite of novel products that address the problem at its source. The proprietary AerisGuard products are used to treat key air handling components, leaving an active residual coating on all surfaces and preventing bacterial or fungal colonisation for extended periods. The elimination of microbial colonisation leads to a reduction in the biological load in the indoor environment and a dramatic improvement in the quality of the indoor air, helping businesses to provide safer workplaces and to meet their rapidly evolving "Duty of Care" obligations.

Application of the Aeris products also delivers substantial cost benefits. The elimination of biofilm growth leads to a significant improvement in mechanical plant operating efficiencies, with material consequent savings in energy costs. Further, application of the Aeris treatments helps to extend the useful life of valuable mechanical infrastructure.

The AerisGuard bioactive solutions are applicable to all air conditioned environments, including, but not limited to:

- Large scale commercial office towers
- Small commercial and residential buildings
- Healthcare facilities
- Food production facilities
- Industrial buildings
- Motor vehicles, buses, trains etc.

Global Distribution

The Company's business model is based on the appointment and accreditation of applicators (in Australia) and distributors (in international markets) to represent, sell and apply the Aeris products. The Company thereby retains a low fixed cost base and the ability to rapidly scale its operations.

In Australia over the past 12 months Aeris has appointed a number of new accredited applicators for the commercial HVAC market taking the total number of applicators in Australia to 14. Together these commercial HVAC maintenance companies have upwards of 80 service engineers applying the Aeris commercial range of products.

Aeris's international presence was further expanded in the period with new distributor agreements covering India, U.A.E., Saudi Arabia, Iran, Jordon, Kuwait, Iraq, Syria, Oman, Yemen, and Lebanon. Subsequent to the period end the Company has expanded into Thailand, Vietnam and the balance of Indo China.

Financial Results and Financial Position

The financial results for the last 12 months reflect the continuing building of a distribution network and advancement of the commercialisation process.

Over the period the Company incurred a net loss of $290,000 on revenue of $1,786,000. The loss was below that envisaged in Aeris's internal forecast and additionally the Company met its key business objectives. Gross margin (on operating revenues) was on target for the period and included free supply of sample stock for use in the treatment of a number of reference site buildings around in the world.

Aeris' operating costs were less than the internal forecast and increased in line with the planned support activities for our current and newly appointed distributors. The average monthly operating expenses (excluding non-cash items and before the expected government grant reimbursements) was only $113,000. In line with sales growth, investment in inventory rose from $24,000 at the end of financial year 2003 to $188,000 on 30 June 2004.

At 30 June 2004, the Company had $898,000 in cash and $1,533,000 in receivables. The Company has previously announced that cash receipts were impacted by transport and other issues in its key markets relating to the period. The Company believes such transport problems have now been solved. The Company has unused lines of credit of $250,000 and is debt free. In addition, the Company is entitled to certain government rebates in respect of its Research expenditure and Export Development activities. These substantial refunds are expected to flow back to the Company over the coming months. The Company continues to receive cash inflow from the exercise of options and this is likely to accelerate as the option expiry date of 1 July 2005 draws nearer.

Future Developments

The year to June 2004 saw the Company achieve a remarkably rapid development of its global distribution network. Each distribution partner has brought local knowledge and expertise to the Aeris business and many of these companies have substantial infrastructure that could not be replicated by Aeris with many years of effort and investment. The selection, training and roll-out of accredited contractors and applicators is a critical foundation block for the future success of the Aeris products in each market. Our distributors are well advanced in establishing a high quality and extensive sales channels in their local markets.

The next phase of the Company is to complete the building of the global distribution network to encompass Japan and additional key countries in Europe and to drive the establishment of the local distribution channels in each market.

With increasing energy costs and environmental concerns Aeris is ideally positioned to provide solutions on both these fronts. HVAC consumes up to 50% of the energy of modern buildings and Aeris' technology has now been proven to provide a real reduction in energy costs with a very rapid pay back. Similarly biological contamination and the associated human health hazards will see Aeris being recognised for its preventative solutions based on its unique technologies.

The Company is expecting to conclude supply agreements with a number of OEM (Original Equipment Manufacturer) companies in the current financial year and, as well as generating revenues in the short term, this will also open up significant opportunities to leverage the Aeris technology into other key geographic OEM markets around the world.

Aeris remains committed to developing a global brand and distribution capability together with an ongoing Research and Development program to retain its technical leadership and to underpin a strong pipeline of future products. Several new products will be released through the course of the current financial year targeted at providing comprehensive Indoor Air Quality solutions. The Company believes it is uniquely positioned in 2005 and beyond to achieve its goals of becoming a successful and globally recognised Australian based business.

Dividends

No dividends were paid or proposed during the year.

Consolidated statement of financial performance

	For the year ended 30 June 2004 $000's	30 June 2003 $000's
Revenues from operating activities	1,712	230
Interest revenue	74	77
Consulting and administration services	(65)	(136)
Cost of goods sold	(692)	(152)
Depreciation and amortisation expense	(108)	(15)
Employee benefits expense	(449)	(439)
Legal expenses	(9)	(50)
Marketing & travel	(487)	(134)
Occupancy expense	(53)	(32)
Other expenses from ordinary activities	(293)	(144)
Patents	(8)	(30)
Profit (loss) from ordinary activities before income tax expenses	(378)	(825)
Income tax expense relating to ordinary activities	88	-
Net profit (loss) from ordinary activities after income tax expense attributable to members of the parent entity	(290)	(825)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	**(290)**	**(825)**

Accumulated Losses

	30 June 2004 $000's	30 June 2003 $000's
Accumulated losses at the beginning of the financial year	(1,797)	(972)
Net loss attributable to the members of the parent entity	(290)	(825)
Accumulated losses at the end of the financial year	(2,087)	(1,797)

Consolidated statement of financial position

	30 June 2004 $000's	30 June 2003 $000's
CURRENT ASSETS		
Cash assets	898	1,016
Inventories	188	24
Receivables	1,533	132
Other	28	5
TOTAL CURRENT ASSETS	2,647	1,177
NON-CURRENT ASSETS		
Plant and equipment	126	55
Intangible assets	5,438	5,273
TOTAL NON-CURRENT ASSETS	5,564	5,328
TOTAL ASSETS	8,211	6,505
CURRENT LIABILITIES		
Payables	480	101
Provisions	15	7
Interest-bearing liabilities	8	7
TOTAL CURRENT LIABILITIES	503	115
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	7	15
TOTAL NON-CURRENT LIABILITIES	7	15
TOTAL LIABILITIES	510	130
NET ASSETS	**7,701**	**6,375**
EQUITY		
Contributed equity	9,788	8,172
Accumulated losses	(2,087)	(1,797)
TOTAL EQUITY	**7,701**	**6,375**

Consolidated statement of cash flows

	For the year ended 30 June 2004 $000's	30 June 2003 $000's
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	371	110
Payment to suppliers and employees	(1,938)	(1,172)
R&D tax offset	88	-
Interest received	74	77
Interest paid	(2)	(2)
Net cash used in operating activities	(1,407)	(987)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of assets	(94)	(48)
Payments for intangible assets	(233)	(385)
Net cash provided by (used in) investing activities	(327)	(433)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	1,659	705
Share issue expenses	(43)	(92)
Net cash provided by (used in) financing activities	1,616	613
Net increase (decrease) in cash held	(118)	(807)
Cash at the beginning of the financial year	1,016	1,823
Cash at the end of the financial year	**898**	**1,016**

Reconciliation of cash

	30 June 2004 $000's	30 June 2003 $000's
Cash on hand and at bank	898	1,016

Notes to the consolidated financial statements

Earnings per security (EPS)

	30 June 2004	30 June 2003
Calculation of the following in accordance with AASB 1027: Earnings per Share		
Net profit/(loss)	(290)	(825)
Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	43,478,037	40,174,663
Basic EPS – loss per share	(0.7)	(2.0)

NTA backing

	30 June 2004	30 June 2003
Net tangible asset backing per ordinary share	5.00 cents	2.63 cents

Compliance statement

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

Sign here: ***Robert J Waring*** Date: 31 August 2004
(~~Director~~/Company Secretary)

Print name: Robert J Waring