ANNUAL REPORT 2017

AEERIS LIMITED

aeeris.com / ewn.com.au

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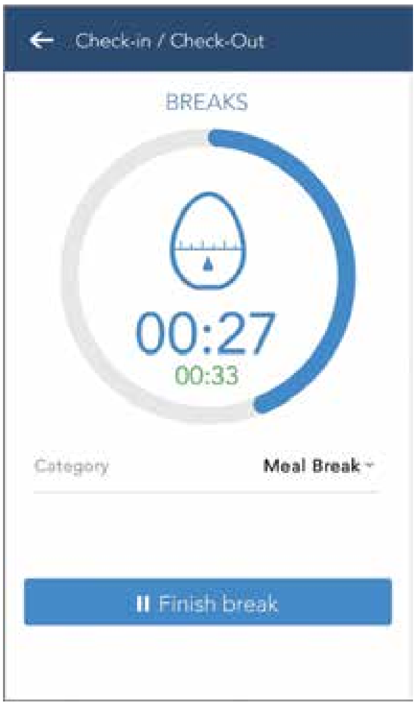
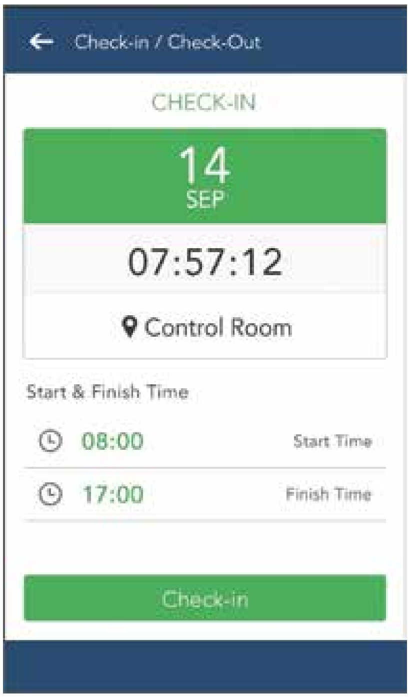
**Please note all page number references mentioned from the directors report onwards are referencing page numbers from the Consolidated Financial Report lodged with the ASX on 28th August 2017.

HIGHLIGHTS 2017





- FY17 represented a turn-around year from making losses to laying the foundation for breakeven operations in the new financial year
- After a period of investing heavily in product development, R&D and marketing, management has streamlined the costs of the business whilst building revenues
- Over the course of FY17, we reduced operational costs by over $100,000 per month, a 40% reduction.
- We have simultaneously and substantially increased annuity revenues following the loss of a major client. Revenues are no longer at material risk to loss of any single customer.
- Annuity revenues, (as of end of Sept 2017) now cover 90% of operational costs and continue to build as we add new clients each month to the platform
- We completed the development of two major technology platforms; the Intelligent Flood Alerting System and a Contractor Management System for use by facilities managers
- The Mobile App we developed for Club Marine won the "Innovation of the Year Award" at the Australian Insurance Awards for 2016
- We completed the successful pilot of the Melbourne Water Flash Flood Alert System, which is a very significant new product and as a result, we have built a substantial new technology platform with which to address the emerging flood alert and risk market
- The Company significantly reduced the size and cost of the operating team without any compromise in capability or ability to scale
- We further developed and continue to benefit from a strong pipeline of sales and enquiry and have renewed all our clients into FY18, while adding new ones
- Aeeris enters FY18 operating a small but growing niche technology company, which has:
    - o Incrementally rising revenues
    - o Tightly controlled operating expenses
    - o Stable current trading at break-even
    - o Clean corporate structure
    - o Healthy cash balance
    - o Strong pipeline of growth opportunities ahead

CHAIRMAN'S AND CEO'S LETTER

Dear Shareholders,

No doubt you will be keenly aware that FY17 has been a challenging year for your company. I am delighted to advise that with the support of staff we have overcome these challenges, stabilised the business and are now focusing on growth. While not reflected in the closing financials, management has delivered a turnaround in business operations. This turnaround is the critical 'take-away' in this year's annual report.

I am pleased to be able to report on a year which has resulted in the business finding its feet financially, to move from making losses, into a period of growth. On behalf of my fellow directors, I would like to thank the staff and shareholders for their continued support throughout the year. I would especially like to thank my shareholders for their patience, and along with my team, am committed to exploiting this turnaround to reward their faith in the business.

An important feature of this business is its annuity stream. We are now moving into a period where revenues are not just paying the day-to-day operational expenses, but also development and growth activity. We have landed after a year of consolidation with an incredible team of individuals, business processes and technologies. These are combining to fuel new revenue opportunities. We have learned what works, and what does not. With this experience stamped in our DNA, we proceed with a determination and confidence delivered by overcoming adversity and challenges.

Yours sincerely,

Kerry Plowright
Executive Chairman and CEO

FINANCIAL RESULT

The year resulted in revenues of $1.68 million, a little less than the previous year. Right out of the gate in FY17 the Company lost its largest customer and a major part of our annuity income stream. This customer elected to choose an inferior product at a much lower cost. We were unwilling to reduce our revenue stream to retain the business, which would have resulted in a loss. Also of note during the first quarter of FY17 was R&D expenditure. This was higher than usual as we pursued a number of large customer opportunities.

In mid FY17 it was decided to streamline the business towards greater efficiency. This has paid dividends with management trimming over $100,000 of outgoings from the monthly budget. Accordingly, the Company's Net Loss After Tax was ($2,035,550) compared with ($1,472,213) for the previous financial year. This loss for FY17 includes impairments made as a result of the conservative decision by the directors to write down the carrying value of intangible assets to zero. Total impairments from the write-downs of goodwill and intangible assets was ($1,585,312), and Depreciation and Amortisation Expense was ($20,575).

At an EBITDA level (Earnings before Interest, Depreciation and Amortisation, including write downs of intangibles) the Company showed a loss of ($429,663).

Despite the apparent lack of news flow, the year has been a busy one for your Company, focused on removing cost, stabilising the operation and moving to a position of growth, all while bolting on new customers and continuing to evolve and develop our unique technologies.

OPERATIONAL PERFORMANCE

As described in the financial result, we have rehabilitated revenues while cutting costs. The objective was to bring the company operations to a point of breakeven which we have achieved. The business is no longer exposed to any material financial risk due to any single client.

Substantial changes were made to business operations over the last year. From a total head count of 21 personnel, this has been reduced to just nine full time staff and three contractors. This was accomplished without compromising services or intellectual property resulting in a low cost base which can scale without additional resource.

During the year we developed, piloted and commissioned the Intelligent Flash Flood Alerting System with Melbourne Water. With the launch of this system we have positioned ourselves to tap into a large local and international market with an addressable and urgent need, with many water authorities, river management agencies and irrigation bodies a potential target market for these new systems. We do this as a technology leader, with little to no competition and a product that scales.

Announced in October last year, a smartphone app developed by the Company for insurance client Club Marine, won the Innovation of the Year Award at the 2016 Australian Insurance Awards.

We have renewed and expanded our alert services agreement with Suncorp. EWN provides a range of risk management services to Suncorp, with alerts being one component. The two-year agreement extends brand coverage of the alerts generated by the GNIS currently delivered to AAMI customers via their AAMI Access mobile application. This service exploits the platform's API (Application Interface) and opens up the service to be used by any of Suncorp's brands within Australia.

The ability to do so much with so little has been hard won but is now a winning formula. With nine full time staff and three contractors we operate 24x7 while servicing and supporting over one hundred large enterprise and government clients and hundreds of thousands of end-user content recipients. At the same time, we still manage to churn out award winning and breakthrough technologies.

Embargo services have been taken up by additional insurance partners and alerting services will be extended to cover New Zealand at the request of several of our current clients.

We have completed substantial technology builds and established a business which can scale.

CURRENT MARKET CONDITIONS

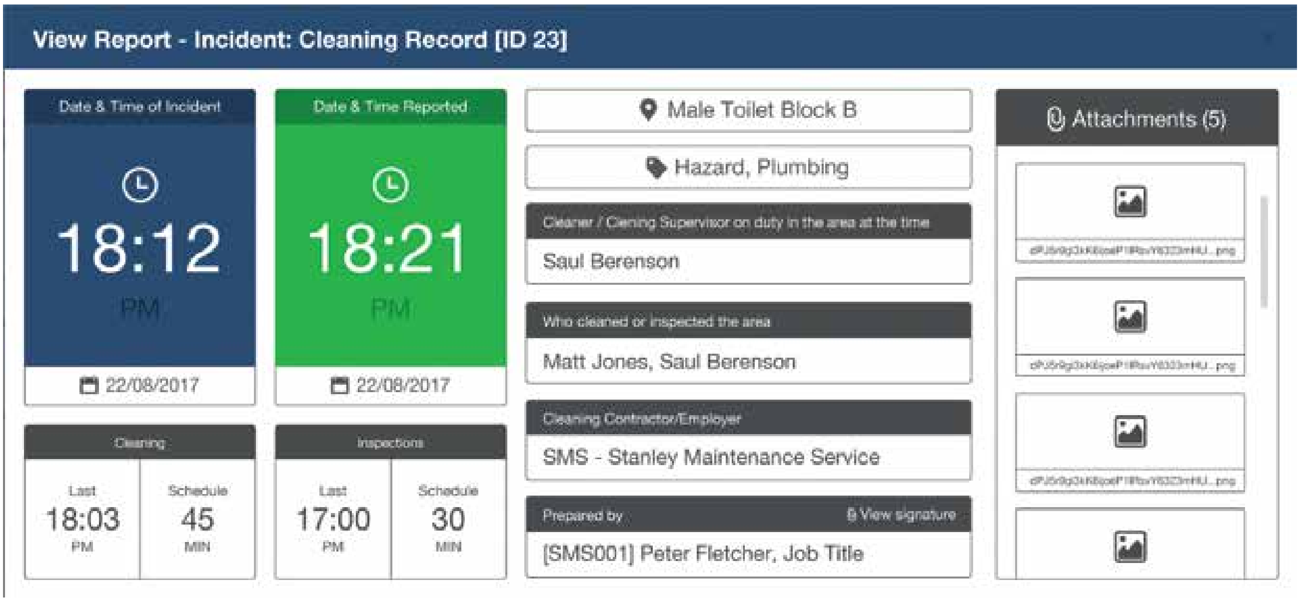
The prospective markets for Aeeris products straddle a number of verticals. Within those, there are clearly identified opportunities where greater need exists, implementation is easier and little resource is required.

With a clear focus on scaling the business, our attention is focused on solving two vertical opportunities. The first is flood and flash flood warning capability for government and water management authorities. The second is mapping, monitoring and management of contractors within large, nationally dispersed facilities such as shopping centres, Industrial assets and infrastructure facilities.

Recent storm and flooding events both here and abroad have acted as a call to action for many government authorities and large enterprise. As Hurricane Harvey and our own cyclonic experiences reveal, flooding is the most deadly and costly component of these disaster types. Short lived, destructive events such as severe thunderstorms also deliver painful outcomes on an all too frequent basis.

This has elevated public awareness of the risk, translating to increased interest by both large enterprise as well as government authorities responsible for public safety. Our Company is already the premier provider of flood warning services to the public on behalf of government authorities. With the implementation of the Intelligent Flash Flood Alerting System, Aeeris has established an unassailable position and technological lead in flood and flash flood warnings.

Word of mouth and the EWN website drive most of our inbound enquiry. Inbound enquiries and recent sales point to an increased awareness of risk which is a significant driver of business. Within the facilities management industry, managers are keenly aware that new technology can significantly improve productivity and reduce risk. We are working directly with the largest facilities managers in Australia. The need by facilities administrators to more effectively manage contractors and workforces is a high priority. Through the implementation of our platform with these household names, we hope to provide marquee reference sites and exploit the close relationships within this industry.



STRATEGY AND OUTLOOK

While keeping the door open to quality M&A opportunity, an essential ingredient in returning value to shareholders is the demonstration and delivery of a scalable enterprise.

Revenue growth continues to be driven by business that walks through the door. Recently this has included construction, insurance, water authorities and councils. This is in the form of technology services that utilise the core capabilities delivered by the GNIS or business opportunities which leverage this IP. The GNIS is a break through capability in spatial technology. It is arguably one of the most powerful geospatial engines in the world today. At the heart of this system is the Spatial Data Engine. This delivers an entirely unique capability to instantly resolve complex spatial queries of massive proportions. By comparison, large operations such as those in the search industry, resort to using the less accurate methodology of radial or geo-fencing.

From a sales perspective this has been a challenge to articulate. The strategy is to exploit the platform in the form of derivative products. For example, the Intelligent Flood Alerting System heavily exploits this platform and has provided the ability to target a large market opportunity.

The system realises a fully automated process which monitors threats, identifies potentially hazardous events and automatically delivers warnings to those located within the threat area based on a mobile app GPS location or registered fixed address.

Within the community of water authorities/management and amongst many councils, there is already significant awareness of EWN's services coupled with a very positive reputation. EWN provides services to 20 councils and water utilities and managers including:

- NSW State Water
- SEQ Water
- Melbourne Water
- Logan City Council
- Newcastle City council
- Parramatta City Council
- Gold Coast Water
- Unity Water

EWN has recently extended the spatial environment to include indoors, specifically facilities management. The objective is to track and manage contractors, employees and devices in a seamless manner between outdoor and indoor environments. This resulted in a visualisation platform that renders the two different spatial data sets (indoors/outdoors) into a common footprint, projecting these onto a map that also features in detail, plans of facilities and external structures. The platform has been integrated to work with major internal Wifi solutions which offer significant channels to market.

FORWARD STRATEGY

Inbound Enquiry

Inbound enquiry is driven by word of mouth and our website. Due to the dynamic content we produce on a daily basis, the site ranks well. This will continue to generate prospective customers and is responsible for over $500,000 worth of new business in the last year. Business generated by these mediums include everything from government, construction and energy companies through to museums.

The Intelligent Flood Alerting System

The Intelligent Flood Alerting System exploits the substantial capability of EWN's GNIS. This solution delivers an end to end, automated flash flood alerting system utilised by emergency management with warnings automatically issued to the public. Residents within the catchment area will be able to opt-in to receive warnings via an App, SMS, email and phone, or through the website.

After rigorous testing and piloting of the new decision-making platform, it has become operational with Melbourne Water. This is an opportunity of magnitude with no known competition. Melbourne Water conducted an extensive market scan in an effort to identify capabilities that would meet their requirements. EWN's Geographic Notification Information System (GNIS) met most of those requirements. Through

While this annual report details where we have been, more important is where this has led us. Our efforts and experience over the last twelve months have concluded with three important outcomes:

- The completion of work on our primary platforms with the ability to scale both.
- The identification of specific markets both of which are global, offer multiple channel partners and have little in the way of competition.
- We are operationally break even without having to concede any ground on development or capability.

Further to the above, EWN has identified three core areas of focus:

- Inbound enquiry
- Intelligent Flood Alerting System
- Intelligent Workforce and Contractor Management System.

further development and collaboration between the two organisations the result is a highly unique and world leading solution for flood alerting.

This is a break through capability which can be deployed anywhere around the globe. Flooding, such as that currently experienced in the USA, is increasingly problematic as the footprint of population and high value infrastructure expands. We are no stranger to this destructive phenomena here in Australia. How big is this market?

- Australia. There are over 100 water authorities of note, Flood Management Authorities and 550 councils, not to mention emergency management organisations such as the SES, who could benefit from access to this solution.
- New Zealand. In NZ there are 14 city councils and 53 district councils in rural areas which manage water.
- United States. There are 50,000 water utilities in the US alone, and above that two or three state and federal strategic or regulatory authorities. There are 20 firms which are key and define the procurement market.
- Anywhere flooding is an issue, remote sensors are deployed or there is the capacity to do so – a relatively inexpensive exercise. These opportunities include Europe, South America, Canada, South East Asia and India.

Success in any of these markets will be dependent on our ability to attract distribution partners. The market offers excellent channel partner opportunities including hydrological and water technology firms and the remote sensor industry.

Intelligent Contractor and Workforce Management System

Leveraging our experience and expertise in spatial technologies and operations, we completed a successful trial of our Contractor and Workforce Management System. This was piloted with one of Australia's largest retail facilities managers.

An even larger implementation of the system is under way with another. This system is important for two reasons. Firstly, it is scalable, secondly, it bolts on to widely used Wifi solutions such as Aruba's AirWave Wireless Management Suite (AWMS) and Cisco's CMX platform. Customers are easily identified and usage of the CMS or AWMS platforms present a straight forward channel opportunity locally and internationally. This, along with Key Watcher integration, means a lot of choice in respect to distribution partnering.

The primary market is Retail Shopping Centres. We have however received enquiry from current customers with large broadly distributed facilities which require the Secure Access Management component of the platform. This suggests application within the utilities and other similar industries operating large and distributed facilities and assets.

The advantage of large operators in this facilities and retail space, is that a single customer can deliver hundreds of shopping centres. We are working to roll out the product to nearly a hundred stores in the first half of calendar 18. This attracts setup fees and annuities. The product is scalable and applicable anywhere in the world.

What is the size of this market? The Shopping Centre Council of Australia lists over 1,753 existing shopping centres. In New Zealand there are 135 and in the USA 47,000.

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity ('the Group') consisting of Aeeris Ltd and its controlled entities for the financial year ended 30 June 2017.

General Information

Directors

The following persons were directors of Aeeris Ltd during or since the end of the financial year up to the date of this report:

Mr Kerry Plowright – Executive Chairman and CEO
Mr Ben Loiterton – Non Executive Director (Executive Director to 31 May 2017)
Mr Bryce Reynolds – Non Executive Director

Particulars of each director's experience and qualifications are:

Kerry Plowright	
Qualifications	None
Experience	In 2007 Kerry founded the Early Warning Network's Geographical Notification and Information System (GNIS) and has been the key driver behind the development of the Company's technology platform. Kerry is responsible for leading the Aeeris team in both the operation and further technical evolution of the EWN platform. He has a depth of experience in establishing and growing successful businesses. In 1995 he founded a digital publishing and software business called Ezimerchant, which created one of the world's first out-of-the-box e-commerce and DIY products and payments platforms.
Interest in Shares and Options	21,749,264 Shares | 2,250,000 Options
Special Responsibilities	Executive Chairman and CEO
Directorships held in other listed entities during the three years prior to the current year	None

Ben Loiterton	
Qualifications	B. Comm (Finance), LLB (UNSW)
Experience	Ben has had a career spanning over 20 years in corporate advisory, investment management and entrepreneurial activity. He has advised and assisted many ASX listed and private companies in connection with equity capital raising, IPOs, M&A transactions and general strategy. Ben is a Principal at Andover Group, a Sydney-based independent investment banking firm established in 2003. Prior to joining Andover Group, Ben held senior executive positions at three ASX listed investment companies, as well as corporate finance roles with two mid-market stockbroking firms. He has co-founded or advised several start-up businesses.
Interest in Shares and Options	4,507,000 Shares | 1,500,000 Options
Special Responsibilities	Non Executive Director (Executive Director to 31 May 2017)
Directorships held in other listed entities during the three years prior to the current year	Dampier Gold Limited (2014)

Bryce Reynolds	
Qualifications	B. Comm (Accounting/Finance) UNSW
Experience	In 2006, Bryce established Veritas Securities Limited as a founding director after working for a large investment bank and two mid tiered Australian securities firms. Since then he has further added to his skill base by being an active company director for numerous private ventures in the funds management and IT/digital field.
Interest in Shares and Options	3,216,350 Shares | 3,490,000 Options
Special Responsibilities	Chairman of the Audit and Risk Committee
Directorships held in other listed entities during the three years prior to the current year	None

Company Secretary

The company secretary is Elissa Hansen and details of her experience and qualifications are:

Elissa Hansen	
Qualifications	B.Com, ACSA, GAICD
Experience	Elissa is a Chartered Secretary with over fifteen years' experience advising management and boards of ASX listed companies on governance, investor relations and other corporate issues. She has extensive company secretarial experience, acting as Company Secretary for a number of public, ASX listed and private companies.

Principal Activities

The principal activity of the consolidated group during the financial year was enterprise asset and people protection technologies.

Significant Changes to Activities

No significant changes in the nature of the principal activities occurred during the financial year.

Operating Results

The consolidated loss of the consolidated group amounts to $2,035,550 (2016: $1,472,213) after providing for income tax.

Review of Operations

Aeeris Limited is one of the World's leading aggregators of geospatial data and provides unique location based Safety, Operations Management, Severe Weather and All Hazards data and content services.

The Company's Early Warning Network (EWN) platform and proprietary GNIS technology system enable Aeeris to provide a range of critical services - Live data on natural and man-made hazards affecting our clients, various applications to protect workers and assets, aerial and ground based imaging of facilities and infrastructure, and digital tracking, mapping and monitoring of assets and personnel.

Additionally, the Company provides corporate and government clients with specific digital alerts and other content in real time regarding a range of disruptive geospatial events including storms, floods, damaging wind, hail, hurricanes and cyclones, as well as non-atmospheric hazards such as fire, tsunami, solar radiation, traffic and power outages.

Its services solve natural disaster awareness problems and promote personal and employee safety, asset protection, risk management, as well as helping to mitigate the financial impact of adverse events. The GNIS system is globally scalable.

Aeeris is listed on ASX with the ticker code AER.

Financial Position

The net assets of the consolidated group have decreased by $2,035,550 from 30 June 2016 to $688,147 in 2017. This decrease is largely due to the following factors:

- Amortisation, depreciation and impairment expense of $1,605,887
- A decrease of $983,064 in cash and cash equivalents

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the parent entity during the financial year.

Events After the Reporting Period

Subsequent to the end of the year, the directors have agreed that unpaid directors fees and contractor fees totalling $56,667 would be paid in scrip subject to shareholder approval.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the Group include the following:

- Revenue growth
- Product, service and technology innovation
- Focus on converting significant pipeline of potential clients and on-boarding new customer referrals and lines of enquiry
- Pursue white labelling opportunities to leverage the Aeeris completed products.

Environmental Issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory in Australia.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the financial period. No recommendation for payment of dividends has been made.

Insurance of Directors and Officers

The Company has entered into an agreement to insure the directors and officers of the Company. The liabilities insured are legal costs that may be incurred defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of the entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Indemnifying Officers or Auditor

The Company has agreed to indemnify and keep indemnified Directors and officers against any liability: incurred in connection with, or as a consequence of the director or officer acting in that capacity, including representing the Company on any body corporate; and for legal costs incurred in defending an action in connection with or as a consequence of the Director or officer acting in that capacity.

The indemnity only applies to the extent of the amount that the Directors are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Company, under the general law or otherwise.

The indemnity does not extend to any liability:

- to the Company or a related body corporate of the Company;
- arising out of conduct of the Directors or officers involving a lack of good faith; or
- which is in respect of any negligence, default, breach of duty or breach of trust of which the directors or officers may be guilty in relation to the Company or related body corporate.

No liability has arisen under these indemnities as at the date of this report. No indemnities have been given or insurance premiums paid during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2017 has been received and can be found on page 11 of the financial report.

Options

At the date of this report, the unissued ordinary shares of Aeeris Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
9/10/2014	31/12/2019	$0.40	1,950,000
9/10/2014	31/12/2019	$0.60	4,500,000
01/04/2015	31/12/2019	$0.40	2,740,000

There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

Meetings of Directors

During the financial year, 12 meetings of directors, including committee meetings were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kerry Plowright	12	12	3	3
Ben Loiterton	12	12	3	3
Bryce Reynolds	12	12	3	3

As the board comprises of only three Directors, all directors attend the Audit & Risk Committee meetings.

Corporate Governance Statement

The Company's corporate governance practices and policies have been made publicly available on the Company's website at www.aeeris.com/corporate_governance.html.

REMUNERATION REPORT

Remuneration Policy

All Key Management Personnel (KMP) and directors of Aeeris Ltd were engaged on fixed remuneration consultancy agreements for the provision of services with no performance incentives. The Board of Aeeris Ltd believes, given the size and operations of the Company during the period, that the remuneration policy is appropriate. All KMP and directors are large shareholders in the Company in their own right, providing them with appropriate incentives for outstanding performance.

All remuneration paid to KMP is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for their time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Employment Details of Members of Key Management Personnel (KMP)

KMP	Position held as at 30 June 2016 and any change during the year	Contract details (duration and termination)	Proportions of elements of remuneration related to performance	Proportions of elements of remuneration not related to performance
Kerry Plowright	Executive Chairman and CEO	Executive consulting contract with no fixed term. Can be terminated with 3 months notice. As Managing Director, exempt from the requirement to stand for re-election as a director.	-	100%
Ben Loiterton	Executive Director to 31 May 2017 Non Executive Director	Executive consulting contract to 31 May 2017, terminated with 3 months notice. Re-election as director required every 3 years.	-	100%
Bryce Reynolds	Non Executive Director	Re-election as director required every 3 years.	-	100%

The employment terms and conditions of all KMP are formalised in contracts of employment.

Changes in Directors and Executives Subsequent to Year-end

Nil

Remuneration Expense Details for the Year Ended 30 June 2017

The following table of benefits and payments represents the components of the current year remuneration expenses for each member of KMP and director of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards.

Table of Benefits and Payments for the Year Ended 30 June 2017

	Short term benefits	Equity-settled share-based payments	2017
	Remuneration	Options/rights	Total
Mr K Plowright*	$151,900	-	$151,900
Mr B Loiterton*	$150,535	-	$150,535
Mr B Reynolds*	$41,900	-	$41,900
	Short term benefits	Equity-settled share-based payments	2016
	Remuneration	Options/rights	
Mr K Plowright*	$153,800	-	$153,800
Mr B Loiterton*	$123,800	-	$123,800
Mr B Reynolds*	$43,800	-	$43,800

* Paid through their related entities, refer Note 26.

^Subsequent to the end of the year, the directors have agreed that unpaid directors fees and contractor fees totalling $56,667 would be paid in scrip subject to shareholder approval.

Securities Received that are Not Performance-Related

No members of KMP and directors are entitled to receive securities that are not performance-based as part of their remuneration package.

Cash Bonuses, Performance-related Bonuses and Share-Based Payments

No cash bonuses, performance-related bonuses or share based payments were made during the year to KMP or directors.

Options and Rights Granted as Remuneration

There were no options or rights issued as remuneration to KMP.

KMP Shareholdings

The number of ordinary shares in Aeeris Ltd held by KMP and each director of the Group during the financial year is as shown below:

	Balance at 1 July 2016	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at 30 June 2017
Mr K Plowright	21,592,364	-	-	156,900	21,749,264
Mr B Loiterton	4,257,000	-	-	250,000	4,507,000
Mr B Reynolds	2,791,350	-	-	425,000	3,216,350

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above relating to options, rights and shareholdings.

Other Transactions with KMP and/or their Related Parties

There were no other transactions conducted between the Group and KMP or their related parties, other than those disclosed above relating to equity, compensation and loans, that were conducted other than in accordance with normal employee, customer or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated persons.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Chairman: ______________________________

Mr Kerry Plowright

Dated this 28th day of August 2017

AUDITORS INDEPENDENCE DECLARATION

Sydney | Melbourne | Canberra

MNSA

AEERIS LIMITED ABN 18 166 705 595
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001* to the directors of Aeeris Limited and controlled entities.

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro

Sydney
28 August 2017

FINANCIALS

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF AEERIS LTD A.B.N 18 166 705 595 AND CONTROLLED ENTITY

AEERIS LTD ABN 18 166 705 595 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
		$	$
Revenue from continuing operations			
Revenue	3	1,073,352	1,446,773
Other income	3	22,691	54,932
R & D refund		589,057	413,842
Total Revenue		1,685,100	1,915,547
Expenses			
Consultants and subcontractors		(620,869)	(768,775)
Depreciation and amortisation expense		(20,575)	(832,161)
Employee benefits expense	4	(824,700)	(542,587)
Finance costs		(115)	(2,566)
Share based payments		-	(22,830)
SMS communication		(108,207)	(198,602)
Weather reports		(95,769)	(91,707)
Other expenses from ordinary activities	5	(465,103)	(650,423)
Impairment expense	15	(1,585,312)	(278,109)
Total Expenses		(3,720,650)	(3,387,760)
Profit/(loss) before income tax		(2,035,550)	(1,472,213)
Income tax expense	6	-	-
Net profit/(loss) for the year		(2,035,550)	(1,472,213)
Earnings per share			
From continuing operations			
Basic earnings per share (cents)	10	(3.71)	(2.69)
Diluted earnings per share (cents)	10	(3.71)	(2.69)

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

AEERIS LTD ABN 18 166 705 595 AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
		$	$
Current Assets			
Cash & cash equivalents	11	751,284	1,734,348
Trade & other receivables	12	179,400	149,578
Total Current Assets		930,684	1,883,926
Non-Current Assets			
Property, plant & equipment	14	31,603	55,031
Intangible assets	15	-	1,064,061
Other non-current assets	16	15,000	15,000
Total Non-Current Assets		46,603	1,134,092
Total Assets		977,287	3,018,018
Current Liabilities			
Trade & other payables	17	248,454	243,965
Provisions	18	40,686	50,356
Total Current Liabilities		289,140	294,321
Total Liabilities		289,140	294,321
Net Assets		688,147	2,723,697
Equity			
Issued capital	19	4,921,017	4,921,017
Options Reserve	29	94,967	94,967
Accumulated losses	30	(4,327,837)	(2,292,287)
Total Equity		688,147	2,723,697

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

AEERIS LTD
ABN 18 166 705 595
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Accumulated losses	Options Reserve	Issued Capital	Total
Consolidated Group		**$**	**$**	**$**	**$**
Balance at 1 July 2015		(826,329)	94,967	4,904,442	4,173,080
Loss for the financial year	30	(1,472,213)	-	-	(1,472,213)
Issue of shares	24	-	-	16,575	16,575
Issue of options	29	-	6,255	-	6,255
Options lapsed during the year	24	6,255	(6,255)	-	-
Balance at 30 June 2016		**(2,292,287)**	**94,967**	**4,921,017**	**2,723,697**
Balance at 1 July 2016		**(2,292,287)**	**94,967**	**4,921,017**	**2,723,697**
Loss for the financial year	30	(2,035,550)	-	-	(2,035,550)
Balance at 30 June 2017		**(4,327,837)**	**94,967**	**4,921,017**	**688,147**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

AEERIS LTD
ABN 18 166 705 595
AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
		$	$
Cash flow from operating activities			
Receipts from customers		1,066,437	1,532,843
Payments to suppliers & employees		(2,125,861)	(2,249,570)
R&D tax incentive		589,057	413,842
Net cash provided by/(used in) operating activities	23	(470,367)	(302,885)
Cash flow from investing activities			
Proceeds from sale of property, plant & equipment		10,604	-
Purchases of property, plant & equipment		(2,050)	(22,459)
Payments for Intangibles		(521,251)	(1,014,127)
Net cash provided by/(used in) investing activities		(512,697)	(1,036,586)
Cash flow from financing activities			
Proceeds from the issue of shares		-	-
Fund raising expense		-	-
Net cash provided by/(used in) financing activities		-	-
Net increase/(decrease) in cash held		(983,064)	(1,339,471)
Cash & cash equivalents at the beginning of the financial year		1,734,348	3,073,819
Cash & Cash Equivalents at the end of the financial year	11	751,284	1,734,348

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

These consolidated financial statements and notes represent those of Aeeris Ltd and Controlled Entities (the "consolidated group" or "group").

The separate financial statements of the parent entity, Aeeris Ltd, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 28 August 2017 by the directors of the Company.

NOTE 1. Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Aeeris Ltd) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 13.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised.

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination other than those associated with the issue of a financial instrument are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Goodwill
Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

i. The consideration transferred;

ii. Any non-controlling interest (determined under either the full goodwill or proportionate interest method); and

iii. The acquisition date fair value of any previously held equity interest;
over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or a group of cash-generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Income Tax
The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.
Current and deferred income tax expense is charged or credited directly to equity instead of profit or loss when the tax related to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period.

For non financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Leasehold improvements	2.5-5%
Plant and equipment	5-33%
Plant and equipment leased to external parties	10-2-%
Leased plant and equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint ventures as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

iv. Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are not expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

v. Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment
A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition
Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of Assets
At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of

the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Intangibles Other Than Goodwill

IT Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably. IT research and development costs are amortised over 5 years using the prime cost method.

Employee Benefits

Short-Term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries, superannuation and leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other Long-Term Employee Benefits

At this stage there are no long term leave entitlements.

Equity-Settled Compensation

The Company provides compensation benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by a Black Scholes model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.
Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the

value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Provisions
Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Revenue and Other Income
Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred, it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Subscription Income
Revenue from subscriptions is recognised over the period which the relevant service is provided.

Interest Revenue
Interest revenue is recognised using the effective interest rate method.

Rendering of Services
Revenue in relation to rendering of services depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the service is used to determine the appropriate level of revenue to be recognised in the period. If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Trade and Other Receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Trade and Other Payables
Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Critical Accounting Estimates and Judgments
The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Capitalisation of development costs
Development costs associated with intangible assets are only capitalised by the Group when it can demonstrate the technical feasibility of completing the asset so that the asset will be available for use or sale, how the asset will generate future economic benefits and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Impairment
The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key Judgements

Impairment of goodwill
The directors evaluate goodwill on an annual basis to determine impairment if required. This requires estimation of the recoverable amount of the cash generating units to which goodwill has been allocated. The amount of goodwill is detailed in note 15.

Share-based payment transactions
The directors measure the cost of equity-settled share-based payment transactions with employees by reference to the fair value of the equity instruments at grant date. The fair value is determined by an external valuer using the Black Scholes Model simulation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the annual reporting period but may impact expenses and equity.

Provisions for Impairment of Receivables
When there is inherent uncertainty in relation to the outcome of the liquidation for a debtor, the directors understand that the full amount of the debt is likely to be recoverable from the liquidators, and therefore no provision for impairment has been made.

Amortisation of intangible assets with finite useful lives
The directors have determined that intangibles of the group have a finite useful life. Therefore, intangibles are amortised over the determined useful life. Management's judgements were used to determine the estimated useful lives.

New Accounting Standards for Application in Future Periods
Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

- AASB 9: Financial Instruments and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018)

  The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

  The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

  Although the directors anticipate that the adoption of AASB 9 will not have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018)

  When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

  The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:
  - Identify the contract(s) with a customer;
  - Identify the performance obligations in the contract(s);
  - Determine the transaction price;
  - Allocate the transaction price to the performance obligations in the contract(s); and
  - Recognise revenue when (or as) the performance obligations are satisfied.

  The transactional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors; or recognise the cumulative effect of retrospective application to incomplete contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

  Although the directors anticipate that the adoption of AASB 15 will not have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019)

  When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a singles lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

  The main changes introduced by the New Standard include:

  - Recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
  - Depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
  - Variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
  - By applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
  - Addition disclosure requirements.

  The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognize the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

  Although the directors anticipate that the adoption of AASB 16 will not have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Going Concern
In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due.

As at 30 June 2017, the company had a cash balance of $751,284 (2016: $1,734,348) and during the year the company had net operating cash outflows of $470,367 (2016: $302,885).

The company has implemented cost saving measures to ensure that future revenue streams will be sufficient to fund ongoing operations.

NOTE 2. Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

	2017	2016
Statement of Financial Position	**$**	**$**
ASSETS		
Current Assets	676,583	1,658,459
Non Current Assets	4,324,604	3,352,104
TOTAL ASSETS	5,001,187	5,010,563
LIABILITIES		
Current Liabilities	-	7,377
Non-Current Liabilities	-	-
TOTAL LIABILITIES	-	7,377
EQUITY		
Issued Capital	4,921,017	4,921,017
Options Reserve	94,967	94,967
Retained Earnings	(14,797)	(12,798)
TOTAL EQUITY	5,001,187	5,003,186
Statement of Profit or Loss		
Total Profit/(Loss)	(1,999)	41,446

Guarantees
Aeeris Ltd did not enter into any deed of cross guarantees during the period.

Contingent Liabilities
Aeeris Ltd does not have any contingent liabilities.

Contractual Commitments
Aeeris Ltd does not have any contractual commitments.

	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
NOTE 3. Revenue and Other Income	**$**	**$**
Revenue from ordinary activities		
Sales Revenue:		
Subscription Income	1,024,392	1,396,773
Rendering of services	48,960	50,000
	1,073,352	1,446,773
Other income:		
Interest received	19,847	54,932
Sale of PPE	2,844	-
	22,691	54,932
Total revenue and other income	1,096,043	1,501,705

	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
	$	**$**
NOTE 4. Employee Benefits Expense		
Total wages, salary, super and employee expense	1,210,866	1,245,143
Capitalised wages, salary, super and employee expense	386,166	702,556
Expensed wages, salary, super and employee expense	824,700	542,587
Total wages, salary, super and employee expense	1,210,866	1,245,143

NOTE 5. Other Expenses

Expenses included in other expenses

Internet & Hosting Charges	94,323	42,872
Legal Costs	702	8,369
Rent	78,640	74,480
Travelling & Accommodation	40,784	104,129
Corporate Expenses	89,091	129,997
Corporate Secretarial	32,300	39,600
Other Administration & Operating Costs	129,263	250,976
Total Other Expenses	465,103	650,423

NOTE 6. Income Tax Expense

Prima Facie income tax credit on loss from ordinary activities at 27.5% is ($559,776), 2016: 28.5%($419,581), has not been brought to account.

NOTE 7. Key Management Personnel Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2017	**2016**
	$	**$**
Short-term employee benefits	344,335	282,500
Share-based payments	-	-
Total KMP compensation	344,335	282,500

Short-term employee benefits

These amounts include fees and benefits paid to the executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Share-based Payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
	$	$
NOTE 8. Auditors' Remuneration		
Remuneration of the auditor for:		
• Auditing or reviewing the financial report	22,000	26,400

NOTE 9. Dividends

No dividends were declared or paid during the 2017 financial year.

NOTE 10. Earnings Per Share

	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
Basic and diluted Loss per share (cents)	(3.71)	(2.69)
Loss used to calculate basic and diluted loss per share	(2,035,550)	(1,472,213)

Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	54,902,570	54,819,312

The potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options would result in a decrease in the net loss per share.

NOTE 11. Cash and Cash Equivalents

Cash on Hand	9	140
Cash at Bank	751,275	1,734,208
	751,284	1,734,348

Reconciliation of cash

Cash and Cash Equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash on Hand	9	140
Cash at Bank	751,275	1,734,208
	751,284	1,734,348

	Consolidated 30-Jun-2017	Consolidated 30-Jun-2016
NOTE 12. Trade and Other Receivables	**$**	**$**
Current		
Trade Debtors	166,837	133,348
GST Paid	12,563	14,966
Other Receivables	-	1,264
Total current trade and other receivables	$179,00011	$149,578

Credit Risk

The group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned in Note 27. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the group.

The following table details the group's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled with the terms and conditions agreed between the group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the group.

The balances of receivables that remain within trade terms are considered to be of high credit quality.

	Gross Amount	Past Due and Impaired	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms
2017			**<30**	**31-60**	**61-90**	**>90**	
Trade Receivables	179,400	-	155,332	-	1,157	22,911	179,400
Total	179,400	-	155,332	-	1,157	22,911	179,400
2016			**<30**	**31-60**	**61-90**	**>90**	
Trade Receivables	149,578	-	135,872	9,166	1,094	3,446	149,578
Total	149,578	-	135,872	9,166	1,094	3,446	149,578

NOTE 13. Interests in Subsidiary

Subsidiary

The subsidiary listed below has share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principle Place of Business	Ownership Interest held by the Group	
		2017	**2016**
Early Warning Network Pty Ltd	Australia	100%	100%

	Consolidated 30-Jun-2017 $	Consolidated 30-Jun-2016 $
NOTE 14. Property, Plant and Equipment		
Office Equipment		
At cost	31,137	29,087
Accumulated depreciation	(22,078)	(13,020)
	9,059	16,067
Camera Equipment		
At cost	49,562	53,360
Accumulated depreciation	(37,867)	(30,086)
	11,695	23,274
Furniture and Fittings		
At cost	5,640	5,640
Accumulated depreciation	(1,185)	(690)
	4,455	4,950
Motor Vehicles		
At cost	12,000	12,000
Accumulated depreciation	(5,606)	(3,475)
	6,394	8,525
Boat		
At cost	-	3,409
Accumulated depreciation	-	(1,194)
	-	2,215

Total Property, Plant and Equipment	31,603	55,031

NOTE 15. Intangible Assets

Goodwill		
Goodwill on acquisition	530,825	530,825
Accumulated Impairment Losses	(530,825)	(278,109)
Balance at year end	-	252,716
EWN Development Expenditure		
Opening Balance	811,345	602,397
Movements during the year	521,251	1,014,127
Amortisation	-	(805,179)
Impairment	(1,332,596)	-
Balance at year end	-	811,345
Total Intangibles	-	1,064,061

Impairment Testing of Goodwill and Development Expenditure
Testing for impairment is carried annually or when the directors believe an impairment indicator has occurred. During the year, the directors decided to fully impair the carrying value of goodwill and development expenditure.

NOTE 16. Other Non-current Assets	Consolidated 30-Jun-2017 $	Consolidated 30-Jun-2016 $
Rental Bond	15,000	15,000
	15,000	15,000

NOTE 17. Trade and Other Payables

Current		
Trade Creditors	25,217	65,083
Superannuation Liability	633	13,298
Payroll Tax	24,000	24,097
GST Collected	9,080	14,086
PAYG Withholding	-	31,496
Sundry Creditors^	85,084	2,600
Unearned Income	104,440	93,305
	248,454	243,965

^ Subsequent to the end of the year, the directors have agreed that unpaid directors fees and contractor fees totalling $56,667 would be paid in scrip subject to shareholder approval.

NOTE 18. Provisions

Employee Benefits		
Opening Balance at 1 July	50,356	28,334
Net movement during the year	(9,670)	22,022
Balance at 30 June	40,686	50,356

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

NOTE 19. Issued Capital	**Consolidated 30-Jun-2017 $**	**Consolidated 30-Jun-2016 $**
54,902,570 (2016: 54,902,570) Fully Paid Ordinary Shares	4,921,017	4,921,017

	2017 No.	2016 No.
Ordinary Shares		
At the beginning of the reporting period	54,902,570	54,775,070
Shares Issued – 25 February 2016	-	127,500
At the end of the reporting period	54,902,570	54,902,570

Ordinary shareholders participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held.

At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

For more information relating to the Aeeris Ltd employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 24.

For information relating to share options issued to key management personnel during the financial year, refer to Note 24.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include financial liabilities and ordinary share capital and is not subject to any externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

NOTE 20. Capital and Leasing Commitments

The company has a rental lease in place for the business premises located at 120 Chinderah Bay Drive, Chinderah NSW 2487 which expires on 30 November 2017.

NOTE 21. Contingent Liabilities and Contingent Assets

The company does not have any contingent liabilities or contingent assets.

Note 22. Operating Segments

The consolidated entity operates predominantly in one business and one geographical segment being early warning notifications within Australia.

	Consolidated 30-Jun-2017 $	Consolidated 30-Jun-2017 $
Revenue		
Operating revenue	1, 073, 352	1, 446, 773
Interest revenue	22, 691	54, 932
Other revenue	589,057	413,842
Total revenue	1,685,100	1,915,547
Expenses		
Other expenses	(2,114,763)	(2,277,490)
Depreciation, amortisation & impairment expenses	(1,605,887)	(1,110,270)
Segment results	**(2,035,550)**	**(1,472,213)**
Assets		
Current assets	930,684	1,883,926
Property plant & equipment	31,603	55,031
Intangibles	-	1,064,061
Other non-current assets	15,000	15,000
Total Assets	977,287	3,018,018
Current Liabilities	289,140	294,321
Non-current liabilities	-	-
Total Liabilities	289,140	294,321
Net Assets	**688,147**	**2,723,697**

NOTE 23. Cash Flow Information

Reconciliation of Cash Flow from Operating Activities

Losses during the year	(2,035,550)	(1,472,213)
Non-Cash flows		
Depreciation, amortisation and impairment	1,605,887	1,110,270
Share based payments - options	-	22,830
Other non-cash transactions	(1,110)	-

Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables	(29,822)	(13,872)
Increase/(decrease) in trade and other payables	4,489	28,078
Increase/(decrease) in provisions	(9,670)	22,022
Proceeds from sale of property, plant and equipment	(4,591)	-
Net cash used in operating activities	(470,367)	(302,885)

NOTE 24. Share-Based Payments

A summary of the movements of all company options issued is as follows:

	Number
Options Outstanding as at 1 July 2015	9,190,000
Granted	150,000
Forfeited	(150,000)
Exercised	-
Expired	-
Options Outstanding as at 30 June 2016	9,190,000
Granted	-
Forfeited	-
Exercised	-
Expired	-
Options Outstanding as at 30 June 2017	9,190,000
Options exercisable as at 30 June 2016	9,190,000
Options exercisable as at 30 June 2017	9,190,000

The weighted average remaining contractual life of options outstanding at year-end was 2.5 years. The weighted average exercise price of outstanding options at the end of the reporting period was $0.50.

NOTE 25. Events after the Reporting Period

Subsequent to the end of the year, the directors have agreed that unpaid director's fees and contractor fees totalling $56,667 would be paid in scrip subject to shareholder approval.

NOTE 26. Related Party Transactions

The Group's main related parties are as follows:

- Key Management Personnel
  Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.
  For details of disclosures relating to key management personnel, refer to Note 7.
- Entities subject to significant influence by the Group
  An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership statute or agreement.
- Other Related Parties
  Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Kerry Plowright through his controlled entity WASPZ Pty Ltd, was paid $41,900 (2016: $43,800) in director's fees including superannuation and $110,000 (2016: $110,000) for consulting services rendered during the year.

Ben Loiterton through his controlled entity Venturastar Pty Ltd, was paid $42,530 (2016: $43,800) in director's fees including superannuation and $108,005 (2016: $80,000) for consulting services rendered during the year.

Bryce Reynolds through his related party entity Bluestar Management Pty Ltd, was paid $41,900 (2016: $43,800) in director's fees including superannuation during the year.

Margo Plowright was paid $86,667 (2016: $80,000) for services rendered during the year.

Subsequent to the end of the year, the directors have agreed that unpaid director's fees and contractor fees totalling $56,667 would be paid in scrip subject to shareholder approval.

NOTE 27. Financial Risk Management

The group's financial instruments consist mainly of deposits with banks, accounts receivables and payables and loans to subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

The group's financial instruments consist mainly of deposits with banks, accounts receivables and payables and loans to subsidiaries.

The totals for each category of financial instruments, measured in accordance with AASB 139: Financial Instruments: Recognition and Measurement as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	**2017**	**2016**
		$	**$**
Financial Assets			
Cash and Cash Equivalents	11	751,284	1,734,348
Loans and Receivables	12	179,400	149,578
Total Financial Assets		930,684	1,883,926
Financial Liabilities			
Trade and Other Payables	17	248,454	243,965
Total Financial Liabilities		248,454	243,965

Financial Risk Exposures and Management

The Group has no exposure through financial instruments and therefore has minimal credit risk and liquidity risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such as the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are 30 days from the invoice date.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held, is equivalent to the carrying amount and classification of those financial assets (net of any provisions) as presented in the statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at board level, given to parties securing the liabilities of certain subsidiaries.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 12.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are detailed in Note 12.

b) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Financial Liabilities due for Payment								
Trade and other Payables	248,454	243,965	-	-	-	-	248,454	243,965
Total Expected Outflows	248,454	243,965	-	-	-	-	248,454	243,965
Financial Assets – Cash Flows Realisable								
Trade and other Receivables	179,400	149,578	-	-	-	-	179,400	149,578
Total anticipated inflows	179,400	149,578	-	-	-	-	179,400	149,578
Net (outflow)/ inflow on financial instruments	(69,054)	(94,387)	-	-	-	-	(69,054)	(94,387)

Fair Value Estimations
The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 28 for detailed disclosures regarding the fair value measurement of the Group's financial assets and financial liabilities.

Consolidated Group	Note	2017		2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets					
Cash and Cash Equivalents	11	751,284	751,284	1,734,348	1,734,348
Trade and Other Receivables	12	179,400	179,400	149,578	149,578
Total Financial Assets		**930,684**	**930,684**	**1,883,926**	**1,883,926**
Financial Liabilities					

Trade and Other Payables	17	248,454	248,454	243,965	243,965
Total Financial Liabilities		**248,454**	**248,454**	**243,965**	**243,965**

Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

NOTE 28. Fair Value Measurements

The group does not subsequently measure any liabilities at fair value on a non-recurring basis.

Fair Value Hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques
The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market Approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities
- Income Approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value
- Cost Approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2017			
Recurring Fair Value Measurements	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Cash and Cash Equivalents	11	751,284	-	-	751,284
Trade and other Receivables	12	179,400	-	-	179,400
Total Financial Assets		930,684	-	-	930,684

Non Financial Assets					
Property Plant and Equipment	14	31,603	-	-	31,603
Intangibles	15	-	-	-	-
Other Assets	16	15,000	-	-	15,000
Total Non Financial Assets		46,603	-	-	46,603
Liabilities					
Trade and other Payables	17	248,454	-	-	248,454
Provisions	18	40,686	-	-	40,686
Total Liabilities		289,140	-	-	289,140

There were no transfers between Level 1 and level 2 for assets and liabilities measured at fair value on a recurring basis during the reporting period (2016: no transfers).

Reconciliation of Recurring Level 3 Fair Value Measurements

	Intangibles
	$
Balance at the beginning of the year	1,064,061
Additions during the year	521,251
Gains/(losses) recognised in profit or loss during the year	(1,585,312)
Balance at the end of the year	-

	Consolidated 30-Jun-2017 $	**Consolidated 30-Jun-2016 $**

Note 29. Reserves

Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

Options Reserve		
Opening Balance in Options Reserve	94,967	94,967
Options issued during the year	-	6,255
Options forfeited during the year	-	(6,255)
Balance as at 30 June	94,967	94,967

	Consolidated 30-Jun-2017 $	Consolidated 30-Jun-2016 $
NOTE 30. Accumulated Losses		
Accumulated losses at the beginning of the financial year	(2,292,287)	(826,329)
Net loss attributable to members of the group	(2,035,550)	(1,472,213)
Transfer from options reserve	-	6,255
Accumulated losses at the end of the financial year	(4,327,837)	(2,292,287)

NOTE 31. Company Details

The registered office of the Company is:

120 Chinderah Bay Drive
Chinderah NSW 2487

The principle places of business are:

120 Chinderah Bay Drive
Chinderah NSW 2487

Directors' declaration

In accordance with a resolution of the directors of Aeeris Ltd, the directors of the Company declare that:

1. The financial statements and notes, as set out on pages 12 to 43, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the consolidated group;

2. In the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Chairman: ______________________________
Mr. Kerry Plowright

Dated this 28th day of August 2017

INDEPENDENT AUDITOR'S REPORT

Sydney | Melbourne | Canberra

MNSA

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AEERIS LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of Aeeris Limited (the company) and it's subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.
In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of Aeeris Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aeeris Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Carrying Value of Goodwill	
Aeeris Limited has goodwill of $Nil (2016 $252,716 contained within 1 cash-generating unit ('CGUs'). Impairment charges to goodwill have been recognised in prior periods. For the CGUs which contain goodwill, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use, requires judgement on the part of management in both identifying and then valuing the relevant CGUs. Recoverable amounts are based on management's view of variables such as future revenue, customer numbers and customer churn, operating expenditure and the most appropriate discount rate. Refer Note 1 Basis of preparation (Critical accounting estimates and judgments), Note 1 – Impairment losses and note 15 – Intangible assets.	We evaluated the appropriateness of management's identification of the Group's CGU and tested the operating effectiveness of controls over the impairment assessment process, including indicators of impairment, noting no significant exceptions. Our procedures included challenging management on the suitability of the impairment model and reasonableness of the assumptions, through performing the following: • Assessing Aeeris's key market-related assumptions in management's valuation model with industry comparators and with assumptions made in the prior years including revenue and margin trends, market share and customer churn and discount rates; • testing the mathematical accuracy of the cash flow models and agreeing relevant data to Board-approved Long-Range Plans; and • assessing the reliability of management's forecast through a review of actual performance against previous forecasts. Based on our procedures, we noted that the Goodwill was fully impaired. A charge of $252,716 has been made to the Consolidated Statement of Profit or Loss.

Revenue recognition – accuracy of revenue recorded given the complexity of systems

Revenue represents a material balance and we have identified the following types of transactions and assertions related to revenue recognition which give rise to key risks:

- the completeness of revenue recorded as a result of the reliance on output of the billing systems.

Refer to note 1 – Basis of preparation (Critical accounting estimates and judgments).

In responding to this area of focus, our audit approach included controls testing and substantive procedures covering, in particular:

- testing control procedures in place around systems that bill revenue streams;
- performing tests on the accuracy of customer bill generation on a sample basis and testing of a sample of the credits and discounts applied to enterprise customer bills;
- testing cash receipts for a sample of customers back to the customer invoice; and
- testing the costs associated to the delivery of sales.

We also considered the application of the Group's accounting policies to amounts billed.

Based on our work, we noted no significant issues on the accuracy of revenue recorded in the year.

Capitalisation of Software Development and asset lives

There are a number of areas where management judgement impacts the carrying value of software intangible assets and their respective amortisation profiles. These include:

- the decision to capitalise or expense costs;
- the annual asset life review including the impact of changes in the Group's strategy; and
- the timeliness of the transfer from assets in the course of development.

Refer to note 1 – Basis of preparation (Critical accounting estimates and judgments).

Refer Intangible assets note 15.

We evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of development. There were no exceptions noted from our testing.

In performing these procedures, we challenged the judgements made by management including:

- the nature of underlying costs capitalised as part of the cost of the developing services and products;
- the appropriateness of asset lives applied in the calculation of amortisation; and
- assesing the need for impairment where services and products have not performed to management expectations, have been abandoned or are no longer supported by the group.

We noted that the services and products had not met management expectations, and that management determined that they were fully impaired.

Going Concern

Following operating losses and cash flow deficits, there is a heightened degree of judgement as to the group's ability to continue as a going concern through the assessment period. Accordingly, we considered the appropriateness of the going concern assumption, the question as to whether there is a material uncertainty and the adequacy of management's disclosure to be a key risk.

We have challenged the key assumptions in management's forecast cash flows for the next 12 months (base case and downside possibilities) by:

- comparing the cash flow forecasts with the Board approved budget, and obtaining explanations for any significant differences;
- ensuring consistency between the forecasts in the group going concern model and those used in the asset value-in-use calculations for impairment assessment purposes;
- assessing the historical accuracy of forecasts prepared by management;
- testing the mechanical accuracy of the model used;
- performing stress tests for a range of reasonably possible scenarios on management's cash flow for the going concern period;
- challenging management's plans for mitigating any identified exposures, obtain additional sources of Financing; and
- considering whether the disclosures relating to going concern referred to in the basis of preparation section of the accounting policies are balanced, proportionate and clear.

We have determined that there are no material uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

Other Information

The directors of Aeeris Limited are responsible for the other information. The other information comprises the information in the annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of Aeeris Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the financial statements comply with *International Financial Reporting Standards*.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objective is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 8 to 10 of the directors' report for the year ended 30 June 2017.

In our opinion the remuneration report of Aeeris Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of Aeeris Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

MNSA Pty Ltd

MNSA Pty Ltd

Mark Schiliro

Sydney
28 August 2017

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following information is current as at 26th September 2017.

Shareholding		
Distribution of Shareholders	Number	
Category (size of holding)	Holders	Units
1-1,000	10	1,045
1,001-5,000	21	67,400
5,001-10,000	119	963,063
10,001-100,000	88	3,540,323
100,000-99,000,000,000	51	50,330,739
Totals	**289**	**54,902,570**

The names of the substantial shareholders as disclosed in substantial holding notices given to the Company are:

Shareholder	Number of Shares
Mr Kerry Plowright#	21,570,490
K & M Plowright Super Pty Limited	4,235,500
Waspz Pty Limited	4,085,000
Ms Margo Plowright	5,160,000
Venturastar Pty Limited	4,257,000
Mr Bryce Reynolds*	2, 791, 350
Jetosea Pty Limited	6,100,000

Includes the substantial shareholders associates holdings being K & M Plowright Super Pty Limited, Waspz Pty Limited and Ms Margo Plowright
* Includes related parties

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

20 largest Shareholders

No.	Name	No. of Ordinary Shares held	% Issued Capital
1	Mr Kerry Maurice Plowright	8,089,990	14.735%
2	Jetosea Pty Limited	6,100,000	11.111%
3	Ms Margo Plowright	5,160,000	9.398%
4	Venturastar Pty Limited	4,257,000	7.754%
5	K&M Plowright Super Pty Limited	4,235,500	7.715%
6	Waspz Pty Limited	4,085,000	7.440%
7	Jetosea Pty Ltd	2,948,858	5.371%
8	UBS Nominees Pty Ltd	2,000,000	3.643%
9	Veritas Consolidated Pty Ltd	1,881,350	3.427%
10	Teldar Corporation Pty Ltd	1,500,000	2.732%
11	HSBC Custody Nominees (Australia) Limited	670,195	1.221%
12	Teldar Corporation Pty Ltd<Teldar Investment A/C>	600,000	1.093%
13	Mr Michael Pryce	500,000	0.911%
14	Veritas Securities Limited	500,000	0.911%
15	Mad Fish Management Pty Ltd	462,237	0.842%
16	Mr William Beckwith Hayden & Mrs Julie Margaret Hayden</W&J Hayden Super Fund A/C>	400,000	0.729%
17	Mr Stephen Aboud & Mrs Naomi Aboud	400,000	0.729%
18	Vertias Consolidated Pty Ltd	335,000	0.610%
19	Miss Janice Denzey	307,142	0.559%
20	MBA Investments Pty Ltd	290,077	0.528%
		44,722,349	81.458%

Flooding occurred through 2015/16

Stranded cars caught out in a flash flood event

CORPORATE DIRECTORY

Directors

Kerry Plowright
Executive Chairman & CEO

Ben Loiterton
Non-Executive Director

Bryce Reynolds
Non-Executive Director

Company Secretary

Elissa Hansen

Registered Office

Aeeris Limited
ACN 166 705 595
120 Chinderah Bay Road
Chinderah NSW 2487
Website: www.aeeris.com

Share Registry

Boardroom Pty Ltd
Level 12, 225 George Street
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Corporate Advisor

Vertias Securities Limited
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175 Macquarie Street
Sydney NSW 2000
Phone +61 2 8252 3201
Facsimile +61 2 8252 3299

Solicitors

Capital Legal
Suite 103
53 The Corso
Manly NSW 2095

Auditor

Mark Schiliro & Associates (MNSA)
Pty Ltd
Level 1
283 George Street
Sydney NSW 2000

ASX Code

AER

CORPORATE DIRECTORY

Directors

Kerry Plowright
Executive Chairman & CEO

Ben Loiterton
Non-Executive Director

Bryce Reynolds
Non-Executive Director

Company Secretary

Elissa Hansen

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