

ASX ANNOUNCEMENT (ASX: ANO)

24 FEBRUARY 2009

APPENDIX 4D – HALF YEAR REPORT - 31 DECEMBER 2008

Name of entity	Antaria Limited
ABN	54 079 845 855

1. DETAILS OF THE REPORTING PERIOD AND THE PREVIOUS CORRESPONDING PERIOD.

Reporting period	1 July 2008 to 31 December 2008
Previous corresponding period	1 July 2007 to 31 December 2007

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET.

2.1	Revenue from ordinary activities	Down	152,731	9%	To	1,519,784	From	1,672,515
2.2	(Loss) from ordinary activities after tax attributable to members	Down	414,018	18%	To	(1,895,984)	From	(2,310,002)
2.3	Net (loss) for the period attributable to members	Down	414,018	18%	To	(1,895,984)	From	(2,310,002)
2.4	The Company does not propose to pay a dividend in respect of the 2009 financial year.							
2.5	Not applicable.							
2.6	Refer separate announcement following.							

3. NET TANGIBLE ASSETS PER SECURITY.

Reporting period	1.6 cents per share
Previous corresponding period	2.8 cents per share

4. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD.

Antaria Europe BV, a wholly owned subsidiary of Antaria Limited, was incorporated in the Netherlands on 27 November 2008.

5. DETAILS OF INDIVIDUAL AND TOTAL DIVIDENDS OR DISTRIBUTIONS AND DIVIDEND OR DISTRIBUTION PAYMENTS.

Nil.

6. DETAILS OF ANY DIVIDEND OR DISTRIBUTION REINVESTMENT PLANS IN OPERATION.

Not applicable.

7. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES.

Not applicable.

8. FOR FOREIGN ENTITIES, WHICH SET OF ACCOUNTING STANDARDS IS USED IN COMPILING THE REPORT (E.G. INTERNATIONAL ACCOUNTING STANDARDS).

Not applicable.

9. IF ACCOUNTS ARE SUBJECT TO AUDIT DISPUTE OR QUALIFICATION, A DESCRIPTION OF THE DISPUTE OR QUALIFICATION.

This Appendix 4D is based upon Antaria Limited's Interim Report for the half-year ended 31 December 2008 which has been subject to an independent review.

A copy of the independent review report is set out on page 15 of the Interim Report.

There is no audit dispute or qualification contained in this review report.

For Further Information

Bruce Cameron, Executive Chairman

Tel: +61 (8) 6253 5300

ASX ANNOUNCEMENT (ASX: ANO)

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ANTARIA REPORTS HALF-YEAR RESULTS

Highlights

- Continued revenue growth in Personal Care products, led by ZinClear®;
- New distribution partner for key European markets;
- Outlook for ZinClear® sales revenue growth very bright in all major markets;
- Continued progress in the marketing of AlPearl™, Platyl™ and NanoZ™ for specialist industrial applications;
- Major reductions in expenses and overhead costs sustained;
- Successful capital raising in December (with the balance of the raising in February); and
- Cash balance as at 31 December 2008 stood at \$2.370 million.

During the first half of the 2009 financial year, Antaria has continued to focus its efforts on securing strong commercial outcomes for its product range and technologies. Measures taken in the past financial year to reduce the Company's overhead base and to reorient sales, marketing and product development efforts have begun to positively impact Antaria's financial results.

Strengthened Distribution in Key European Markets

Following the appointment of Dow Amerchol as its distributor for North and Latin America in April 2008, Antaria has worked to secure a strong distribution network covering other key regions. In December 2008, the Company secured the appointment of Comercial Química Massó, S.A. (Masso) as its lead European distributor of its ZinClear-IM™ range of suncare dispersions.

Masso, headquartered in Barcelona, Spain, is a major distributor of ingredients to the personal care and other industries, with annual sales in excess of €100 million. Masso will provide Antaria with a strong presence in key Western European territories including France, Spain, and Switzerland as well as an expansion of coverage into some significant Eastern European territories including Poland, Czech Republic, and Hungary. They provide ZinClear-IM™ customers with local sales and logistics support, including in-house formulation capability. Masso has been a specialist distributor of suncare products for over 10 years and maintains strong relationships with all key suncare manufacturers in Europe. Masso also provided Antaria with an advance payment of \$350,000 towards sales in the first year.

Capital Raising

In December 2008, Antaria also put arrangements in place to supplement its working capital reserves by more than \$1,000,000. The first step was a private placement of \$700,000 to four existing shareholders in December 2008, followed by a Share Purchase Plan raising a total of \$94,000, and a placement to Directors and a related party raising an additional \$330,000 as approved by shareholders at a General Meeting held on 23 February 2009. All shares were/will be issued at 4 cents per share.

The purpose of the capital raising is to support the growth of Antaria's business, and in particular the opportunities for ZinClear-IM™, Antaria's dispersion of microfine, zinc oxide particles for use in beach wear, daily wear and colour cosmetics formulations. Regulatory changes underway in the suncare industry, combined with growing consumer concern surrounding the use of chemicals in sunscreens, are driving strong demand for zinc oxide as a proven mineral alternative to chemical UV absorbers. Antaria is working to ensure that it is well placed to take advantage of the opportunities in the suncare and cosmetics market and sees the ZinClear-IM™ range as having the potential to deliver significant revenue streams for the Company in the future.

Financial Summary

	31-Dec-08	31-Dec-07	Change		
	\$	\$			
Revenue from sale of goods					
Personal Care	1,414,464	1,324,859	89,605	Increased	7%
Industrial & Environmental	43,608	225,112	(181,504)	Decreased	81%
Total revenue from sale of goods	1,458,072	1,549,971	(91,899)	Decreased	6%
Finance revenue	61,712	122,544	(60,832)	Decreased	50%
Total revenue from continuing operations	1,519,784	1,672,515	(152,731)	Decreased	9%
Cost of goods sold	(1,234,995)	(1,409,058)	174,063	Decreased	12%
Gross profit (including finance revenue)	284,789	263,457	21,332	Increased	8%
Gross profit (excluding finance revenue)	223,077	140,913	82,164	Increased	58%
As a % of revenue from sale of goods	15%	9%			
Other income	318,971	468,917	(149,946)	Decreased	32%
Expenses and overheads					
Expensed R&D and product development	(512,879)	(521,339)	8,460	Decreased	2%
Business development, sales and marketing	(451,980)	(540,824)	88,844	Decreased	16%
Other expenses and overheads	(599,418)	(1,045,373)	445,955	Decreased	43%
Total expenses and overheads	(1,564,277)	(2,107,536)	543,259	Decreased	26%
Net operating (loss) before non-cash items	(960,517)	(1,375,162)	414,645	Decreased	30%
Non-cash items not included in above	(935,467)	(934,840)	(627)	Increased	0%
Net (loss) from continuing operations	(1,895,984)	(2,310,002)	414,018	Decreased	18%

Product Revenues and Other Income

Total revenue from continuing operations for the December 2008 half-year was \$1,519,784 compared to the December 2007 total of \$1,672,515.

Revenue from sales of goods for the December 2008 half-year totalled \$1,458,072, a decrease of 6% over the December 2007 sales of \$1,549,971. Prior year sales included an amount of \$181,218 in relation to the cessation of activities with Oxonica plc in September 2007. Excluding this amount, December 2008 sales represented an increase of 7% over the corresponding period last year (December 2007: \$1,368,753).

Personal Care

Personal Care sales for the December 2008 first half totalled \$1,414,464, an increase of 7% from the December 2007 half-year Personal Care sales of \$1,324,859. Another \$85,620 of Personal Care products were scheduled for shipment in December however did not take place until January due to shipping delays over the Christmas/New Year period. Had these shipments taken place in December, Personal Care sales for the half-year would have been up 13%.

ZinClear[®] sales for the half-year were \$1,183,971, in line with the corresponding period last year of \$1,162,174. Antaria continues to see increased take-up of its micron-sized ZinClear-IM[™] UV active, particularly in the Australian market. This momentum is not immediately apparent in sales revenue since the ZinClear-IM[™] product is a more competitively priced product than the traditional ZinClear[®] range. This pricing advantage is enabling our customers to begin incorporating ZinClear-IM[™] into their mass-market formulations.

During the December 2008 quarter, Antaria launched three new variants for personal care products in its ZinClear-IM[™] sun care range in response to feedback from its distributors and customers. These variants will help Antaria increase its penetration into the sun care and cosmetics segments of the market requiring a softer, drier, non-greasy feel. The Company expects that one variant, a 50wt% dispersion of zinc oxide in Natural Jojoba oil, developed to further target the rapidly growing natural cosmetics segment, will also be the next of Antaria's products to obtain key European "ECOCERT" approval.

Samples of all three new dispersions have been supplied to our US, European and Asian distributors, and selected Australian contract manufacturers. Production scale-up is scheduled to begin in the March 2009 quarter.

In the North and Latin American markets, feedback from Dow Amerchol remains very encouraging. Dow is working closely with an increasing number of potential customers in these markets, ranging from smaller sun care manufacturers to larger personal care manufacturers with longer product development cycles.

Alusion® sales for the December 2008 half-year were \$230,493, up 42% from the December 2007 total of \$162,685. During the half-year, Antaria has been working to extend marketing opportunities for the Alusion® product range to improve acceptance of the product. It is hoped that these efforts will increase sales of Alusion in future financial years.

Industrials

Sales of Industrial products for the December 2008 half-year were \$43,608, compared to the December 2007 half-year total of \$43,894 (excluding the amount of \$181,218 received in relation to the cessation of activities with Oxonica plc in September 2007). December 2008 half-year sales were predominantly the sale of NanoZ™ zinc-oxide dispersions for UV-protective coatings.

Antaria continues to work on its platelet alumina technology to extend it from the current cosmetics base, where it is marketed as Alusion®, into broader industrial applications. Platelet alumina has exciting potential for use as a substrate for pearlescent pigments and the Company is experiencing strong interest from a number of coatings manufacturers. Recent development efforts have focused on removal of agglomeration from the final product with significant improvements noted by pigment manufacturers' trialling the product in terms of alignment of plates in final coatings.

Other industrial applications have also been identified for Antaria's alumina products. Work continued with various collaborators on our Platyl™ industrial grade plate-like alumina, where the physical and mechanical properties of alumina, coupled with unique plate-like morphology are leading to some very promising results. A further variation of the underlying alumina particle technology has also been trialled as with the first small sales being made during the half-year.

Development work has continued on NanoZ™ plastics additives. Antaria initially developed NanoZ™ primarily as a zinc oxide based industrial UV absorber. We have also identified that the product has very good antibacterial properties as well which has led to external evaluation in new applications such as fibres for sports clothing.

In the fuel catalyst market, Antaria has been working with Singapore-based Energenics towards re-establishing sales of its Cercat™ business line to key Asian and European customers.

Finance Revenue and Other Income

During the half-year, interest income reduced from \$122,544 to \$61,712 in line with the Company's reduced cash position.

Other income decreased 32% to \$318,971 in the December 2008 half-year from \$468,917 in 2007. Commercial Ready grant income of \$278,244 was lower than the 2007 half-year total of \$381,899 as the prior half-year included grant income offsetting the write-off of certain development costs capitalised in earlier financial years. Grant income for the December 2007 half-year also included \$87,018 in relation to R&D START grant and Export Market Development grant income. December 2008 other income also included \$40,727 in relation to gains/proceeds on the disposal of plant and equipment.

Gross Profit Contribution

Antaria's gross margin as a percentage of sales to customers increased in the December 2008 half-year to 15% from 9% in the December 2007 half-year.

This improvement in gross margin was a result of a change in product mix towards the Company's ZinClear-IM™ suncare dispersions, and the positive impact of the Company's overhead reduction and cash conservation initiatives. Cost reductions were achieved through the sub-leasing of excess factory and office space and a reduction in indirect labour.

The Company anticipates that further improvements in gross profit percentages will be achieved with subsequent increases in its sales volume through higher utilisation of fixed production overheads.

Expenses and Overheads

Cash Items

Antaria's total expenses and overheads (excluding non-cash items) for the December 2008 half-year were \$1,564,277 down 26% from \$2,107,536 in the December 2007 half-year.

Expensed research, product development and scale-up costs decreased by 2% from \$521,339 in 2007 to \$512,879 in 2008. Offsetting these costs is the Company's Commercial Ready grant for transparent functional coatings of \$278,244 in the December 2008 half-year compared to \$381,899 in the previous corresponding period (refer above).

Sales and marketing expenses decreased by 16% from \$540,824 to \$451,980. This decrease was mainly due to a significant reduction in overseas travel costs and lower marketing and advertising costs. Antaria's cost base has benefitted from the appointment of lead distributors in key regions who already have strong marketing support and infrastructure locally in their geographic territories.

Corporate and other expenses decreased by 43% from \$1,045,373 to \$599,418. Significant reductions were achieved in cash labour costs through headcount reduction and the election of certain senior management to receive their remuneration by way of Share issues under the Company's Salary Sacrifice Share Plan.

Non-Cash Items

Non-cash items for the half-year of \$935,467 included:

- Depreciation and amortisation charges of \$389,262;
- Remuneration expenses (excluding the options expense) of \$177,545. This reflects certain elements of the remuneration received by non-executive directors and senior management (directors fees, performance bonus, and Executive Director/Chairman remuneration) by way of issues of Antaria Shares under the Company's Salary Sacrifice Share Plan;
- Unrealised foreign exchange losses of \$149,196, principally in relation to the revaluation of US dollar denominated unearned income;
- Write-off of unutilised plant and equipment of \$67,123;
- Write-off of certain patent and trademarks costs capitalised in prior financial years of \$80,009;
- Expensing of previously capitalised development costs against Commercial Ready income of \$45,338; and
- Options expense of \$26,994. There were no new option issues during the half-year.

About Antaria

Antaria Limited develops, manufactures and sells a range of advanced metal oxide powders and dispersions worldwide. Antaria's products are marketed under five parent brands, **ZinClear**[®] – broad spectrum, mineral-only UV filters in cosmetic emollients used for sunscreen, skincare, and pharmaceutical formulations that allow SPF 30+ sunscreens containing only zinc oxide as the UV absorber; **Alusion**[®] – plate-shaped particles used to enhance colour cosmetics formulations to mask wrinkles and fine lines; **AlPearl**[™] – alumina particles for industrial pigment applications; **Cercat**[™] – cerium oxide nanoparticle dispersion used in diesel fuel applications; and **NanoZ**[™] – nano zinc oxide additives that allow stable UV absorber performance for coatings and plastics.

For Further Information

Bruce Cameron, Executive Chairman, tel: +61 (8) 6253 5300

Antaria Limited

ACN 079 845 855

Interim Report – 31 December 2008

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Antaria Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report on the consolidated entity consisting of Antaria Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

DIRECTORS

The following persons were directors of Antaria Limited during the whole of the half-year and up to the date of this report.

Bruce Cameron (Executive Chairman)
 Paul McCormick (Executive Director)
 Robert Mangioni (Non-Executive Director)
 John Young (Non-Executive Director)

Thibaut Mortier was a director from the beginning of the half-year until his resignation on 29 August 2008. David Griffiths was a director from the beginning of the half-year until 20 November 2008 when he retired by rotation at the 2008 Annual General Meeting and did not offer himself for re-election.

REVIEW OF OPERATIONS

Highlights

- Continued revenue growth in Personal Care products, led by ZinClear®;
- New distribution partner for key European markets;
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REVIEW OF OPERATIONS (continued)

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REVIEW OF OPERATIONS (continued)Product Revenues and Other Income (continued)*Finance Revenue and Other Income*

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- Write-off of unutilised plant and equipment of \$67,123;
- Write-off of certain patent and trademarks costs capitalised in prior financial years of \$80,009;
- Expensing of previously capitalised development costs against Commercial Ready income of \$45,338; and
- Options expense of \$26,994. There were no new option issues during the half-year.


AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors.



Bruce Cameron
Executive Chairman



Paul McCormick
Executive Director

Perth, Western Australia
24 February 2009



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
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aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

24th February 2009

The Directors
Antaria Limited
3 Brodie Hall Drive
BENTLEY WA 6102

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF ANTARIA LIMITED

As lead auditor for the review of Antaria Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- any applicable code of professional conduct in relation to the review.

This declaration is in respect of Antaria Limited and the entities it controlled during the period.

Brad McVeigh
Director

BDO Kendalls Audit & Assurance (WA) Pty Ltd

Dated this 24th day of February 2009
Perth, Western Australia

CONSOLIDATED INCOME STATEMENT**ANTARIA**

For the half-year ended 31 December 2008

		31-Dec-08	31-Dec-07
		\$	\$
Continuing operations			
Revenue	4	1,519,784	1,672,515
Cost of goods sold		<u>(1,234,995)</u>	<u>(1,409,058)</u>
Gross profit		284,789	263,457
Other income	4	318,971	468,917
Research and development expenses	4	(605,745)	(782,943)
Sales and marketing related expenses	4	(453,598)	(718,533)
Corporate and administrative expenses	4	<u>(1,440,401)</u>	<u>(1,540,900)</u>
Loss before income tax		(1,895,984)	(2,310,002)
Income tax expense		-	-
Loss after tax from continuing operations		<u>(1,895,984)</u>	<u>(2,310,002)</u>
Net loss attributable to members of parent		<u>(1,895,984)</u>	<u>(2,310,002)</u>
Loss per share (cents per share)			
- basic for loss for the year		(1.01)	(1.27)
- dividends paid per share		Nil	Nil

The above Consolidated Income Statement should be read in accordance with the accompanying notes.

CONSOLIDATED BALANCE SHEET**ANTARIA****As at 31 December 2008**

	31-Dec-08	30-Jun-08
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	2,173,340	2,460,592
Trade and other receivables	570,161	385,942
Inventories	901,798	740,067
Prepayments	76,710	39,479
Other financial assets	138,019	141,224
Total Current Assets	3,860,028	3,767,304
Non-Current Assets		
Other financial assets	95,000	95,000
Property, plant and equipment	1,610,219	1,762,717
Intangible assets	4,935,777	5,347,671
Total Non-Current Assets	6,640,996	7,205,388
TOTAL ASSETS	10,501,024	10,972,692
LIABILITIES		
Current Liabilities		
Trade and other payables	275,924	251,852
Interest bearing loans and borrowings	134,333	144,101
Provisions	123,631	197,800
Deferred income	733,202	199,879
Other liabilities	245,052	400,887
Total Current Liabilities	1,512,142	1,194,519
Non-Current Liabilities		
Provisions	253,085	162,572
Deferred income	482,521	437,969
Total Non-Current Liabilities	735,606	600,541
TOTAL LIABILITIES	2,247,748	1,795,060
NET ASSETS	8,253,276	9,177,632
Equity		
Issued capital	32,312,046	31,367,412
Option premium reserve	1,083,912	1,056,918
Accumulated losses	(25,142,682)	(23,246,698)
TOTAL EQUITY	8,253,276	9,177,632

The above Consolidated Balance Sheet should be read in accordance with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT
For the half-year ended 31 December 2008

ANTARIA

	31-Dec-08 \$	31-Dec-07 \$
Cash flows from operating activities		
Receipts from customers (including advance payment)	1,592,589	1,323,584
Payments to suppliers and employees	<u>(2,767,920)</u>	<u>(3,335,180)</u>
	(1,175,331)	(2,011,596)
Receipt of government grants	285,116	434,132
Interest received	64,917	114,959
Borrowing costs	<u>(7,270)</u>	<u>(11,849)</u>
Net cash (outflows) from operating activities	<u>(832,568)</u>	<u>(1,474,354)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(94,648)	(72,172)
Purchase of patents, trademarks, and development costs	(37,594)	(212,047)
Proceeds from sale of property, plant and equipment	<u>36,432</u>	<u>14,954</u>
Net cash (outflows) from investing activities	<u>(95,810)</u>	<u>(269,265)</u>
Cash flows from financing activities		
Proceeds from issues of shares	700,000	3,000,000
Share issue costs	(21,919)	(30,113)
Repayment of borrowings	<u>(9,768)</u>	<u>(16,659)</u>
Net cash inflows from financing activities	<u>668,313</u>	<u>2,953,228</u>
Net (decrease)/increase in cash and cash equivalents held	(260,065)	1,209,609
Cash and cash equivalents at the beginning of the period	2,460,592	2,168,836
Exchange rate adjustment	<u>(27,187)</u>	<u>3,420</u>
Cash and cash equivalents at the end of the period	<u>2,173,340</u>	<u>3,381,865</u>

The above Consolidated Cash Flow Statement should be read in accordance with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half-year ended 31 December 2008

ANTARIA

	Attributable to equity holders of the parent			
	Issued capital \$	Option premium reserve \$	Accumulated losses \$	Total \$
As 1 July 2007	28,012,445	928,723	(18,689,294)	10,251,874
Total income and expense for the period recognised directly in equity	-	-	-	-
(Loss) for the period	-	-	(2,310,002)	(2,310,002)
Total recognised income/(expense) for the period	-	-	(2,310,002)	(2,310,002)
Shares issued	3,057,175	-	-	3,057,175
Cost of share-based payment	-	73,809	-	73,809
At 31 December 2007	<u>31,069,620</u>	<u>1,002,532</u>	<u>(20,999,296)</u>	<u>11,072,856</u>
As 1 July 2008	31,367,412	1,056,918	(23,246,698)	9,177,632
Total income and expense for the period recognised directly in equity	-	-	-	-
(Loss) for the period	-	-	(1,895,984)	(1,895,984)
Total recognised income/(expense) for the period	-	-	(1,895,984)	(1,895,984)
Shares issued	944,634	-	-	944,634
Cost of share-based payment	-	26,994	-	26,994
At 31 December 2008	<u>32,312,046</u>	<u>1,083,912</u>	<u>(25,142,682)</u>	<u>8,253,276</u>

The above Consolidated Statement of Changes in Equity should be read in accordance with the accompanying notes.

1. BASIS OF PREPARATION OF HALF-YEAR REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Antaria Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. CHANGE IN ACCOUNTING POLICY

AASB 2007-4 *Amendments to Australian Accounting Standards arising from ED151 and Other Amendments* reinstates optional accounting treatments permitted by IFRS that were not initially available under Australian Accounting Standards. AASB 2007-4, which is applicable from 1 July 2007, has been applied in the preparation of these financial statements.

As permitted by AASB2007-4 and AASB 120 *Government Grants*, the Group has elected to adopt the policy of presenting government grants related to assets by deducting the grant in arriving at the carrying amount of the asset. Previously, where the grant income relates to an asset, the fair value was credited to a deferred income account and was released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

There has been no impact of the change in policy on the 31 December 2007 net tangible assets or net loss. However, certain items in the income statement have been restated to reflect the change in accounting policy, namely:

- (i) Other income (grant income) has increased by \$95,107 from \$373,810 to \$468,917;
- (ii) Cost of goods sold (amortisation of development costs) has decreased by \$10,914 from \$1,419,972 to \$1,409,058; and
- (iii) Expensed development costs have increased by \$106,021 from \$233,038 to \$339,059.

3. SEGMENT INFORMATION

(a) Segment products and locations

The consolidated entity is organised and managed separately according to the nature of the products and services they provide, with each segment offering different products and serving different markets.

The Personal Care segment produces and distributes dispersions of mineral-only UV filters in cosmetic emollients used for sunscreen, skincare, and pharmaceutical formulations. The Industrials segment produces and distributes cerium oxide nanoparticle dispersions to date used in diesel fuel applications and transparent zinc-oxide powders and dispersions and alumina substrates used in coating, plastics and related applications.

Geographically, the Group operates in four predominant segments, being Australia, North America, Asia & Africa and Europe. All production operations, research and product development, and the head office and investment activities of the Group currently take place in Australia. Geographical segments indicate where the customers are located.

(b) Primary reporting format – business segments

	Personal Care		Industrials		Consolidated	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
	\$	\$	\$	\$	\$	\$
Revenue						
Sales to customers	1,414,464	1,324,859	43,608	225,112	1,458,072	1,549,971
Total segment revenue	1,414,464	1,324,859	43,608	225,112	1,458,072	1,549,971
Non-segment revenues						
Interest revenue					61,712	122,544
Total revenue					1,519,784	1,672,515
Results						
Cost of goods sold						
Direct variable production costs	(507,681)	(692,755)	(13,232)	(22,093)	(520,913)	(714,848)
Segment result (note 1)	906,783	632,104	30,376	203,019		
Unallocated cost of goods sold					(714,082)	(694,210)
Total cost of goods sold					(1,234,995)	(1,409,058)
Gross margin					284,789	263,457
Other income					318,971	468,917
Unallocated expenses					(2,499,744)	(3,042,376)
Loss before income tax expense					(1,895,984)	(2,310,002)
Income tax expense					-	-
Loss after income tax expense					(1,895,984)	(2,310,002)

3. SEGMENT INFORMATION (continued)

(c) Secondary segment – Geographic segments

	Segment Revenue	
	31-Dec-08	31-Dec-07
	\$	\$
Australia	843,733	993,592
North America	105,068	149,314
Asia & Africa	213,520	181,968
Europe	357,462	347,641
Consolidated	<u>1,519,784</u>	<u>1,672,515</u>

(d) Seasonality of operations

In the Personal Care segment where Antaria's products are typically sold as suncare ingredients, in the past the Company has experienced slightly higher sales in the spring quarter of certain years as customers and manufacturers prepare for their summer season. However, as Antaria sells its products internationally (both northern and southern hemispheres) and to a wide range of distributors and suncare manufacturers, the seasonality of its sales is difficult to predict as customers and distributors in various regions, and of various size, have different lead times associated with their requirements. Antaria's Personal Care sales for the half-year ended 31 December 2008 were predominantly sales of ZinClear® to Australian suncare manufacturers and European distributors.

4. LOSS FOR THE HALF-YEAR

Loss for the half-year includes the following items:

	31-Dec-08	31-Dec-07
	\$	\$
<i>Revenue</i>		
Sale of goods	1,458,072	1,549,971
Finance revenue	61,712	122,544
	<u>1,519,784</u>	<u>1,672,515</u>
<i>Other income</i>		
Government grants realised	<u>318,971</u>	<u>468,917</u>
<i>Research and development expenses</i>		
Labour and personnel expenses	306,244	303,869
Patent expenses	73,523	18,363
Occupancy expenses	58,017	37,075
Equipment rental, repairs and maintenance, tools	50,377	37,232
Development costs expenses/written-off	45,338	339,061
Depreciation and amortisation	29,005	37,447
Other R&D operating expenses	43,241	9,896
Total research and development expenses	<u>605,745</u>	<u>782,943</u>
<i>Sales and marketing related expenses</i>		
Labour and personnel expenses	323,002	444,446
Advertising, conferences, formulations	66,441	130,374
Travel and related expenses	34,968	112,574
Other sales and marketing expenses	29,187	31,139
Total sales and marketing related expenses	<u>453,598</u>	<u>718,533</u>

4. LOSS FOR THE HALF-YEAR (continued)

	31-Dec-08	31-Dec-07
	\$	\$
<i>Corporate and administrative expenses</i>		
Labour and personnel expenses	481,053	763,126
Depreciation and amortisation	358,639	394,373
Unrealised foreign exchange losses	149,196	6,911
Legal and compliance expenses	93,482	108,784
Insurance expenses	75,066	76,590
Patents and trademarks expensed/written-off	80,009	504
Write-off of unutilised plant and equipment	67,123	-
Provision for doubtful debts/bad debts expense	15,000	7,082
Other corporate and administrative expenses	<u>120,833</u>	<u>183,530</u>
Total corporate and administrative expenses	<u>1,440,401</u>	<u>1,540,900</u>

5. DIVIDENDS

No dividends were paid or proposed during the half-year.

6. EQUITY SECURITIES ISSUED

(a) Issues of ordinary shares during the half-year

	31-Dec-08		30-Jun-08	
	# Shares	\$	# Shares	\$
Issued during the period				
Salary Sacrifice Share Plan (i)	4,910,261	256,811	3,845,113	385,077
Private Placement (ii)	17,500,000	700,000	13,636,364	3,000,000
Transaction costs	-	(12,177)	-	(30,110)
Total shares issued during the period	<u>22,410,261</u>	<u>944,634</u>	<u>17,481,477</u>	<u>3,354,967</u>

- (i) In November 2006 (and as amended in November 2007), the Company established a Salary Sacrifice Share Plan (the Plan) so that non-executive directors and employees can elect to receive all or part of their remuneration by way of fully paid shares rather than cash.

Under the Plan, the number of shares issued to each participant is the proportion of remuneration so elected divided by the issue price. The issue price per share is calculated as the weighted average sale price of Antaria shares on the Australian Securities Exchange over the five trading days immediately preceding (but excluding) the date of issue of the shares.

During the half-year a total of 4,910,261 shares were issued under the Plan as follows:

- 15 September 2008 – 2,609,311 ordinary shares at an issue price of 6.50 cents per share; and
- 15 December 2008 – 2,300,950 ordinary shares at an issue price of 3.79 cents per share; and

- (ii) On 24 December 2008, Antaria issued 17,500,000 ordinary shares as part of a private placement to existing shareholders of the Company. These shares were issued at 4 cents per share, raising a total of \$700,000.

(b) Issues of ordinary shares subsequent to the half-year

Subsequent to the end of the half-year, the Company approved the issue of the following ordinary shares;

- The issue of 8,250,000 ordinary shares to Directors and a related party at an issue price of 4 cents each as approved at a general meeting of shareholders held on 23 February 2009; and
- The issue of 2,350,000 ordinary shares at an issue price of 4 cents each pursuant to the Company's Share Purchase Plan.

7. SUBSIDIARIES

The consolidated financial statements include the financial statements of Antaria Limited and the subsidiaries listed in the following table:

Name of subsidiary	Country of Incorporation	Equity Interest %	
		31-Dec-08	30-Jun-08
Advanced Nano Technologies Pty Limited	Australia	100%	100%
Antaria, Inc (i)	USA	100%	100%
Antaria Europe, B.V. (ii)	Netherlands	100%	Nil

- (i) Advanced Nano, Inc was renamed Antaria, Inc on 1 November 2008.
(ii) Antaria Europe BV was incorporated on 27 November 2008 at a cost of \$7,678.

8. CONTINGENT ASSETS AND LIABILITIES

There were no changes to contingent assets or liabilities during the half-year other than the receipt of a further \$285,116 in funding under the Federal Government's Commercial Ready Program. As at 31 December 2008, instalments totalling \$1,256,058 (GST exclusive) have been received from the Commonwealth. A further \$161,048 was received by the Company subsequent to the end of the half-year, bringing total funding received to \$1,419,106 as at the date of this report.

9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Other than the issue of shares described in Note 6(b), there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future years.

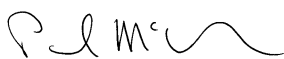
In the directors' opinion:

- a) the financial statements set out on pages 6 to 13 are in accordance with the *Corporations Act 2001*, including:
 - i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) complying with Accounting Standards and Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that Antaria Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



Bruce Cameron
Executive Chairman



Paul McCormick
Executive Director

Perth, Western Australia
24 February 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ANTARIA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Antaria Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Antaria Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Antaria Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls
BM Veigh

Brad McVeigh

Director

Dated this 24th day of February 2009
Perth, Western Australia