

## REPORT FOR FIRST QUARTER FY12

Antaria Limited is a specialist developer of advanced intermediate materials used by the industrial, chemical and cosmetic sector.

ZinClear-IM<sup>®</sup> is Antaria's flagship product and is an innovative range of transparent, micron sized zinc oxide dispersions for use in a wide variety of suncare, skincare and cosmetic products. ZinClear-IM offers a safe and effective mineral alternative to chemical UV absorbers. The range includes products certified by ECOCERT (France) and Natural Products Association (USA).

The growth of Antaria's ZinClear range has proven the ability of the company to successfully commercialise and build revenue streams from its intellectual property.

Based in Perth, Western Australia, Antaria services the international market via a global network of product distributors, including lead partners The Dow Chemical Company and Merck KGaA.

\*ZinClear and ZinClear-IM are registered trademarks of Antaria Limited.

### Directors

Robert Mangioni (Chairman)  
Deborah Cooper (Managing Director)  
John Young  
Lev Mizikovsky

### Senior Management

Deana Cesari (CFO)  
John Robinson (CTO)  
Nathan Chapman (COO)

### ASX: ANO

### Substantial Shareholders (at 26Oct11)

Ankla Pty Limited (19.6%)  
Mr Nayan A. Jagjivan (12.4%)  
University of Western Australia (9%)  
Bannaby Investments (7.3%)

### Highlights

- Continued sales growth with total sales to customers up 21% versus previous corresponding period, growing from \$1.08 million to \$1.31 million.
- ZinClear<sup>®</sup> family of products continues to dominate group sales, with ZinClear-IM<sup>®</sup> comprising 76% of total sales (\$996K) driven by the USA and Australia.
- Orders on hand of approximately \$954k, all of which are expected to be fulfilled in 2Q FY12.
- Successful capital raising of \$3m with a further \$1.5m to be raised via private placement in Q2 FY12.
- Strengthening of Antaria board with the appointment of Mr Lev Mizikovsky (Ankla Pty Limited).

### Quarterly Overview

Antaria is pleased to report continued growth in group sales volumes and revenue. Total sales for the first quarter of FY12 are over 20% higher than the same period in FY11, primarily driven by strong ZinClear-IM<sup>®</sup> sales to Dow.

Sales to Dow accounted for approximately 50% of first quarter sales. Strong demand during the North America summer provided higher demand from Dow in this quarter. Increasing results from Dow's marketing efforts in India are also pleasing. Based on orders in hand, we also expect to see strong sales to Dow in the current (2<sup>nd</sup>) quarter.

The first quarter of each financial year is traditionally strong for ZinClear<sup>®</sup> sales in Australia. However sales into the Australian market have been below expectations this first quarter. The cooler weather and flooding during the last Australian summer (2010/11) has meant brand owners and contract manufacturers have been utilising existing stocks for initial sales in 2011/12. This has meant lower sales for Antaria this quarter. Sales in this region for the 2<sup>nd</sup> and 3<sup>rd</sup> quarter sales of FY12 will be heavily influenced by weather conditions over the coming months.

Product sales of Alusion<sup>®</sup> are in line with expectations, with orders from Merck utilising all of Antaria's capacity. Alusion is exclusively licensed to Merck KGaA, where it is sold under Merck's *RonaFlair White Sapphire™* brand for use in cosmetics. Antaria currently manufactures on a contract basis for Merck and also provides ongoing contract R&D on a fee for service basis.

## Capital Raising

During the quarter, Antaria announced a capital raising program to raise gross proceeds of approximately \$4.5 million, to accelerate the Company's development, increase production efficiency and to drive revenue growth.

The first stage of this program, a non-renounceable rights issue, was completed on 29 September 2011 and successfully raised gross proceeds of approx. \$3.05 million. The Directors were pleased with the level of participation in the rights issue.

The second stage of the capital raising program, a placement totalling \$1.5 million, is to be executed in two parts. Part 1 (\$500k) was completed on 24 October 2011 with the issue of 38.5 million shares. As part 2 of the placement, it is proposed that 59 million and 18 million shares be issued to each of Ankla Pty Limited and Mr. Nayan Jagjivan respectively. Both are substantial shareholders in the Company and have entered into placement agreements with the Company. The Company's obligation to issue shares under the placement agreements is subject to shareholder approval. Shareholder approval will be sought at the Company's AGM scheduled to take place on 12 December 2011. Further details of the proposed placements to both Ankla and Mr Jagjivan will be set out in the notice of meeting and explanatory memorandum for the AGM which will be sent to shareholders early November.

## Board Appointment

On 18 October 2011, Antaria welcomed Mr Lev Mizikovsky as a director of Antaria. Mr Mizikovsky is the sole shareholder of Ankla Pty Limited, one of Antaria's substantial shareholders.

Mr Mizikovsky has a proven track record in making successful investments in new technologies. He is currently a Director of, and has a substantial financial interest in, both Tamawood Limited (ASX:TWD) and AstiVita Renewables Limited (ASX:AIR).

## Cash Report

Antaria's cash balance at the end of the quarter was \$4.01 million (unaudited), a net increase of \$1.67 million compared to 30 June 2010 balance of \$2.34 million. Major contributors during the quarter were:

- Gross proceeds from the issue of shares (rights issue) of \$2.55 million. The balance of \$502k was received in the first week of October.
- Net operating cash outflow of \$834k compared to a cash inflow of \$298k in the previous quarter (4Q FY11). The higher net cash usage was dominated by the timing of cash receipts from customers.
- Cash receipts from customers of \$561k for the quarter, down from \$1.51 million in the previous quarter. Antaria had trade receivables of approx. \$1.5 million at the end of the September quarter, of which approximately \$1.2 million was received in early October, falling outside of Q1 FY12.
- Receipts of \$184k for contract R&D services, part of which is for services to be rendered over the first half of FY12.
- Other working capital payments totalled \$804k up from 4Q FY11 total of \$472k. The September quarter is traditionally a high cash usage period for Antaria, with raw material payments accounting for over 40% of working capital payments in the current quarter.
- Payments for fixed assets (plant, equipment and patents) totalled \$58k (4Q FY11 \$103k).

### For further information, please contact:

Deborah Cooper – *Managing Director*  
Phone: +61 (8) 6253 5300  
Email: [deborah.cooper@antaria.com](mailto:deborah.cooper@antaria.com)

Deana Cesari – *Chief Financial Officer*  
Phone: +61 (8) 6253 5300  
Email: [deana.cesari@antaria.com](mailto:deana.cesari@antaria.com)