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ASX ANNOUNCEMENT (ASX: ANO)

29 JANUARY 2008

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## REPORT FOR SECOND QUARTER FY09

Antaria Limited today released its sales data and cash report for the quarter ended 31 December 2008.

### **Customer Sales**

Sales to customers were \$699,811 (unaudited) for the quarter, compared to \$758,260 for the September 2008 quarter. Of this total, Personal Care sales were \$682,810 (unaudited) for the current quarter, compared to \$731,654 in the September 2008 quarter.

Personal Care sales for the December 2008 first half totalled \$1,414,463 (unaudited), 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 13.2%.

Antaria has continued its focus on its ZinClear-IM™ suncare range, launching three new variants for personal care products during the December quarter in response to feedback from its distributors and customers. These variants will help us increase our penetration into the suncare and cosmetics segments of the market requiring a softer, drier, non-greasy feel. We expect 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 current (third) quarter.

During the quarter Antaria also continued development work on our AI Pearl™ plate-like alumina particles intended for use as substrate material for pearlescent pigments. Efforts focused on removal of agglomeration from the final product with significant improvements noted by pigment manufacturers' trialing the product in terms of alignment of plates in final coatings.

New industrial applications have also been identified for Antaria's other 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.

Development work has continued on NanoZ™ plastics additives. Antaria initially developed NanoZ™ primarily as a zinc oxide based industrial UV absorber; and, while work continues to show promise in this area, it has also been identified that the product has very good antibacterial properties which has led to external evaluation in new applications such as fibres for sports clothing.

### **Cash Balance**

Antaria's cash balance at the end of the quarter was \$2,173,340 (unaudited), a net increase of \$603,340 compared to \$1,570,000 as at 30 September 2008.

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Key contributors to the cash movement for the quarter were:

- A private placement of \$700,000 in December 2008 to existing shareholders of Antaria (note: a further placement of at least \$330,000 is scheduled for February 2009 subject to shareholder approval, and additional capital is expected to be raised out of the current share purchase plan which has been offered to all shareholders);
- Cash receipts from customers of \$733,159 for the quarter compared with \$534,317 for the September 2008 quarter. Antaria had approximately \$566,000 in trade debtors outstanding at the end of the quarter, of which approximately \$112,000 has since been received;
- An advance payment towards future sales of \$350,000 received from Comercial Química Massó, Antaria's new lead distributor of ZinClear-IM™ suncare products in Europe;
- Grant income receipts of \$129,652 in relation to the Company's Commercial Ready Grant. Subject to the conditions of the grant, a further \$697,956 in cash receipts is available to Antaria until the conclusion of the grant in December 2009;
- Total cash staff costs of approximately \$658,000 for the quarter compared to approximately \$853,000 for the corresponding quarter last financial year (December 2007), reflecting our ongoing emphasis on managing down overhead expenses; and
- Other working capital payments totalled \$538,621 (\$762,510 for the September 2008 quarter). The December quarter included payments for raw materials totalling approximately \$227,000.

Bruce Cameron, Executive Chairman of Antaria, stated "We remain very confident about the future market potential for our ZinClear-IM™ product range, which is based on Antaria's unique dispersion of micron sized, zinc oxide particles for use in beach wear, daily wear and colour cosmetics formulations. With this in mind, we are working hard to ensure our cash resources are directed at supporting this growth opportunity. The successful private placements are a sign of the confidence of a number of our major shareholders and our board in Antaria's prospects, and we look forward to realising the potential which the coming year holds for us."

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#### **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:**

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