

ASX ANNOUNCEMENT (ASX: ANO)

29 AUGUST 2008

ANTARIA REPORTS 2008 FINANCIAL RESULTS

Antaria Limited (Antaria or the Company) today announced its results for the year ended 30 June 2008.

The 2008 financial year has been one of significant progress and transition for the Company. Outstanding success has been achieved in the commercialisation of Antaria's zinc oxide technology and the Company has made exciting progress in our development of other products. Antaria has become a leaner organisation more focused on commercial outcomes.

Important initiatives made during the 2008 financial year, such as the partnering with Dow Amerchol to distribute ZinClear-IM™ in the North and Latin American markets, and the establishment of a new relationship with Energenics to commercialise Cercat™, have not yet translated to the Company's bottom line. These benefits are expected to accrue in future years.

The significant increase in Personal Care sales for 2008 has been very pleasing, predominantly driven by the success in Australia of Antaria's new ZinClear-IM™ sunscreen active. In the Industrials area, the 2008 financial year was a transition year for the Company moving from the September 2007 termination of Antaria's supply agreement with Oxonica (following Oxonica's termination of their supply agreement with Petrol Ofisi, Turkey) to the new supply arrangements with Energenics.

In the second half of the 2008 financial year, the Company took a number of measures to more effectively focus its efforts on commercial outcomes. These measures included actions to reduce the Company's overhead base and to reorientate sales, marketing and product development efforts, all of which are expected to positively impact future financial results.

	2008	2007	Change		
	\$	\$			
Revenue from sale of goods					
Personal Care	2,741,135	1,408,343	1,332,792	Increased	95%
Industrial Coatings & Environmental	277,436	1,378,394	(1,100,958)	Decreased	80%
Total revenue from sale of goods	3,018,571	2,786,737	231,834	Increased	8%
Finance revenue	204,765	262,194	(57,429)	Decreased	22%
Total revenue from continuing operations	3,223,336	3,048,931	174,405	Increased	6%
Cost of goods sold	(2,835,270)	(2,283,463)	(551,807)	Increased	24%
Gross profit (including finance revenue)	388,066	765,468	(377,402)	Decreased	49%
Gross profit (excluding finance revenue)	183,301	503,274	(319,973)	Decreased	64%
As a % of revenue from sale of goods	6%	18%			
Other income	690,372	468,375	221,997	Increased	47%
Expenses and overheads					
Expensed R&D and product development	(1,037,083)	(1,078,595)	41,512	Decreased	4%
Business development, sales and marketing	(1,443,124)	(1,038,501)	(404,623)	Increased	39%
Corporate and other expenses and overheads	(1,599,582)	(2,007,324)	407,742	Decreased	20%
Total expenses and overheads	(4,079,789)	(4,124,420)	44,631	Decreased	1%
Net (loss) before non-cash items	(3,001,351)	(2,890,577)	(110,774)	Increased	4%
Non-cash items not included in above	(1,556,053)	(1,507,282)	(48,771)	Increased	3%
Net (loss) from continuing operations	(4,557,404)	(4,397,859)	(159,545)	Increased	4%

Product Revenues and Other Income

Total revenue from continuing operations for financial year 2008 was \$3,223,336 compared to the 2007 total of \$3,048,931. Revenue from sale of goods for the 2008 financial year totalled \$3,018,571, an increase of 8% over the previous year's sales of \$2,786,737.

Personal Care

Sales of Personal Care products for the 2008 financial year were \$2,741,135, an increase of 95% compared to the 2007 total of \$1,408,343, and including June quarter sales of \$917,186, the highest quarterly Personal Care sales to date.

Antaria's sales of its range of ZinClear® products increased by 128% from \$1,044,355 to \$2,376,611 in financial year 2008, demonstrating the continuing customer acceptance of ZinClear® in the US\$300m global sunscreen market for UV actives. Our revenue growth reflects the expansion of the ZinClear® family of products in Australia as well as the first commercial shipment of ZinClear-IM™ to Dow Amerchol in North America. ZinClear® products provide the intrinsic broad-spectrum protection from both UVA and UVB rays of zinc oxide in a transparent, non-greasy form on the skin, even when incorporated at high levels in formulations.

Alusion® sales for the 2008 financial year were \$364,524, in line with the prior financial year. The Company is extending the Alusion® product range to improve its market appeal.

Industrials

Sales of Industrial products for 2008 were \$277,436, including an amount of \$181,218 in relation to the cessation of activities with Oxonica plc in September 2007 due to the termination of a major supply agreement held by Oxonica with Petrol Ofisi, Turkey. Sales of Industrial products for 2007 were \$1,378,394 predominantly due to the sale of Cercat™ to Oxonica. The Company's ability to replace this lost revenue stream with increased Personal Care sales was very pleasing and demonstrates the benefit of a diversified product portfolio.

Antaria is now focusing its activities in the fuel catalyst market with Energenics, a key customer and strategic partner. Late in the 2008 financial year, the Company resumed production of its fuel catalyst product Cercat™ in support of the first commercial order from Energenics. The Company looks forward to re-establishing its Cercat™ business line and continues to view Cercat™ as an important component in its business model in the future.

Finance Revenue and Other Income

During the 2008 financial year, interest income reduced from \$262,194 to \$204,765 in line with the Company's reduced cash position.

Other income, mainly Commercial Ready grant income, increased 47% to \$690,372 in financial year 2008 from \$468,375 in 2007.

Gross Profit Contribution

Antaria's gross margin as a percentage of sales to customers decreased from 18% in the 2007 financial year to 6% in 2008. The adverse margin trend was affected by the change in product mix and a number of one-off factors, rather than an intrinsic deterioration in manufacturing margin.

These factors included:

- The Company's manufacturing overheads were increased in 2007 to support the expectations of a significant, ongoing revenue stream from Cercat™ sales to Oxonica. When the Oxonica supply agreement was terminated, the Company identified and progressively implemented a systematic reduction in these overheads. Going forward, and in light of actions taken in the second half to reduce operating overheads (in particular indirect labour and excess factory

space), the Company believes its current overhead structure is appropriate, yet has the capacity to support increased sales to customers with a minimal increase in costs.

- The 2008 financial year was the first year of volume production of ZinClear-IM™ and therefore involved significant scale-up efforts to ensure optimum raw material specification and process efficiencies. While these activities are expected to contribute to higher margins for volume product sales, these costs have been expensed as cost of goods sold in the 2008 financial year.

Antaria has experienced inflationary cost pressures in the 2008 financial year, including increases in the cost of certain raw materials, premises rents, and employee expenses. To combat these increases, the Company has implemented a range of measures, including: (i) price increases for certain products; (ii) review and validation of lower-cost sources of raw material supply; (iii) sub-letting of excess factory and office space; and (iv) reduction of headcount. The impact of each of these measures started to take effect in the later months of the 2008 financial year, with their full effect not expected to be seen until the 2009 financial year.

In light of the above factors, and the overhead reductions discussed below, the Board does not believe that the 2008 gross profit contribution and margins are reflective of the Company's ongoing potential.

Expenses and Overheads

Cash Items

Antaria's total expenses and overheads (excluding non-cash items) for the 2008 financial year were \$4,079,789 down 1% from \$4,124,420 in the previous financial year.

Expensed research, product development and scale-up costs reduced by 4% from \$1,078,595 in 2007 to \$1,037,083 in 2008. While the Company's headcount was reduced in these areas, the proportion of costs expensed in 2008 increased compared to 2007 (i.e. less costs capitalised as development costs), and the 2008 expense included the one-off costs of redundancy payments. Offsetting these costs was an increase in income from the Company's Commercial Ready grant for transparent functional coatings from \$392,335 to \$567,838 (up 45%).

Sales and marketing expenses increased from \$1,038,501 to \$1,443,124, an increase of 39% for the year. The increase was predominantly driven by the opening of representative offices in New Jersey and Singapore to increase technical, commercial and logistical support provided to our customers in North America and Asia.

The Company also increased its investment in promotional activities in North America and Asia to support ZinClear-IM™ market development in cosmetics and further explore commercial opportunities in the plastics area.

Corporate and other expenses decreased by 20% from \$2,007,324 to \$1,599,582. Increases in occupancy and outsourced IT support were offset by reductions in labour, compliance, legal and investor relations costs.

As noted above, the Company took several measures in the second half of 2008 to reduce its overhead base and conserve cash resources. Significant items included:

- Reduction of Antaria's staff levels by over 30% since the beginning of the 2008 financial year. The Company has a total head count of 28 full-time equivalents at 30 June 2008 compared to 41 at the end of the previous financial year. This headcount reduction was achieved through natural attrition and redundancy. Total cash outlays associated with this headcount reduction (being the payout of unused leave entitlements and redundancy payments) were approximately \$160,000 for the year.

-
- Relocation of the Company's administration to its product development facilities in Technology Park, Bentley. This was achieved without incurring any additional rent expense; and
 - Sub-leasing of excess factory and office space resulting in a reduction in ongoing occupancy costs in excess of \$120,000 per annum (effective 1 August 2008);

Non-Cash Items

Non-cash items for the year included:

- Depreciation and amortisation charges of \$811,720 (2007: \$812,451);
- Options expense of \$128,195 (2007: \$591,470). There were no new option issues during the 2008 financial year other than the issue of 500,000 options to new directors as approved at the Company's 2007 Annual General Meeting.
- Remuneration expenses (excluding the options expense) of \$461,608. Non-executive directors and senior management elected to receive certain elements of their remuneration (directors fees, performance bonus, and Executive Chairman remuneration) by way of issues of Antaria shares under the Company's Salary Sacrifice Share Plan; and
- \$154,530 in relation to the write-off of certain development costs and other intangibles capitalised in prior financial years (2007: \$103,361).

About Antaria

Antaria Limited develops, manufactures and sells a range of advanced metal oxide powders and dispersions worldwide. Antaria's products are marketed under four 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; Cercat[™] – cerium oxide nanoparticle dispersions 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

APPENDIX 4E – PRELIMINARY FINAL REPORT – 30 JUNE 2008

Name of entity	Antaria Limited (ASX: ANO)
ABN	54 079 845 855

REPORTING PERIOD

Reporting period	1 July 2007 to 30 June 2008
Previous corresponding period	1 July 2006 to 30 June 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue from ordinary activities	Up	174,405	6%	To	3,223,336	From	3,048,931
Net (loss) from ordinary activities after tax attributable to members	Up	(159,545)	4%	To	(4,557,404)	From	(4,397,859)
Net (loss) for the period attributable to members	Up	(159,545)	4%	To	(4,557,404)	From	(4,397,859)

DIVIDENDS

The Company does not propose to pay a dividend in respect of the 2008 financial year.

LOSS PER SHARE

Reporting period	2.52 cents per share
Previous corresponding period	2.62 cents per share

NET TANGIBLE ASSETS PER SECURITY

Reporting period	2.07 cents per share
Previous corresponding period	2.42 cents per share

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

<p>Nil during the 2008 financial year.</p> <p>In the previous financial year, Advanced Nano Inc. was established in New Jersey, USA on 17 May 2007. This wholly owned subsidiary did not commence trading until financial year 2008 and hence made no contribution to the consolidated loss during the 2007 financial year.</p>

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Company has no associates or joint ventures at the end of financial year 2008.
--

AUDIT/REVIEW OF ACCOUNTS TO WHICH THIS REPORT IS BASED

This preliminary report is based on accounts which are currently in the process of being audited.

	Note	CONSOLIDATED	
		30-Jun-08	30-Jun-07
		\$	\$
Continuing operations			
Revenue	3	3,223,336	3,048,931
Cost of goods sold		<u>(2,835,270)</u>	<u>(2,283,463)</u>
Gross profit		388,066	765,468
Other income		690,372	468,375
Research and product development expenses		(1,249,203)	(1,181,956)
Sales and marketing expenses		(1,584,438)	(1,038,501)
Corporate and administrative expenses		<u>(2,802,201)</u>	<u>(3,411,245)</u>
Loss before income tax		(4,557,404)	(4,397,859)
Income tax expense		-	-
Loss after tax from continuing operations		<u>(4,557,404)</u>	<u>(4,397,859)</u>
Net loss attributable to members of parent		<u>(4,557,404)</u>	<u>(4,397,859)</u>
Loss per share (cents per share)	4		
- basic for loss for the year		(2.52)	(2.62)
- diluted for loss for the year		(2.52)	(2.62)
- dividends paid per share		Nil	Nil

The above statement should be read in conjunction with the accompanying notes.

	Note	CONSOLIDATED	
		30-Jun-08	30-Jun-07
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalents	5	2,460,592	2,168,836
Trade and other receivables	6	385,942	208,354
Inventories	7	740,067	751,631
Prepayments	8	39,479	33,611
Other financial assets	9	141,224	140,106
Total Current Assets		<u>3,767,304</u>	<u>3,302,538</u>
Non-Current Assets			
Other financial assets	10	95,000	132,131
Property, plant and equipment	11	1,762,717	1,984,651
Intangible assets	12	5,347,671	6,196,936
Total Non-Current Assets		<u>7,205,388</u>	<u>8,313,718</u>
TOTAL ASSETS		<u>10,972,692</u>	<u>11,616,256</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	13	251,852	98,179
Interest bearing loans and borrowings	14	144,101	64,326
Provisions	15	197,800	180,977
Deferred income	16	199,879	222,605
Other liabilities	16	400,887	432,359
Total Current Liabilities		<u>1,194,519</u>	<u>998,446</u>
Non-Current Liabilities			
Interest bearing loans and borrowings	14	-	147,546
Provisions	15	162,572	205,036
Deferred income	16	437,969	13,354
Total Non-Current Liabilities		<u>600,541</u>	<u>365,936</u>
TOTAL LIABILITIES		<u>1,795,060</u>	<u>1,364,382</u>
NET ASSETS		<u>9,177,632</u>	<u>10,251,874</u>
Equity			
Issued capital	18	31,367,412	28,012,445
Option premium reserve	18	1,056,918	928,723
Accumulated losses	18	(23,246,698)	(18,689,294)
Parent Interests		<u>9,177,632</u>	<u>10,251,874</u>
TOTAL EQUITY		<u>9,177,632</u>	<u>10,251,874</u>

The above statement should be read in conjunction with the accompanying notes.

	Note	CONSOLIDATED	
		2008	2007
		\$	\$
Cash flows from operating activities			
Receipts from customers		3,296,522	3,320,134
Payments to suppliers and employees		(6,511,375)	(6,316,728)
		(3,214,853)	(2,996,594)
Receipt of government grants		647,889	466,952
Interest received		206,323	288,513
Borrowing costs		(29,433)	(23,698)
Net cash (outflows) from operating activities	5	<u>(2,390,074)</u>	<u>(2,264,827)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(203,933)	(746,857)
Purchase of patents, trademarks, and development costs		(19,695)	(439,061)
Proceeds from sale of property, plant and equipment		14,954	-
Net cash (outflows) from investing activities		<u>(208,674)</u>	<u>(1,185,918)</u>
Cash flows from financing activities			
Proceeds from issues of shares, options, etc.		3,000,000	-
Transaction costs of issue of shares		(30,113)	-
Repayment of borrowings		(33,316)	(33,315)
Net cash (outflows) from financing activities		<u>2,936,571</u>	<u>(33,315)</u>
Net (decrease) in cash and cash equivalents held		337,823	(3,484,060)
Cash and cash equivalents at the beginning of the year		2,168,836	5,718,870
Exchange rate adjustment		(46,067)	(65,974)
Cash and cash equivalents at the end of the year	5	<u>2,460,592</u>	<u>2,168,836</u>

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2008 **ANTARIA**

	Note	Attributable to equity holders of the parent			Total
		Issued capital	Option premium reserve	Accumulated losses	
		\$	\$	\$	
As 1 July 2006		28,012,445	337,253	(14,291,435)	14,058,263
Total income and expense for the period recognised directly in equity		-	-	-	-
(Loss) for the period		-	-	(4,397,859)	(4,397,859)
Total (expense) for the period		-	-	(4,397,859)	(4,397,859)
Cost of share-based payment		-	591,470	-	591,470
At 30 June 2007	18	<u>28,012,445</u>	<u>928,723</u>	<u>(18,689,294)</u>	<u>10,251,874</u>
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		-	-	(4,557,404)	(4,557,404)
Total (expense) for the period		-	-	(4,557,404)	(4,557,404)
Shares issued		3,354,967	-	-	3,354,967
Cost of share-based payment		-	128,195	-	128,195
At 30 June 2008	18	<u>31,367,412</u>	<u>1,056,918</u>	<u>(23,246,698)</u>	<u>9,177,632</u>

The above statement should be read in conjunction with the accompanying notes.

1. CHANGE IN ACCOUNTING POLICY

Due to changes to Australian Accounting Standard AASB 120 Government Grants effective 1 July 2007, Antaria has changed its accounting treatment of Government Grants. Previously, where the grant related to an asset, the fair value was credited to a deferred income account and released to the income statement over the expected useful life of the relevant asset. From 1 July 2007, Antaria has now elected to use the second method provided by AASB 120, where if the grant relates to an asset, the fair value is offset against the cost of the asset. There is no change to Antaria's accounting treatment of government grants relating to expense items.

There is no impact on the net loss or net assets of the Group. Antaria's 30 June 2007 balances have been amended accordingly for comparative purposes.

2. 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 take place in Australia. Geographical segments indicate where the customers are located.

(b) Primary segment – Business segments

	Personal Care		Industrials		Consolidated	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
<u>Revenue</u>						
Sales to customers	2,741,135	1,408,343	277,436	1,378,394	3,018,571	2,786,737
Total segment revenue	2,741,135	1,408,343	277,436	1,378,394	3,018,571	2,786,737
<u>Non-segment revenue</u>						
Interest revenue					204,765	262,194
Total revenue					3,223,336	3,048,931
<u>Results</u>						
<u>Cost of goods sold</u>						
Direct variable production costs	(1,498,769)	(658,581)	(35,953)	(467,178)	(1,534,722)	(1,125,759)
Segment result (note 1)	1,242,366	749,762	241,483	911,216		
Unallocated cost of goods sold					(1,300,548)	(1,157,704)
Total cost of goods sold					(2,835,270)	(2,283,463)
<u>Gross margin</u>						
Other income					388,066	765,468
Unallocated expenses					690,372	468,375
Loss before income tax expense					(5,635,842)	(5,631,702)
Income tax expense					(4,557,404)	(4,397,859)
Loss after income tax expense					-	-
					(4,557,404)	(4,397,859)
<u>Assets</u>						
Unallocated assets					10,972,692	11,616,256
Total assets					10,972,692	11,616,256
<u>Liabilities</u>						
Unallocated liabilities					1,795,060	1,364,382
Total liabilities					1,795,060	1,364,382

2. SEGMENT INFORMATION (continued)

(b) Primary segment – Business segments (continued)

	Personal Care		Industrials		Consolidated	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Other segment information						
Acquisition of property, plant and equipment, intangibles assets and other non-current assets					223,628	1,195,981
Depreciation					417,180	455,041
Amortisation					714,430	724,628
Inventory write-down					-	144,829
Impairment of development costs and other intangibles					154,530	87,250
Cash flow information						
Net cash outflows from operating activities					(2,390,074)	(2,264,827)
Net cash outflows from investing activities					(208,674)	(1,185,918)
Net cash outflows from financing activities					2,936,571	(33,315)

(c) Secondary segment – Geographic segments

	Segment revenue		Segment assets	
	2008	2007	2008	2007
	\$	\$	\$	\$
Australia	2,063,708	1,235,494	10,816,588	11,616,256
North America	663,477	245,920	156,104	-
Asia & Africa	599,470	570,700	-	-
Europe	587,053	1,465,191	-	-
Consolidated	3,913,708	3,517,305	10,972,692	11,616,256

3. REVENUES AND EXPENSES

(a) Revenue

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
Sale of goods	3,018,571	2,786,737
Finance revenue	204,765	262,194
	3,223,336	3,048,931

(b) Other income

Government grants realised	690,372	468,375
----------------------------	---------	---------

(c) Employee benefits expense

Wages and salaries and oncosts	2,234,602	2,066,482
Defined contribution superannuation expense	143,198	158,081
Directors fees	33,924	179,699
Annual and long service leave provision	(36,226)	97,997
Share-based payments expense	589,803	591,470
Other labour and personnel expenses	96,259	239,322
	3,061,560	3,333,051

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
3. REVENUES AND EXPENSES (continued)		
(d) Depreciation, amortisation, foreign exchange differences and costs of inventories included in the income statement		
<i>Included in cost of goods sold:</i>		
Depreciation	210,214	248,376
Amortisation of development costs	109,676	118,842
	<u>319,890</u>	<u>367,218</u>
Cost of inventories recognised as an expense	<u>1,013,094</u>	<u>1,017,862</u>
<i>Included in depreciation and amortisation:</i>		
Depreciation	206,966	206,665
Amortisation of patents, trademarks and licences	604,754	605,786
Amortisation of development costs	-	-
	<u>811,720</u>	<u>812,451</u>
(e) Finance costs		
Finance charges payable on chattel mortgages	<u>23,695</u>	<u>23,698</u>
(f) Research and development costs		
Research and development costs included in the income statement	<u>856,993</u>	<u>702,739</u>
(g) Lease payments and other expenses included in income statement		
<i>Included in cost of sales:</i>		
Minimum lease payments - operating lease	<u>24,014</u>	<u>33,245</u>
4. LOSS PER SHARE		
Net (loss) attributable to ordinary equity holders of the parent	<u>(4,557,404)</u>	<u>(4,397,859)</u>
	Number	Number
Weighted average number of ordinary shares for basic (loss) per share	181,040,454	167,771,202
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>181,040,454</u>	<u>167,771,202</u>
<u>Potential ordinary shares not considered dilutive</u>		
As at 30 June 2008, the Company had on issue 19,938,422 unissued ordinary shares under options. These options have not been considered dilutive as (i) the notional exercise of these options would decrease basic loss per share; and (ii) their exercise price is greater than the average market price for the year.		
5. CASH AND CASH EQUIVALENTS		
	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
Cheque account	160,245	23,946
Grant Account	302,736	205,780
USD account	435,815	411,652
Cash on deposit	1,561,796	1,527,458
	<u>2,460,592</u>	<u>2,168,836</u>

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
5. CASH AND CASH EQUIVALENTS (continued)		
<u>Reconciliation of net loss after tax to net cash flows from operations</u>		
(Loss) from ordinary activities after income tax	(4,557,404)	(4,397,859)
Depreciation and amortisation	1,131,610	1,179,669
Non-cash remuneration (share-based payments)	513,273	591,470
Loss on disposal of property, plant & equipment	(6,267)	13,170
Impairment of development costs and other intangibles	154,530	-
Impairment of investment in subsidiary	-	-
Change in operating assets and liabilities		
Decrease/(increase) in receivables	(177,588)	349,274
Decrease/(increase) in other assets	(4,309)	9,734
Decrease/(increase) in inventories	11,564	(566,154)
Increase/(decrease) in accruals	370,417	502,067
Increase/(decrease) in payables	153,673	(55,311)
Increase/(decrease) in provisions	(25,641)	43,139
Net cash (outflows) from operating activities	(2,436,142)	(2,330,801)
Less exchange rate adjustment	46,068	65,974
Net cash (outflows) from operating activities	<u>(2,390,074)</u>	<u>(2,264,827)</u>
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	385,942	187,162
Allowance for doubtful debts	-	-
	<u>385,942</u>	<u>187,162</u>
Goods and services tax (GST) receivable	-	21,192
	<u>385,942</u>	<u>208,354</u>
7. INVENTORIES		
Raw materials (at cost)	330,215	216,119
Work in progress (at cost)	152,727	263,995
Finished goods (at cost)	166,778	224,659
Goods in transit (at cost)	90,347	46,858
	<u>740,067</u>	<u>751,631</u>
8. PREPAYMENTS		
Prepayments	<u>39,479</u>	<u>33,611</u>
9. OTHER FINANCIAL ASSETS (CURRENT)		
Cash on deposit	132,131	129,454
Accrued interest income	9,093	10,652
	<u>141,224</u>	<u>140,106</u>
10. OTHER FINANCIAL ASSETS (NON CURRENT)		
Cash on deposit	<u>95,000</u>	<u>132,131</u>

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT		
<u>Plant and Equipment</u>		
At cost	4,180,741	4,023,080
Accumulated depreciation	(2,418,024)	(2,038,429)
Net carrying amount	<u>1,762,717</u>	<u>1,984,651</u>
12. INTANGIBLE ASSETS		
Patents, trademarks and licences	766,029	848,711
Intellectual property rights	4,224,465	4,747,719
Development costs	357,177	600,506
	<u>5,347,671</u>	<u>6,196,936</u>
<u>Patents, trademarks and licenses</u>		
Patents, trademarks and licences at cost	1,194,642	1,197,585
Accumulated amortisation and impairment	(428,613)	(348,874)
Net carrying amount	<u>766,029</u>	<u>848,711</u>
At beginning of financial year, net of accumulated amortisation and impairment	848,711	853,247
Additions	1,157	79,425
Disposals/Adjustments	(2,339)	-
Amortisation expense	(81,500)	(83,961)
At end of financial year, net of accumulated amortisation and impairment	<u>766,029</u>	<u>848,711</u>
<u>Intellectual property rights</u>		
Intellectual property rights at cost	8,437,661	8,437,661
Accumulated amortisation and impairment	(4,213,196)	(3,689,942)
Net carrying amount	<u>4,224,465</u>	<u>4,747,719</u>
At beginning of financial year, net of accumulated amortisation and impairment	4,747,719	5,269,544
Amortisation expense	(523,254)	(521,825)
At end of financial year, net of accumulated amortisation and impairment	<u>4,224,465</u>	<u>4,747,719</u>
<u>Development costs</u>		
Development costs at cost	720,914	927,797
Accumulated amortisation	(363,737)	(327,291)
Net carrying amount	<u>357,177</u>	<u>600,506</u>
At beginning of financial year, net of accumulated amortisation and impairment	600,506	436,893
Additions	18,538	369,705
Acquisition of subsidiary	-	-
Disposals	(152,191)	(87,250)
Amortisation expense	(109,676)	(118,842)
At end of financial year, net of accumulated amortisation and impairment	<u>357,177</u>	<u>600,506</u>
13. TRADE AND OTHER PAYABLES		
Trade creditors	179,783	31,040
Other payables	72,069	67,139
	<u>251,852</u>	<u>98,179</u>

14. INTEREST BEARING LOANS AND BORROWINGS

Current

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
Loan facility - chattel mortgage	152,964	85,735
Unexpired interest on mortgage	(8,863)	(21,409)
	144,101	64,326

Non Current

Loan facility - chattel mortgage	-	158,699
Unexpired interest on mortgage	-	(11,153)
	-	147,546

As at 30 June 2008, the Company has one chattel mortgage, expiring in February 2009.

15. PROVISIONS

	Restoration/De-commissioning	Long Service Leave	Annual Leave	Total
	\$	\$	\$	\$
At 1 July 2007	38,000	103,333	244,680	386,013
Arising during the year	22,000	26,523	191,188	239,711
Utilised during the year	-	(27,284)	(238,068)	(265,352)
At 30 June 2008	60,000	102,572	197,800	360,372
Current 2008	-	-	197,800	197,800
Non-current 2008	60,000	102,572	-	162,572
	60,000	102,572	197,800	360,372

16. OTHER LIABILITIES

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
<u>Current</u>		
<i>Deferred income</i>		
Unearned grant income	15,762	46,002
Unearned income	184,117	176,603
	199,879	222,605
<i>Other Liabilities</i>		
Accrued expenses	400,887	432,359
	400,887	432,359
<u>Non Current</u>		
<i>Deferred income</i>		
Unearned grant income	8,363	13,354
Unearned income	429,606	-
	437,969	13,354

On 8 April 2008, Antaria and The Dow Chemical Company entered into a marketing and distributing agreement for the Company's ZinClear-IM™ product in North and Latin America. This multi-year, renewable distribution agreement included the payment by Dow of a US\$650,000 rebateable working capital advance. This advance was recognised as unearned income and will be recognised as revenue in future financial years as product is sold to Dow.

On 6 September 2007, Antaria and Oxonica plc agreed to formally terminate their supply agreement relating to the sale of Envirox™, predominantly in support of Oxonica's business with Petrol Ofisi (Turkey). Further, Antaria and Oxonica have agreed that Antaria is entitled to retain in full the working capital deposit paid by Oxonica pursuant to this supply agreement. This deposit, in the amount of \$176,603 and shown as current unearned income for the year ended 2007, was recognised as revenue in the Company's financial statements for the year ended 30 June 2008 (\$181,218).

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
17. GOVERNMENT GRANTS		
<i>Unearned grant income</i>		
Current liabilities	15,762	46,002
Non-current liabilities	8,363	13,354
Total government grants deferred	<u>24,125</u>	<u>59,356</u>
<i>Movement in government grants</i>		
As at 1 July	59,356	60,779
Received during the year	655,141	466,952
Released to the income statement	(690,372)	(468,375)
As at 30 June	<u>24,125</u>	<u>59,356</u>

18. CONTRIBUTED EQUITY AND RESERVES

(a) Issued and paid up capital

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
Issued and paid up capital	<u>31,367,412</u>	<u>28,012,445</u>

	30-Jun-08		30-Jun-07	
	Number	\$	Number	\$
<u>Ordinary Shares</u>				
<i>Movements in ordinary shares on issue</i>				
As at 1 July 2007	167,771,202	28,012,445	167,771,202	28,012,445
Issued during the period	17,481,477	3,354,967	-	-
As at 30 June 2008	<u>185,252,679</u>	<u>31,367,412</u>	<u>167,771,202</u>	<u>28,012,445</u>

(b) Option premium reserve

	CONSOLIDATED	
	30-Jun-08	30-Jun-07
	\$	\$
Option premium reserve	<u>1,056,918</u>	<u>928,723</u>

(c) Accumulated losses

Movements in accumulated losses were as follows:		
As at 1 July 2007	(18,689,294)	(14,291,435)
Net loss for the year	<u>(4,557,404)</u>	<u>(4,397,859)</u>
As at 30 June 2008	<u>(23,246,698)</u>	<u>(18,689,294)</u>