

Antaria Limited
ACN 079 845 855

Annual Report – 30 June 2014

ANTARIA
an advanced materials world

Directors	Rade Dudurovic
	Ron Higham
	Paul Pisasale
Company Secretary	Geoff Coldham-Fussell
Registered and Administrative Office	108 Radium Street Welshpool Western Australia 6106
	PO Box 725 Welshpool Western Australia 6986
	Telephone: (61 8) 9258 1600
	Facsimile: (61 8) 9258 1699
Auditors	HLB Mann Judd Level 4, 130 Stirling Street Perth Western Australia 6000
Share Registry	Computershare Investor Services Pty Limited 452 Johnston Street Abbotsford Victoria 3067
	Telephone: (61 3) 9415 5000
	Facsimile: (61 3) 9473 2500
	Investor Enquiries: 1300 850 505
	www.computershare.com
Securities trade on the Australian Stock Exchange - ANO	

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HIGHLIGHTS

- Profit after tax for the year of \$33,331 compared to a loss of \$448,199 in FY13.
- The profit after tax was achieved despite a reduction in revenue for fiscal 2014 ("FY14") to \$3.734 million (compared to \$4.383 million in fiscal 2013) and reflects the combination of an improved gross margin percentage from the product mix achieved, continuing cost reductions, plus a significant research and development tax concession.
- Cash balance as at 30 June 2014 was \$539,408 (prior year \$1,633,209). The cash balance had recovered to \$1,175,141 as at 28 August 2014.

PRODUCT RANGE

Antaria Limited ("Antaria") has three product offerings:

- ZinClear-IM® - range of zinc oxide dispersions offering UVA/B (broad spectrum) protection for use in skincare (i.e. skin conditioning, moisturizers, day creams and lip balms) and sun screen applications.
- ZinClear-XP™ - a powder form of the ZinClear product
- Alusion® - an alumina platelet product used in cosmetic applications to offer soft-feel sensory effects and soft-focus optical properties. Applications for the base technology span a range of industries in addition to cosmetics, including, coatings, printing, plastics and/or decorative applications.

REVIEW OF PRIORITIES FOR FY14

In the Chairman's letter last year, I outlined five key priorities for Antaria for FY14. I summarise Antaria's performance against these priorities below:

- **Break-even financial performance or better**
Profit after tax for FY14 of \$33,000 – a pleasing result in light of the \$648,000 reduction in revenues compared to the prior corresponding period (the reduction in revenues being attributable to the decision by our former North American distributor to cease placing orders with us during FY14).
- **Develop brand owner interest for ZinClear-IM® and ZinClear-XP™ for cosmetic applications**
Working with our global distributors we have been actively promoting ZinClear as a natural (mineral) ingredient to cosmetic brand owners and contract manufacturers. The principal alternative to a mineral UVA/B filter (such as zinc oxide) is an organic (or chemical) filter. While organic filters are cheaper and generally easier to blend than mineral filters, the cosmetic sector is increasingly prepared to consider mineral filters as a result of growing aversion from consumers to chemical-based formulations and increasing preference for "all natural" ingredient cosmetic offerings. This trend, which has been initially evident in smaller specialty cosmetic brands, is now manifesting itself in the larger more globally recognized brands. Regulatory acceptance of mineral UVA/B filters in Europe is expected during the calendar year 2015 and we are evidencing increased sample and formulation requests for ZinClear from brands owners (both large and small) as they prepare for the expected regulatory approval. The attractiveness of ZinClear for European brands is reinforced by the fact that certain ZinClear formulations are already certified by ECOCERT, Europe's leading natural ingredient certification body. In North America where zinc oxide is already an approved UVA/B filter, the appointment of new North American distributors has already resulted in increased sample inquiries and stronger sales activity. Antaria already has strong brand owner relationships in Australia and New Zealand. To date, progress in developing brand owner interest for ZinClear has been very encouraging. We expect this to continue during fiscal 2015.
- **Expand ZinClear into overseas markets with a specific focus on Asia**
The North American market was our primary area of focus for FY14. Antaria's former distributor was underperforming and had not exploited the opportunities flowing from increasing demand by brand owners for non-chemical UVA/B filters. New distributors have been appointed and we are working closely with them to expand the North American customer-base. While Asia and, more particularly, China offer significant potential for ZinClear due to growing demand for sun protection cosmetic products, Antaria's strategy has been to focus initially on securing "marque" US and European brands and then leveraging its relationship with these "marque" brands in negotiations with Asian and Chinese contract manufacturers and brand owners.
- **Merge the two manufacturing facilities into one site**
This has been deferred while Antaria explores the possibility of outsourced manufacture of ZinClear-IM® and ZinClear-XP™ in Europe. Outsourcing manufacturing to Europe makes commercial sense given Europe is a major market for these products (most of the global cosmetic brands are based there) and the primary input for ZinClear is sourced from Europe. The decision on whether to outsource or not will influence which one of the two facilities presently used by Antaria will be retained going forward.
- **Increase the production capacity of Alusion®**
A resounding success! At the commencement of FY14, the annualised "run rate" for Alusion® production was approximately 26 metric tonnes per annum. As at 30 June 2014, the annualised "run rate" had increased to approximately 42 metric tonnes per annum. This increase was achieved with only minimal capital expenditure. Alusion® is marketed exclusively worldwide by Merck KGaA ("Merck") based in Darmstadt Germany. Antaria is working closely with Merck to expand the applications for Alusion®.

ORGANISATION

During FY14, Antaria appointed a global Business Development Manager ("BDM"). The BDM's role is to support Antaria's international distributors in their marketing and sales programs. The BDM has been instrumental in restructuring Antaria's North American distribution arrangements and has worked closely with Antaria's European distributor network to agree sales plans and targets.

The focus on cosmetic applications for ZinClear has resulted in Antaria having to offer increasing formulation support to distributors. The recent appointment of a highly experienced formulator has significantly enhanced Antaria's capabilities in this field.

The appointment of a new operations manager with extensive experience in lean manufacturing practices has allowed Antaria to expand production capacity without the need for additional staffing while minimising capital expenditure.

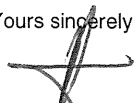
The current organisation has the capacity to deliver higher sales volumes without significant increases in overhead costs.

FUTURE OUTLOOK

The Board of Antaria is confident that Antaria will remain profitable for fiscal 2015. There are a number of factors which should contribute to this outcome:

- A return to pre-FY14 ZinClear sales volumes in North America.
- Increasing uptake of ZinClear-XP™ in sampling and trial formulations across Australia, Europe and North America.
- Continuing demand for Alusion® by Merck.
- The expected approval of zinc oxide as an active sun protection ingredient by the European Union Commission, and ECOCERT approval for ZinClear-IM® and ZinClear-XP™, although the timing of these may have more impact in fiscal 2016.

Yours sincerely



Rade Dudurovic
Non-Executive Chairman

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 year ended 30 June 2014 (referred to hereafter as Antaria or the Group).

Directors

The names of the Directors in office at any time during, or since the end of, the year are:

Names	Position
Rade Dudurovic	Non-executive Chairman
Ron Higham	Non-executive Director / Audit Committee Chairman
Paul Pisasale	Non-executive Director

All Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

The following persons held the position of Company Secretary during the financial year:

Geoffrey Coldham-Fussell (B.Com, ACA) was appointed as company secretary on 18 October 2013. Geoff is a chartered accountant.

Brad Goodsell resigned as company secretary on 18 October 2013.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of the Group consisted predominantly of the manufacture of aluminium oxide powder, zinc oxide dispersions and zinc oxide powder for the Personal Care sector.

There have been no significant changes in the nature of those activities during the year.

OPERATING RESULTS FOR THE YEAR

- Revenue for FY14 of \$3.734 million compared to \$4.383 million in FY13.
- Net profit after tax for FY 14 of \$33,331 compared to a net loss after tax of \$448,199 in FY13. Despite the reduction in revenue of \$649,476 for FY14, the turnaround from a loss to a profit for the year reflects the combination of improved gross margin from the product mix achieved, continuing cost reductions and a significant research and development tax incentive.
- Cash balance as at 30 June 2014 of \$539,408.

SHAREHOLDER RETURNS

Antaria listed on the Australian Securities Exchange on 24 February 2005. The Group's closing share price is subject to daily fluctuations. The volume weighted average closing share price over the 2014 financial year to the date of this report was 1.4 cents (2013: 1.3 cents).

CAPITAL

No capital was raised during the year ended 30 June 2014. (2013: Nil)

During the FY14 financial year no shares were issued by the company to employees as part of its Tax Exempt Share Plan.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the 2014 financial year, the total equity of the company has increased by \$33,331 to \$3,592,864 (2013: decreased by \$452,429 to \$3,559,533).

The increase in equity for the year ended 30 June 2014 was due to the profit after tax of the Group.

The decrease in equity for the year ended 30 June 2013 was due to the loss after tax of the Group.

MATTERS SUBSEQUENT TO END OF FINANCIAL YEAR

No matters or circumstances have arisen since the end of financial year which significantly affected or could significantly affect the operations of the Group, the results of its operations, or the state of affairs of the Group in future financial years.

DIVIDENDS

No dividends have been declared or paid during the financial year.

OPTIONSUnissued shares

As at the date of this report, there were nil unissued ordinary shares under options (2013: Nil).

Shares issued as a result of the exercise of options

No shares were issued as a result of the exercise of options during the financial year or between the end of the financial year and the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group has established a solid platform from which to grow sales, improve margins and deliver profitability.

ENVIRONMENTAL REGULATION

The Group's facilities are subject to various regulations including occupational health and safety, storage and handling of dangerous goods, Department of Environment registration, and disposal of effluents and waste.

No breaches of environmental regulations occurred during the year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the year the Group paid a premium in respect of a contract insuring all directors, officers and employees of the Group against liabilities that may arise from their positions within the Group, except in certain circumstances. The directors have not included details of the nature or amount of liabilities covered or the amount of the premium paid in respect of the insurance contract as such disclosure is prohibited under the terms of the contract.

Antaria has agreed to provide access to the books and records of the Group to the current directors of the Group while they are officers and for a period of seven years from when they cease to be officers. The Group has agreed to indemnify, to the extent permitted by the Corporations Act 2001, each director in respect of certain liabilities that the director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Group. Antaria has also agreed to use its reasonable commercial endeavours to maintain in favour of each director a directors' and officers' policy of insurance for the period that they are an officer and for a period of seven years after the director ceases to be an officer of the Group.

Information on Directors

Rade Dudurovic	Non-executive Chairman
Qualifications	B Com (Hons), LLB (Hons)
Experience	Director of Antaria Limited since November 2011 Non-executive Chairman of QMI Pty Ltd Independent Non-Executive Director of AstiVita Renewables Limited and Tamawood Limited
Interest in Shares	2,000,000
Special Responsibilities	Member of the Audit & Risk Committee
Directorships held in other listed entities	Non-executive Director of AstiVita Renewables Limited Non-executive Director of Tamawood Limited
Ron Higham	Non-executive Director
Qualifications	B Bus, MFM, FCA
Experience	Director of Antaria Limited since May 2013 Former partner of PWC. Non-executive Director of LaSalle Funds Management Limited and TWC Group Investments Limited.
Interest in Shares	7,000,000
Special Responsibilities	Chairman of the Audit & Risk Committee
Directorships held in other listed entities	Nil
Paul Pisasale	Non-executive Director
Qualifications	Diploma in Industrial Chemistry
Experience	Director of Antaria Limited since February 2013 Non-executive Director of LG Super Chairman of the National Growth Areas Alliance
Interest in Shares	2,468,509
Special Responsibilities	Member of the Audit & Risk Committee
Directorships held in other listed entities	Nil

No director is party to a contract, or entitled to a benefit under a contract, that confers a right to call for or deliver shares or debentures in Antaria Limited.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for the key management personnel of the Group, including the Directors, and other executives in accordance with the requirements of the Corporations Act 2001 and its Regulations, and has been audited in accordance with section 308(3C).

Remuneration Policy

The performance of Antaria depends upon the quality of its key management personnel. To prosper, the Group must attract, motivate and retain highly skilled Directors and other key management personnel.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre key management personnel.
- Link executive rewards to shareholder value.

Details of key management personnelDirectors

Rade Dudurovic	Non-Executive Chairman
Ron Higham	Non-Executive Director
Paul Pisasale	Non-Executive Director

Other Key Management Personnel

Geoff Coldham-Fussell	Company Secretary (appointed 18 October 2013)
Warwick Carter	Operations Manager (appointed 17 February 2014)
Nathan Chapman	Operations & Engineering Manager (resigned 16 January 2014)
Marianne Cochennec	Business Development Manager (resigned 29 August 2013)
Brad Goodsell	Company Secretary (resigned 18 October 2013)

Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-executive Director and Executive remuneration is separate and distinct.

Company Performance, Shareholder Wealth and Key Management Personnel Remuneration

The Board is cognisant of the link between Directors', and other key management personnel remuneration to the achievement of strategic goals and performance of the Group. In setting remuneration policy the Group seeks to align key management personnel reward with overall shareholder value creation.

The Board reviews senior management remuneration on a regular basis to ensure base remuneration and any performance payments are directly linked to the achievement of profit contribution targets.

Details of shareholder returns are provided below. Given the stage of commercialisation of the Group's products and technologies, shareholder returns have been adversely impacted by ongoing investment in research and product development.

Shareholder returns (cents per share)	2014	2013	2012	2011	2010
Net assets per share	0.61	0.61	0.68	0.71	0.80
Net tangible assets per share	0.61	0.61	0.68	0.71	0.80
Profit/(loss) per share	0.01	(0.08)	(0.40)	(0.93)	(5.04)
Profit/(loss) per share – excluding impairment & tax	0.01	(0.08)	(0.39)	(0.67)	(1.14)

Non-Executive Director Remuneration*Objective*

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, and at a remuneration level within market rates.

Structure

The Company's Constitution and the ASX Business Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. The aggregate remuneration that may be paid to non-executive directors is \$350,000. This remuneration may be divided among the non-executive directors in such a fashion as the Board may determine. Notice of any proposed increase in the total amount of the remuneration payable to the non-executive directors must be given to members in the notice covering the general meeting at which the increase is to be proposed. The Board will seek approval from time to time as deemed appropriate.

The current directors' fees were last reviewed with effect from 1 July 2013. Each non-executive director receives a base fee of \$65,000 per annum for being a director of the Group. A Non-Executive Chairman receives an additional fee of \$50,000 per annum reflecting the additional time commitment that this position requires. The Chairman of the Audit & Risk Committee receives an additional fee of \$15,000 per annum. The Chairman of the Remuneration and Governance Committee receives an additional fee of \$10,000 per annum. An additional fee of \$5,000 is paid to each committee member.

REMUNERATION REPORT (AUDITED)**Other Key Management Personnel***Objective*

The Group aims to reward other key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Align the interests of other key management personnel with those of shareholders;
- Link rewards with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

Structure

Remuneration consists of the following key elements:

- Fixed remuneration;
- Other remuneration such as superannuation; and
- Discretionary bonus.

Executive Director Remuneration*Objective*

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre and at a remuneration level within market rates.

Structure

The Board believes that, at this stage of the Group's development, and in light of the size of the Group and its executive team, senior manager and executive director remuneration should be comprised of the following three components:

- Fixed salary and benefits, including superannuation;
- Short-term performance incentives (bonus payments); and
- Long-term performance incentives (such as options, shares or performance rights).

In determining the level and make-up of executive remuneration, the Board considers external benchmarking information to help ensure that the Group provides a competitive and acceptable remuneration level and that the market value for executives and senior managers in similar companies is considered taking into account the work that they are required to perform.

Fixed salary and benefits

The level of executive remuneration changed during the year due to the movements in the Executive Team. The details of the changes are outlined in the Remuneration table below.

Short-term performance incentives

Senior managers and executives may be eligible for bonus payments from time to time at the discretion of the Board, if the Board considers that any executive's contribution warrants such recognition. No bonuses have been awarded in relation to the 2014 or 2013 financial year. It is the Board's intention to formalise a short-term incentive plan for senior managers which will (in part) incorporate pre-defined criteria linked to individual and Group performance.

Long-term performance incentives

To date, long-term incentives have been provided to senior managers and executives through participation in the Group's Tax Exempt Share Plan, Salary Sacrifice Share Plan and/or Employee Share Option Plan.

DETAILS OF REMUNERATION

Details of the remuneration of the Key Management Personnel of the Group are set out in the following tables.

For the purposes of this report, Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

Compensation of key management personnel

The aggregate compensation paid to Key Management Personnel is summarised below:

	30-Jun-14	30-Jun-13
	\$	\$
Short term benefits	646,428	627,583
Post-employment benefits	23,569	27,876
Share-based payment	-	-
	<u>669,997</u>	<u>655,459</u>

REMUNERATION REPORT (AUDITED)**DETAILS OF REMUNERATION (CONTINUED)****Amounts of Remuneration****Year ended 30 June 2014**

		Short-term employee benefits	Gratuity	Post-employment benefits	Share-based payments				% Performance Related
		Cash Salary & Fees		Super- annuation	Shares	Options	Termination Benefits	Total	
Non-Executive Directors									
		125,000	-	-	-	-	-	125,000	Nil
		85,000	-	-	-	-	-	85,000	Nil
		80,000	-	-	-	-	-	80,000	Nil
		290,000	-	-	-	-	-	290,000	Nil
Other Key Management Personnel									
Nathan Chapman (Operations Manager)	(1)	98,423	-	7,556	-	-	-	105,979	Nil
Warwick Carter (Operations Manager)	(2)	45,673	-	4,225	-	-	-	49,898	Nil
Marianne Cochenneec (BD Manager)	(11)	15,385	-	1,385	-	-	4,497	21,267	Nil
Other Executives									
Geoff Coldham-Fussell (Company Secretary)	(3)	176,641	-	10,403	-	-	-	187,044	Nil
Brad Goodsell	(4)	15,809	-	-	-	-	-	15,809	Nil
Executive KMP		351,931	-	23,569	-	-	4,497	379,997	
TOTAL		641,931	-	23,569	-	-	4,497	669,997	

Year ended 30 June 2013

		Short-term employee benefits	Gratuity	Post-employment benefits	Share-based payments			Total	% Performance Related
		Cash Salary & Fees		Super-annuation	Shares	Options	Termination Benefits		
Non-Executive Directors									
Rade Dudurovic		91,227	-	-	-	-	-	91,227	Nil
Ron Higham	(5)	7,662	-	-	-	-	-	7,662	Nil
Paul Pisasale	(6)	20,048	-	-	-	-	-	20,048	Nil
Lev Mizikovsky	(7)	43,473	-	-	-	-	-	43,473	Nil
John Young	(8)	33,333	-	-	-	-	-	33,333	Nil
Deborah Cooper	(9)	8,333	-	-	-	-	-	8,333	Nil
		204,076	-	-	-	-	-	204,076	Nil
Other Key Management Personnel									
Nathan Chapman (Ops Manager)		151,184	-	13,607	-	-	-	164,791	Nil
Robert Patrick (Quality Manager)	(10)	91,232	-	8,211	-	-	24,506	123,949	Nil
Marianne Cochenneec (BD Manager)	(11)	67,308	-	6,058	-	-	-	73,366	Nil
Other Executives									
Brad Goodsell (Company Secretary)	(4)	89,277	-	-	-	-	-	89,277	Nil
Executive KMP		399,001	-	27,876	-	-	24,506	451,383	
TOTAL		603,077	-	27,876	-	-	24,506	655,459	

Other than as disclosed in the table above, there were no other short-term or long-term employee benefits (including non-monetary benefits) or post-employment benefits (including amounts attributable to any incentive plan) paid or accrued during the year.

- (1) Mr Chapman's remuneration for the 2014 financial year is from 1 July 2013 to 16 January 2014, being the date he ceased employment.
- (2) Mr Carter's remuneration for the 2014 financial year is from 17 February 2014, the date he commenced employment.
- (3) Mr Coldham-Fussell was appointed Chief Financial Officer and Company Secretary on 18 October 2013. Prior to this appointment he contracted to the company providing the services of Chief Financial Officer and Company Secretary. Amounts shown above include all Mr Coldham-Fussell's remuneration during the reporting period whether as a contractor or employee.
- (4) Mr Goodsell resigned as company secretary on 18 October 2013. Payments in relation to Mr Goodsell's services were made to Accounting and Investment Dynamics a company controlled by him.
- (5) Mr Higham's remuneration is from 6 May 2013, being the date he was appointed as a non-executive director.
- (6) Mr Pisasale's remuneration is from 25 February 2013, being the date he was appointed as a non-executive director.
- (7) Mr Mizikovsky resigned as a non-executive director on 6 May 2013.
- (8) Mr Young's resigned as a non-executive director on 6 May 2013.
- (9) Dr Cooper resigned as a non-executive director on 29 August 2012.
- (10) Mr Patrick was made redundant on 19 April 2013 and received \$24,506 in connection with his redundancy.
- (11) Ms Cochenneec commenced employment on 22 October 2012 and resigned on 29 August 2013.

REMUNERATION REPORT (AUDITED)**DETAILS OF REMUNERATION (CONTINUED)****Bonuses and Share-Based Compensation Benefits**

There were no cash bonuses granted or share-based compensation benefits issued or vested in the 2014 or 2013 financial year.

Loans to key management personnel

There are currently no loans to directors, director-related entities and executives.

Other transactions with key management personnelServices

Prior to the employment of Warwick Carter, Consulting fees of \$10,000 were paid to Cartwheel Holdings Pty Ltd, a company in which Mr Warwick Carter has a beneficial interest. Nil owing at 30 June 2014.

Cartesia Pty Ltd was a director-related entity and billed Antaria on normal commercial terms for executive support services performed by John Young. Fees in relation to these services totalled \$30,000 for the year ended 30 June 2013 of which \$0 was owing as at 30 June 2013. (2014: Nil).

SERVICE AGREEMENTS

On appointment to the Board, all non-executive directors entered into a service agreement with the Group in the form of a letter of appointment. This letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for the Group's executives were formalised in service agreements and/or letters of employment, each of which provides for the executive's participation in any bonus or employee share schemes, plus other benefits such as the provision of on-site parking, and membership of approved professional or industry bodies.

SHARE-BASED COMPENSATION

The Group's share-based incentive plans have been suspended.

Option holdings of key management personnel

There were no options held by key management personnel during the year ended 30 June 2014 (2013: nil).

Compensation Options – Granted and Vested During the Year

There were no options granted or vested during the year ended 30 June 2014 or 30 June 2013.

Options Granted As Part of Remuneration

There were no options granted as part of remuneration during the year ended 30 June 2014 or 30 June 2013.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Shares Issued On Exercise of Compensation Options

There were no shares issued during the 2014 or 2013 financial years as a result of the exercise of compensation options.

REMUNERATION REPORT (AUDITED)**EMPLOYMENT DETAILS OF KEY MANAGEMENT PERSONNEL**

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group. The table also illustrates the proportion of remuneration that was performance based.

Group KMP	Position Held as at 30 June 2014 and any change during the year	Contract Details (Duration and Termination)	Proportion of Elements of Remuneration Related to Performance	Proportion of Elements of Remuneration Not Related to Performance Fixed Salary / Fees	Total
Directors					
Rade Dudurovic	Chairman	No fixed term. Offer for re-election as director every three years after appointment at AGM.	0%	100%	100%
Ron Higham	Non-Executive Director and Audit Committee Chairman	No fixed term. Offer for re-election as director every three years after appointment at AGM.	0%	100%	100%
Paul Pisasale	Non-Executive Director	No fixed term. Offer for re-election as director every three years after appointment at AGM	0%	100%	100%
Other Key Management Personnel					
Geoff Coldham-Fussell	Chief Financial Officer, General Manager Business Development and Company Secretary	No fixed term, 2 months' notice required to terminate by either party.	0%	100%	100%
Warwick Carter	Operations Manager	No fixed term, 2 months' notice required to terminate by either party.	0%	100%	100%
Nathan Chapman	General Manager (Resigned 16 January 2014)	No fixed term. 1 month notice required to terminate by either party.	0%	100%	100%
Marianne Cochenne	Business Development Manager (Resigned 23 August 2013)	No fixed term. 1 month notice required to terminate by either party.	0%	100%	100%
Brad Goodsell	Company Secretary (Ceased services 18 October 2014)	No fixed term. Services provided on an hourly rate.	0%	100%	100%

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel have the following interests (directly or indirectly) in shares in Antaria Limited:

30 June 2014		Balance at 1 July 2013	Issued as remuneration	Net change other	Balance at 30 June 2014	Interest in shares held	
						Directly	Indirectly
<u>Directors</u>							
Rade Dudurovic	(1)	1,000,000	-	1,000,000	2,000,000	-	2,000,000
Ron Higham	(1)	2,900,000	-	4,100,000	7,000,000	-	7,000,000
Paul Pisasale		1,600,000	-	868,509	2,468,509	-	2,468,509
		5,500,000	-	5,968,509	11,468,509	-	11,468,509
<u>Other Key Management Personnel</u>							
Geoff Coldham-Fussell		-	-	1,000,000	1,000,000	-	1,000,000
Warwick Carter		-	-	-	-	-	-
Nathan Chapman	(2)	162,696	-	(162,696)	-	-	-
Marianne Cochenne		-	-	-	-	-	-
Brad Goodsell		-	-	-	-	-	-
		162,696	-	837,304	1,000,000	-	1,000,000
TOTAL		5,662,696	-	6,805,813	12,468,509	-	12,468,509

Note (1): The net change other above refers to on-market purchases.

Note (2): The net change shown above for Mr Chapman represents his shareholding as at 16 January 2014, the date of his resignation as Operations & Engineering Manager.

THIS IS THE END OF THE AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

Director	Directors' Meetings		Audit & Risk Committee	
	Number Held	Number Attended	Number Held	Number Attended
Rade Dudurovic	8	8	4	4
Ron Higham	8	8	4	4
Paul Pisasale	8	8	4	4

The Remuneration and Governance issues were addressed directly as part of the board meetings and as such no separate meetings were convened during the period ended 30 June 2014.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES**AUDITOR'S INDEPENDENCE DECLARATION**

We have obtained an Independence Declaration from our auditors as required under section 307C of the Corporations Act 2001, HLB Mann Judd (WA Partnership), as set out on page 51 of the Financial Report.

NON-AUDIT SERVICES

There were no non-audit services for the Group performed by the Company's auditors during the year. The company may engage auditors for non-audit services in the future.

Prior to their appointment as the auditors of the company HLB Mann Judd were engaged by the Directors of the company to perform an independent review of the accounting practices and internal controls of the company.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

This report is made in accordance with a resolution of directors on the date set out below.



Rade Dudurovic
Non-Executive Chairman

29 August 2014

The objective of the board of Antaria Limited ("Antaria or the Company ") is to create and deliver long term shareholder value through a range of diversified but interrelated strategies and principles that monitor the business and affairs of Antaria on behalf of shareholders.

Antaria and its subsidiaries operate as a single economic entity under a unified board and management. As such, the board's corporate governance arrangements apply to all entities within the economic group.

Principle 1: Management and oversight by the Board

The roles and responsibilities of the board, board committees and senior management have been established through board approved charters that are disclosed on the Company's website at www.antaria.com.

To assist it in carrying out its responsibilities, the board has delegated responsibility for the day to day operations and administration of the Company to the executive management team and where applicable has established a standing board committee from its members. The Chairman of the board committee reports on any matters of substance at the next full board meeting. Membership of the board committee and attendance at board and board committee meetings is tabulated in the Director's Report. The current board committee that has been established is the Audit & Risk Committee.

Principle 2: Structure the Board to add value

Directors

The board of Antaria presently comprises three directors, all of whom are independent non-executive directors.

The current directors of the Company are listed in the Directors' Report with a brief description of their qualifications, experience, special responsibilities and status.

Chairman of the Board

The Chairman of the board is an independent non-executive director.

Company Secretary

The company secretary is appointed and removed by the board and is responsible for establishing and maintaining appropriate support mechanisms to enable the board to function effectively. The company secretary is also responsible for ensuring that board procedures are complied with and advising the board on governance matters. All directors have access to the company secretary for advice and support services as required.

Independent Advice

Each director and board committee has the right of access to relevant Group information and the executive management team. Directors may seek independent professional advice at the Group's expense with approval from all directors at a directors' meeting. A copy of advice received by the director is made available to all other members of the Board.

Principle 3: Promote ethical and responsible decision making

Code of Conduct

The Company has a Code of Conduct which sets out the behaviour required of all board members, senior management, employees and contractors.

Dealing in Antaria shares

The Company's Securities Trading Policy, which can be found on our website, places restrictions on the ability of directors, officers and employees to trade in the Company's shares whilst in the possession of price sensitive information that has not been made public.

Ethical Standards

The board is committed to its core governance values of integrity, respect, trust and openness among and between board members, management, employees, customers and suppliers.

Diversity

The board and senior management have established a group wide diversity policy to reflect the Company's ongoing commitment to diversity. A copy of the Diversity Policy is available on the Company's website.

The Company has 12 employees, of which 4 are women. 2 women are full-time employees and 2 women are part-time employees. There are no women in senior executive positions or on the board.

Principle 4: Safeguard integrity in financial reporting

Audit & Risk Committee

The board has established an Audit & Risk Committee which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists within the Group.

The Audit & Risk Committee Charter sets out its role, responsibilities, composition, structure and membership requirements and is posted on the Corporate Governance section of the Company's website.

At least one member of the Audit & Risk Committee must have financial expertise (i.e. is a qualified accountant or other financial professional with expertise in financial and accounting matters).

The Audit & Risk Committee comprises at least two of the independent directors of the board. The Audit Committee is currently chaired by an independent non-executive director of the board.

The members of the Audit Committee are:

Ron Higham (Chairman)
Rade Dudurovic
Paul Pisasale

Details of the qualifications of members and attendance at Audit & Risk Committee meetings are shown in the Directors' Report.

The Audit & Risk Committee meets at least twice a year with the auditors. The Audit & Risk Committee met four times during FY14.

Statement to the Board

The Chief Financial Officer has declared in writing to the board that the Group's financial reports for the year present a true and fair view in all material respects of the financial condition and operational results of the Group and are in accordance with relevant accounting standards.

External Auditors

The Company and the Audit & Risk Committee policy is to engage auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually.

Principle 5: Make timely and balanced disclosure

A continuous disclosure regime operates throughout the Group. Policies and procedures are in place to ensure matters that a person could reasonably expect to have a material effect on the share price are announced to the ASX in a timely manner.

These policies and procedures have been formally communicated to all relevant staff. The company secretary is the nominated continuous disclosure officer. The board approves, or is advised of, all releases that are made to the ASX. All announcements made by the Company are posted on the Company's website.

Principle 6: Respect the rights of Shareholders

The Company endeavours to keep its shareholders informed by:

- Reports to the ASX and the press;
- Half and full year profit announcements;
- Annual reports;
- Continuous disclosure to the ASX pursuant to the ASX Listing Rules; and
- Posting all the above and any other notifications made by the Company to shareholders on its website.

The external auditor attends the Company's annual general meeting and is available to respond to questions about the conduct of the audit and the preparation and content of the Independent Audit Report.

Principle 7: Recognise and manage risk

The board has ultimate responsibility for risk management, compliance and control functions across the Group. These functions are aligned with the Company's business objectives. The Company has in place internal controls intended to identify and manage significant business risks.

The board has identified those areas of risk which are most likely to cause major disruption and damage to the business of the Group and to implement, with board approval, plans and procedures which will mitigate any damage.

A copy of the Company's Risk Management Policy is available on Antaria's website.

Principle 8: Remunerate fairly and responsibly

The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The board does not have a remuneration committee, as the directors believe that the board is not of a sufficient size to warrant the establishment of a remuneration committee at this time. Accordingly, the board currently performs the functions of ensuring that appropriate and effective remuneration packages and policies are implemented within the Company following recommendation by senior managers. Such functions are disclosed in the Board Charter, a copy of which is available on Antaria's website.

A detailed discussion of Antaria's remuneration policies and structure for both executive and non-executive directors is provided in the Remuneration Report set out in the Directors' Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

ANTARIA

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30-Jun-14 \$	30-Jun-13 \$
Continuing operations			
Revenue	5(a)	3,733,452	4,382,928
Cost of goods sold		(2,592,220)	(3,215,985)
Gross profit		1,141,232	1,166,943
Other income	5(b)	238,375	207,669
Research and product development costs	5(d)	(466,728)	(688,586)
Sales and marketing costs	5(d)	(211,889)	(185,264)
Corporate and administrative costs	5(d)	(924,212)	(948,961)
(Loss) before income tax		(223,222)	(448,199)
Income tax benefit – research development tax incentive	6	256,553	-
Profit / (Loss) after tax from continuing operations		33,331	(448,199)
Net Profit / (loss) attributable to members of Antaria Ltd		33,331	(448,199)
Other comprehensive income / (loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		-	(4,230)
Other comprehensive income / (loss) for the year, net of tax		-	(4,230)
Total comprehensive profit / (loss) for the year		33,331	(452,429)
Profit / (Loss) is attributable to:			
Owners of Antaria Limited		33,331	(448,199)
Total comprehensive profit / (loss) for the year is attributable to:			
Owners of Antaria Limited		33,331	(452,429)
Earnings / (loss) per share attributable to the ordinary equity holders of the company			
- basic profit / (loss) per share (cents)	7	0.01	(0.08)
- diluted profit / (loss) per share (cents)		N/a	N/a

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ANTARIA

AS AT 30 JUNE 2014

	Notes	30-Jun-14 \$	30-Jun-13 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8	539,408	1,633,209
Trade and other receivables	9	1,412,164	709,393
Inventories	10	927,177	1,275,117
Prepayments	11	1,378	-
Total Current Assets		2,880,127	3,617,719
Non-Current Assets			
Property, plant and equipment	12	2,582,758	2,427,349
Total Non-Current Assets		2,582,758	2,427,349
TOTAL ASSETS		5,462,885	6,045,068
LIABILITIES			
Current Liabilities			
Trade and other payables	13	175,769	453,709
Deferred income	14	160,039	160,039
Other liabilities	14	134,755	208,569
Total Current Liabilities		470,563	822,317
Non-Current Liabilities			
Provisions	15	41,845	138,678
Deferred income	14	1,357,613	1,524,540
Total Non-Current Liabilities		1,399,458	1,663,218
TOTAL LIABILITIES		1,870,021	2,485,535
NET ASSETS		3,592,864	3,559,533
EQUITY			
Issued capital	16(a)(b)	40,016,087	40,016,087
Share based payment reserve	16(d)	1,100,215	1,100,215
Other reserves	16(e)	15,940	15,940
Accumulated losses	16(f)	(37,539,378)	(37,572,709)
TOTAL EQUITY		3,592,864	3,559,533

The above Statement of Financial Position should be read in accordance with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

ANTARIA

FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to equity holders of the parent				
	Issued capital	Share based payment reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
As at 1 July 2012	40,016,087	1,100,215	20,170	(37,124,510)	4,011,962
Currency translation difference	-	-	(4,230)	-	(4,230)
(Loss) for the year	-	-	-	(448,199)	(448,199)
<i>Total Comprehensive (loss) for the year</i>	-	-	(4,230)	(448,199)	(452,429)
<i>Transactions with Owners in their capacity as Owners</i>					
Shares issued	-	-	-	-	-
As at 30 June 2013	40,016,087	1,100,215	15,940	(37,572,709)	3,559,533
As at 1 July 2013	40,016,087	1,100,215	15,940	(37,572,709)	3,559,533
Currency translation difference	-	-	-	-	-
Profit for the year	-	-	-	33,331	33,331
<i>Total Comprehensive Income for the year</i>	-	-	-	33,331	33,331
<i>Transactions with Owners in their capacity as Owners</i>					
Shares issued	-	-	-	-	-
As at 30 June 2014	40,016,087	1,100,215	15,940	(37,539,378)	3,592,864

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

CONSOLIDATED STATEMENT OF CASH FLOWS

ANTARIA

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	30-Jun-14 \$	30-Jun-13 \$
Cash flows from operating activities			
Receipts from customers		3,019,787	3,842,048
Payments to suppliers and employees		(3,936,114)	(5,420,574)
		(916,327)	(1,578,526)
Interest received		9,516	98,556
Receipt of research and development tax incentive		256,553	-
Net cash (outflows) from operating activities	8(a)	(650,258)	(1,479,970)
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(410,492)	(620,871)
Net cash (outflows) from investing activities		(410,492)	(620,871)
Cash flows from financing activities			
Proceeds from issues of shares	16(b)	-	-
Transaction costs of issue of shares	16(b)	-	-
Net cash inflows from financing activities		-	-
Net (decrease) in cash and cash equivalents held		(1,060,750)	(2,100,841)
Cash and cash equivalents at the beginning of the year		1,633,209	3,695,397
Exchange rate adjustment		(33,051)	38,653
Cash and cash equivalents at the end of the year	8	539,408	1,633,209

The above Statement of Cash Flows should be read in accordance with the accompanying notes.

1. CORPORATE INFORMATION

This financial report covers the consolidated financial statement for the consolidated entity consisting of Antaria Limited and its subsidiaries.

Antaria Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which are not part of this financial report.

The financial report was authorised for issue by the directors on 29 August 2014. The directors have the power to amend and reissue the financial report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

Statement of compliance

These general-purpose financial reports have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

The financial report of Antaria Limited also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Separate financial statements for Antaria Limited, as an individual entity, are no longer presented as the consequence of a change to the *Corporations Act 2001*. Financial information for Antaria Limited as an individual entity is included in note 23.

Basis of measurement

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2(c).

Functional and presentation currency

These financial statements are presented in Australian dollars, the functional currency of the Company. The subsidiaries have the following functional currencies: United States dollars and Euros. The financial information of these entities have been translated into the presentation currency in accordance with AASB 121 *The effects of changes in foreign exchange rates*.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

(b) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Antaria Limited (the Company) and all entities that Antaria controlled from time to time during the year and at reporting date (the Group).

Business combinations

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Measuring goodwill

The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Contingent liabilities

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Basis of consolidation (continued)

Non-controlling interest

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred.

Subsidiaries

Information from the financial statements of subsidiaries is included from the date the Company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, income and expenses and profits and losses from intra-group transactions, have been eliminated in full.

In the Company's financial information (note 23), investments in subsidiaries are carried at cost less any impairment losses.

(c) Significant accounting judgements, estimates and assumptions

Significant accounting judgements

In the process of applying the Group's accounting policies, management continually evaluates judgements, estimates and assumptions based upon experiences and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions are believed to be reasonable based upon the most current set of circumstances available to management. However, given the uncertain nature of future sales and earnings, actual results may materially differ from judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Inventories

Inventories are valued at the lower of cost and net realisable value. The Group assesses net realisable value by reference to the current and expected future selling price of its products. Where the consumption of certain inventory balances for future sale is not reasonably assured, the Group recognises an expense in the current year.

Development costs

Development expenditure incurred on an individual project is carried forward (capitalised) when management considers that its future recoverability can reasonably be regarded as assured.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Provision for Restoration/Decommissioning

At the end of each reporting period, the Group considers the costs of restoring leased premises to their original condition upon vacating the premises. Refer note 15 for further information.

Provision for Rebate

At the end of each reporting period, the Group reviews volume-based pricing arrangements with its customers and determines the impact of such arrangements. Refer note 15 for further information.

Recognition of deferred tax assets

At the end of each reporting period, the Group considers whether it is probable that sufficient taxable profit will be available in future to utilise the recognised deferred tax assets. Refer to note 6(c) for more information.

(d) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the Board. The accounting policy in respect of segment operating disclosures is presented as follows:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise of mainly corporate assets (primarily intellectual property or intangible assets, property, plant and equipment and other assets utilised in all segments), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(e) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 20(a)). Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight line basis over the period of the lease.

(f) Foreign currency

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions are initially translated into the functional currency at the rate of exchange at the date of the transaction. At reporting date amounts payable and receivable in foreign currencies are translated to the functional currency at rates of exchange current at that date. Resulting exchange differences are recognised in determining the profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

The results and financial position of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at monthly average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders equity. When a foreign operation is sold a proportionate share of such exchange differences are recognised in the profit and loss as part of the gain or loss on sale where applicable.

(g) Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets:

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 to 60 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(g) Financial instruments (continued)

Trade receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for doubtful debts) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default and delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited against the allowance account.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition, are accounted for as follows:

Raw Materials

Purchase cost on a first-in-first-out basis.

Finished Goods and Work In Progress

Cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned on a first in, first out basis.

(i) Impairment of assets

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(i) Impairment of assets (continued)

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (or group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is calculated on a straight line basis to write off the net cost of each item of property, plant and equipment over its expected useful life to the entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

	2014	2013
Category	Useful life	Useful life
Plant and equipment	3-15 Years	3-15 Years

Where items of plant and equipment have separately identifiable components which are subject to regular replacements, those components are assigned useful lives distinct from the item of plant and equipment to which they relate.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the period the item is derecognised.

(k) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) Intangible assets and expenditure carried forward

Acquired both separately and from a business combination

Intangible assets acquired separately are initially measured at cost, and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets, i.e. they are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of these intangible assets are assessed to be either finite or indefinite. The Group's assets are all deemed to have finite useful lives. Amortisation of assets with finite lives is taken to the profit and loss through the 'depreciation and amortisation' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level (refer 2(i)). The Group's assessment of an asset's impairment and recoverable amount is a subjective one, particularly given the stage of commercialisation of its products and technologies.

Research and development costs

Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward (capitalised) when its future recoverability can reasonably be regarded as assured.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis over the product's life.

Any expenditure carried forward is amortised over the period of expected future sales from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(m) Share-based payment transactions

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

The Group currently has an Employee Share Option Plan, a Tax Exempt Share Plan, and a Salary Sacrifice Share Plan (all of which have been suspended), that provides benefits to employees (including directors) and a mechanism by which they can elect to receive all or part of their remuneration by fully paid shares rather than cash.

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 using a Binomial valuation model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Antaria Limited ('market conditions').

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 Group, will ultimately vest. This opinion is formed based on the best available information at reporting 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 shares in the computation of earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(n) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue from the sale of goods is recorded when goods have been delivered to a customer pursuant to a sales order and the associated significant risks and rewards of ownership of the goods have passed to the carrier or customer.

Licence Income

Revenue earned under licence agreements is recognised on an accruals basis over the expected term of the licence agreement.

Services

Service revenue is recognised when the service is provided in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is offset against the cost of the asset and recognised as reduced depreciation on a systemic basis over the useful life of the asset.

(p) Income tax

Income tax expense comprises current and deferred tax. Current and deferred taxes are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- (i) except where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- (i) except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the profit and loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(q) Other taxes

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- (i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows, which is recoverable from, or payable to, the taxation authority, are included in payments to suppliers. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Employment benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Annual leave liabilities which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflow to be made in respect of services provided by the employees up to the reporting date. In determining the present value of the future cash outflow it is assumed that employees will receive salary increases in line with CPI and therefore once discounted back to the present value the current value equals the present value.

Superannuation

Contribution to employees' superannuation funds made up by the Group are charged to the profit and loss in the period in which the contributions are payable.

Long service leave

Liabilities for long service leave are measured at the present value of the estimated future cash outflow to be made in respect of services provided by the employees up to the reporting date. The provision is calculated using estimated future increases in wages and salary rates (including on-costs) and likelihood and timing of expected settlement dates based on the Group's experience. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) Provisions

Provisions for legal claims and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating leases.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at present value of management's best estimate of expenditure required to settle the present obligation at the end of the reporting period.

(t) Earnings per share

Basic earnings per share (EPS) is calculated as net profit/(loss) attributable to members adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit / (loss) attributable to members, adjusted for:

- (i) Costs of servicing equity (other than dividends) and preference share dividends;
- (ii) The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- (iii) Other non-discretionary changes in revenue or expenses during the period that would result from, the dilution of potential ordinary shares,
- (iv) divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(v) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(w) New accounting standards and interpretations

In the year ended 30 June 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no material impact, of the new and revised Standards and Interpretations on the Company and, therefore no change is necessary to Group accounting policies.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of cash and short term deposits, receivable deposits, trade and other receivables, and trade and other payables.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest and foreign exchange rates, ageing analysis and monitoring of specific credit allowances to manage credit risk, and monitoring of liquidity risk through the development of future rolling cash flow forecasts.

Primary responsibility for identification of control of financial risks rests with the Audit & Risk Committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below.

The Group holds the following financial instruments:

	30-Jun-14	30-Jun-13
	\$	\$
<u>Financial Assets</u>		
Cash and cash equivalents	539,408	1,633,209
Trade and other receivables	1,412,164	709,394
	<u>1,951,572</u>	<u>2,342,603</u>
<u>Financial Liabilities</u>		
Trade and other payables	310,524	662,278
	<u>310,524</u>	<u>662,278</u>

(a) Interest rate risk

Borrowings

As at the date of this report, the Group has no borrowings and therefore no current exposure to interest rate risk.

Investments

The Group's limited exposure to market interest rates relates to its cash investments. The Group's investments consist of a portfolio of fixed term deposits and at call deposits.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Interest rate risk (continued)

The Group seeks to maximise its return on investment through a review of interest rates for varying terms to maturity and through obtaining deposit rates from multiple financial institutions. The interest rate risk tables below presents the mix of financial assets and liabilities exposed to Australian variable interest rate risks that are not designated in cash flow hedges:

Year ended 30 June 2014	Carrying Amount	Fair Value	Weighted average interest rate
	\$	\$	%
<u>Financial Assets</u>			
<i>Floating rate</i>			
Cash assets	534,004	534,004	0.02%
Cash on deposit	5,404	5,404	4.38%
	<u>539,408</u>	<u>539,408</u>	
<i>Weighted average effective interest rate</i>	0.27%		

Year ended 30 June 2013	Carrying Amount	Fair Value	Weighted average interest rate
	\$	\$	%
<u>Financial Assets</u>			
<i>Floating rate</i>			
Cash assets	290,299	290,299	0.43%
Cash on deposit	1,342,910	1,342,910	4.44%
	<u>1,633,209</u>	<u>1,633,209</u>	
<i>Weighted average effective interest rate</i>	3.73%		

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk (USD and EURO non-interest bearing accounts).

The following market sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

	Post Tax Profit / Equity	
	Higher / (Lower)	
	2014	2013
	\$	\$
+1% (100 basis points)	5,394	16,332
- .5% (50 basis points)	(2,697)	(8,166)

The interest rate movement used in the sensitivity analysis is based on the typical variation in interest rates from various financial products and institutions, and Antaria's assessment of likely future movements.

The movements in profit are due to higher/lower interest revenue from cash investments.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Currency rate risk exposures

The Group has exposure to foreign currency risk through the following main components:

Supply and Distribution Agreements

The Group has significant supply and distribution agreements denominated in United States dollars. Therefore, the Group's reported revenue and results can be affected by movements in the USD/AUD exchange rate.

Licence Agreement

Provisions of the Group's licence agreement with Merck KGaA (Germany) relating to licence fees, royalties and contract research and development is denominated in Euro. Therefore, the Group's reported revenue and results can be affected by movements in the Euro/AUD exchange rate.

Raw Materials

The Group sources a significant portion of its raw materials from overseas, with purchases denominated primarily in USD or Euro. The Group's exposure to foreign currency purchases is managed (where practical) through holding sufficient funds in USD or Euro from which to fund expected purchases, with other foreign exchange purchases at spot rates.

The Group ensures that its net exposure is kept to a minimum by buying or selling foreign currencies at spot rates when necessary. The Group does not hold foreign currency positions for trading purposes.

Investment in Subsidiaries

The functional currency of its subsidiary Antaria, Inc. is United States dollars and Antaria Europe, BV is Euro. Therefore, the Group's reported investment and certain revenues and expenses can be affected by movements in the USD/AUD and Euro/AUD exchange rates.

Details of the financial assets and financial liabilities denominated in foreign currencies and the net open position of the foreign currency risks in AUD:

	2014		2013	
	USD	EURO	USD	EURO
<u>Financial Assets</u>				
Cash	241,233	204,454	66,971	109,718
Trade receivables	423,645	623,193	191,584	360,430
Other receivables	-	-	-	-
	<u>664,878</u>	<u>827,647</u>	<u>258,555</u>	<u>470,148</u>
<u>Financial Liabilities</u>				
Trade creditors	9,247	-	3,344	10,009
Accruals	-	11,000	-	20,738
	<u>9,247</u>	<u>11,000</u>	<u>3,344</u>	<u>30,747</u>
Net exposure	<u>655,631</u>	<u>816,647</u>	<u>255,211</u>	<u>439,401</u>
Exchange rate for conversion	0.9419	0.6902	0.9140	0.7025

The following sensitivity analysis is based on the foreign currency risk exposures in existence at the reporting date:

	CONSOLIDATED	
	Post Tax Profit / Equity	
	Higher / (Lower)	
	2014	2013
	\$	\$
AUD/USD + 10%	65,563	25,521
AUD/USD – 5%	(32,782)	(12,761)
AUD/EURO + 10%	81,665	43,940
AUD/EURO – 5%	(40,832)	(21,970)

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Currency rate risk exposures (continued)

The foreign exchange movement for the above sensitivity analysis is based on a review of the historical movements combined with Antaria's assessment of likely future movements. The movements in the profit in 2014 for the USD and Euro are more sensitive in 2014 than 2013 due to increased level of USD and Euro cash balances and receivables.

(c) Liquidity risk exposures

The Group's objective is to maintain a balance between preserving its cash reserves and investing its funds in developing and commercialising its products and technologies. The Group manages its liquidity position by monitoring expected cash flow on an ongoing basis. The following are the contractual maturities and cash flows of financial assets and financial liabilities with relevant maturity periods as at 30 June:

	2014				2013			
	Up to 3 mths \$	>3 mths to 1 year \$	> 1 Year \$	Total \$	Up to 3 mths \$	>3 mths to 1 year \$	> 1 Year \$	Total \$
Financial Assets								
Cash	534,004	-	-	534,004	290,299	-	-	290,299
Cash on deposit	5,404	-	-	5,404	1,342,910	-	-	1,342,910
Receivables	1,412,164	-	-	1,412,164	709,394	-	-	709,394
Accrued interest income	-	-	-	-	-	-	-	-
	<u>1,951,572</u>	<u>-</u>	<u>-</u>	<u>1,951,572</u>	<u>2,342,603</u>	<u>-</u>	<u>-</u>	<u>2,342,603</u>
Financial Liabilities								
Payables	132,912	-	-	132,912	327,183	-	-	327,183
Other payables	42,857	-	-	42,857	126,526	-	-	126,526
Accruals	134,755	-	-	134,755	208,569	-	-	208,569
	<u>310,524</u>	<u>-</u>	<u>-</u>	<u>310,524</u>	<u>662,278</u>	<u>-</u>	<u>-</u>	<u>662,278</u>

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less impairment provision of trade receivables and payables (including accruals) are assumed to approximate their fair values due to their short-term nature.

(d) Credit risk exposures

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from the potential default of the counterparty, with the maximum exposure being equal to the carrying value of the asset.

The Antaria Group conducts transactions with the following major types of counterparties:

- (i) Receivables counterparties - the majority of sales to the Antaria Group customers are made on open terms. As part of managing this risk, new customers can be required to make (part) payment for goods prior to shipping initial orders;
- (ii) Payment guarantee counterparties - a small proportion of prior years' sales to the Antaria Group customers has occurred via secured payment mechanisms such as letters of credit; and
- (iii) Cash investment counterparties - as part of managing its credit risk, the Antaria Group holds short term cash deposits with financial institutions within Australia that hold a long term AA credit rating.

To manage credit risk, the Group maintains group wide procedures covering the application for credit approvals, granting and renewal of counterparty limits and regular monitoring of exposures against these limits. Antaria monitors its trade receivables balances on an ongoing basis and also maintains a credit insurance policy where appropriate. Details of the ageing of the Group's trade receivables balances are set out in the table following:

	2014 \$	2013 \$
Current	1,114,459	624,225
Past due 0-30 days	241,501	-
Past due 30-60 days	24,991	3,889
Past due 61 days and over	22,792	25,751
Total trade receivables	<u>1,403,743</u>	<u>653,865</u>

Please refer to note 9 regarding assessment of impairment of past due balances.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**(e) Price risk exposures**

Antaria does not currently hold any assets or liabilities that expose the Group to a price risk.

4. SEGMENT INFORMATION**(a) Description of Segments**

Management has determined the operating segments based on reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from a market perspective and has identified one reportable segment; the Personal Care segment which produces and distributes dispersions of mineral-only UV filters in cosmetic emollients used for sunscreen, skincare and pharmaceutical formulations, as well as alumina plate-like powders used for cosmetic applications.

(b) Revenue by geographical region

Revenue by geographical region attributable to external customers is disclosed below, based on the location of the external customer.

	30 Jun-14 \$	30-Jun-13 \$
Australia	880,945	760,723
United States of America	454,419	1,956,729
Europe	2,270,097	1,515,049
Rest of world	118,475	51,871
Total	3,723,936	4,284,372

(c) Major customers

The Group has a number of customers to whom it provides products. The Group's most significant customer accounts for 52% (2013: 46%) of total revenue and the next most significant customer accounts for 11% (2013: 26%) of total revenue. All other customers are individually less than 10% of total revenue.

5. REVENUES AND EXPENSES**(a) Revenue**

	30-Jun-14 \$	30-Jun-13 \$
Sale of goods	3,723,936	4,284,372
Finance revenue	9,516	98,556
	3,733,452	4,382,928

(b) Other Income

	30-Jun-14 \$	30-Jun-13 \$
Contract R&D income	-	44,434
Licence income	166,927	160,039
Miscellaneous income	71,448	3,196
Total other income	238,375	207,669

5. REVENUES AND EXPENSES (continued)**(b) Other Income (continued)**Contract R&D income

On 30 April 2009, Antaria and Merck KGaA entered into a contract research agreement. While the contract research payments are received in instalments, revenue is recognised in the Company's profit and loss as time is spent by employees on Merck R&D projects. The contract R&D income was received for part of the FY 2013 year.

Licence income

On 30 April 2009, Antaria and Merck KGaA entered into a licensing agreement for the exclusive worldwide rights to Antaria's plate-like alumina technology for use in Merck's cosmetics and industrial products. Under this agreement Antaria received a payment of 1.3 million Euro (\$2,351,922) in two instalments over the first year of the licence. While the licence fee was received upfront, licence income is recognised over the life of the licence (approximately 15 years).

(c) Expenses

Loss before income tax includes the following specific expenses:

	30-Jun-14	30-Jun-13
	\$	\$
<i>Included in cost of goods sold:</i>		
Depreciation	194,003	152,625
	<u>194,003</u>	<u>152,625</u>
<i>Included in depreciation and amortisation:</i>		
Depreciation	61,080	66,423
	<u>61,080</u>	<u>66,423</u>
Minimum lease payments - operating lease	<u>321,580</u>	<u>336,197</u>
Defined contribution superannuation expense	<u>100,630</u>	<u>127,219</u>

5. REVENUES AND EXPENSES (continued)

(d) Expenses by department

	30-Jun-14	30-Jun-13
	\$	\$
<i>Research and development expenses</i>		
Labour and personnel expenses	264,480	487,274
Occupancy expenses	20,369	50,649
Laboratory operating costs	16,170	15,922
Patent expenses	109,136	68,786
Depreciation and amortisation	20,825	26,132
Other research and development operating expenses	35,748	39,823
Total research and development expenses	<u>466,728</u>	<u>688,586</u>
<i>Sales and marketing related expenses</i>		
Labour and personnel expenses	140,318	82,910
Advertising, conferences and formulations	8,497	18,300
Travel and related expenses	35,008	48,296
Other sales and marketing expenses	28,066	35,758
Total sales and marketing related expenses	<u>211,889</u>	<u>185,264</u>
<i>Corporate and administrative expenses</i>		
Labour and personnel expenses	296,731	426,911
Legal and compliance expenses	176,204	112,075
Travel and related expenses	118,384	135,782
Insurance expenses	91,809	55,704
Investor relations	41,216	28,286
Depreciation and amortisation	40,255	40,291
Occupancy expenses	23,944	8,320
Unrealised and realised foreign exchange losses/(gains)	42,322	15,908
Office and other corporate expenses	93,347	125,684
Total corporate and administrative expenses	<u>924,212</u>	<u>948,961</u>

6. INCOME TAX**(a) Income tax expense**

	30-Jun-14	30-Jun-13
	\$	\$
Current Income Tax		
<i>Current income tax</i>	-	-
Deferred income tax	-	-
Income tax expense/(benefit) - research and development incentive relating to 30 June 2013	(256,553)	-
	<u>(256,553)</u>	<u>-</u>
Deferred income tax (revenue)/expenses included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
	<u>-</u>	<u>-</u>

(b) Numerical reconciliation of income tax expense to prima facie tax payable

A reconciliation of income tax expense to prima facie tax payable is as follows:

	30-Jun-14	30-Jun-13
	\$	\$
Loss before income tax	<u>(223,222)</u>	<u>(448,199)</u>
Tax at the Australian tax rate of 30% (2013: 30%)	(66,967)	(134,460)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible entertainment expenses	585	872
Amortisation of share issue costs	(18,010)	(60,033)
	(84,392)	(193,621)
Deferred tax asset not brought to account	84,392	193,621
	-	-
Research and development tax incentive for 30 June 2013 year	(256,553)	-
Income tax benefit	<u>(256,553)</u>	<u>-</u>

(c) Unrecognised deferred tax assets and liabilities

The following deferred tax assets and deferred tax liabilities have not been recognised in the financial statements:

Deferred tax assets

	30-Jun-14	30-Jun-13
	\$	\$
Provisions	20,717	55,752
Accrued expenses	30,027	48,640
Plant and equipment and intangibles	(369,009)	(490,559)
Provision for the impairment of receivables	-	237,926
Deferred licence income	455,296	505,374
Losses available for offset against future taxable income	9,984,730	9,917,994
Deferred tax assets offset against deferred tax liabilities	(12,697)	(4,670)
Deferred tax assets not brought to account as realisation is not regarded as probable	<u>10,109,064</u>	<u>10,270,457</u>

6. INCOME TAX (continued)

There were no movements recognised in equity.

The Board has determined that the Group cannot presently assess the likelihood of the Group generating sufficient taxable profits to absorb accumulated tax losses as being probable under AASB 112. As such, deferred tax assets have not been recognised in the financial statements, although the underlying losses remain available to the Group in the event that taxable profits arise in the future and the Group continues to meet the relevant taxation requirements for use of such losses.

Deferred tax liabilities

	30-Jun-14	30-Jun-13
	\$	\$
<i>Deferred tax liabilities:</i>		
Unrealised foreign currency gain	12,697	(4,670)
Deferred tax liabilities offset against deferred tax assets	(12,697)	4,670
	-	-

There were no movements recognised in equity.

7. EARNINGS / LOSS PER SHARE

Basic profit / (loss) per share amounts are calculated by dividing net profit / (loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted profit / (loss) per share amounts are calculated by dividing the net profit / (loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the net profit / (loss) and share data used in the calculating basic and diluted profit / (loss) per share computations:

	30-Jun-14	30-Jun-13
	\$	\$
Net profit / (loss) attributable to ordinary equity holders of the parent	33,331	(448,199)
	Number	Number
Weighted average number of ordinary shares for basic (loss) per share	585,839,150	585,839,150

8. CASH AND CASH EQUIVALENTS

	30-Jun-14	30-Jun-13
	\$	\$
Cheque account	88,317	113,610
USD account	241,233	66,971
EURO account	204,454	109,718
Cash on deposit	5,404	1,342,910
	539,408	1,633,209

8. CASH AND CASH EQUIVALENTS (continued)Cash at Bank

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and two months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash on deposit

All of the cash on deposit has been invested in an at call deposit with a floating interest rate.

(a) Reconciliation of net (loss) after tax to net cash outflows from operations

	30-Jun-14 \$	30-Jun-13 \$
Profit / (Loss) from ordinary activities after income tax	33,331	(448,199)
Depreciation and amortisation	255,083	219,048
Change in operating assets and liabilities		
(Increase)/decrease in receivables (trade and related parties)	(702,770)	(486,758)
(Increase)/decrease in prepayments and other assets	(1,378)	20,840
(Increase)/decrease in inventories	347,940	(408,170)
(Decrease) in equity reserves	-	(4,230)
Increase/(decrease) in payables	(257,536)	4,033
(Decrease) in deferred income	(166,927)	(247,961)
(Decrease) in provisions	(117,237)	(146,951)
Increase/(decrease) in other liabilities	(73,815)	57,031
Net cash (outflows) from operating activities	(683,309)	(1,441,317)
Exchange rate adjustment	33,051	(38,653)
New cash (outflows) from operating activities	(650,258)	(1,479,970)

9. TRADE AND OTHER RECEIVABLES (CURRENT)

	30-Jun-14 \$	30-Jun-13 \$
Trade receivables	1,403,743	653,865
Other receivables	8,421	55,528
	<u>1,412,164</u>	<u>709,393</u>

Impaired trade receivables

Trade receivables are non-interest bearing and are due for settlement no more than 90 days from the date of recognition. An impairment loss is recognised when there is objective evidence that a trade receivable is impaired. The amount of the impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. The provision for impairment of receivables relates to damaged stock with a major customer. The stock was returned in 2013 and a credit note issued. During the 2014 financial year, there were no amounts written off as a bad debt (2013: Nil).

	30-Jun-14 \$	30-Jun-13 \$
At 1 July	-	772,519
Provision for impairment recognised	-	-
Provision for impairment utilised	-	(772,519)
Total impairment provision	<u>-</u>	<u>-</u>

9. TRADE AND OTHER RECEIVABLES (CURRENT) (continued)Past due but not impaired

As at 30 June 2014, trade receivables of \$289,284 (2013: \$29,640) were past due but not impaired. These relate to a number of independent customers for whom there is no history of default. The ageing analysis of these trade receivables is as follows:

	30-Jun-14	30-Jun-13
	\$	\$
Past due 0-30 days	241,501	-
Past due 30-60 days	24,991	3,889
Past due 61 days and over	22,792	25,751
	<u>289,284</u>	<u>29,640</u>

Credit risk

Details regarding the credit risk and effective interest rate of current receivables are disclosed in note 3.

10. INVENTORIES

	30-Jun-14	30-Jun-13
	\$	\$
Raw materials (at cost)	688,484	778,452
Work in progress (at cost)	100,795	129,022
Finished goods (at cost)	137,898	367,643
	<u>927,177</u>	<u>1,275,117</u>

11. PREPAYMENTS

	30-Jun-14	30-Jun-13
	\$	\$
Prepayments	1,378	-
	<u>1,378</u>	<u>-</u>

12. PROPERTY, PLANT AND EQUIPMENTPlant and Equipment

	30-Jun-14	30-Jun-13
	\$	\$
At cost	6,239,774	5,829,282
Accumulated depreciation and amortisation	<u>(3,657,016)</u>	<u>(3,401,933)</u>
Net carrying amount	<u>2,582,758</u>	<u>2,427,349</u>

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below:

	30-Jun-14	30-Jun-13
	\$	\$
At beginning of financial year, net of accumulated depreciation and impairment	2,427,349	2,025,526
Additions	410,492	620,871
Disposals	-	-
Depreciation expense	(255,083)	(219,048)
At end of financial year, net of accumulated amortisation and impairment	<u>2,582,758</u>	<u>2,427,349</u>

The useful life of the assets was estimated for 2014 and 2013 as follows:

Category	2014 Useful life	2013 Useful life
Plant and equipment	3-15 Years	3-15 Years

No plant or equipment is held under a finance lease or hire purchase contract at 30 June 2014 (2013: Nil) and no plant or equipment is pledged as security as at year end.

13. TRADE AND OTHER PAYABLES

		30-Jun-14	30-Jun-13
	Notes	\$	\$
Trade creditors	(i)	105,702	279,570
Annual leave		27,210	47,613
Other payables	(ii)	<u>42,857</u>	<u>126,526</u>
		<u>175,769</u>	<u>453,709</u>

Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and generally on 30 day terms; and
- (ii) Other payables are non-interest bearing and generally on 30 day terms.

Information regarding the credit risk and effective interest rate of current payables is set out in note 3.

14. OTHER LIABILITIESCurrent

		30-Jun-14	30-Jun-13
	Notes	\$	\$
<i>Deferred income - current</i>			
Unearned income	(i)	<u>160,039</u>	<u>160,039</u>
<i>Other liabilities</i>			
Accrued expenses		<u>134,755</u>	<u>208,569</u>

14. OTHER LIABILITIES (continued)

Non-Current

	Notes	30-Jun-14 \$	30-Jun-13 \$
<i>Deferred income - non current</i>			
Unearned income	(i)	<u>1,357,613</u>	<u>1,524,540</u>

Unearned income

- (i) On 30 April 2009, Antaria and Merck KGaA entered into a licensing agreement for the exclusive worldwide rights to Antaria's plate-like alumina technology for use in Merck's cosmetics and industrial products. Under the agreement Antaria received an upfront payment of 1.3 million Euro in two instalments over the first year of the licence. While the licence fee from Merck was received upfront in instalments, licence income is recognised in the Company's profit and loss over the life of the licence (15 years). Other than the amount expected to be recognised in the 2015 financial year (\$160,039), the balance of the licence fee is classified as non-current as at 30 June 2014 (2013: \$1,524,540).

15. PROVISIONS

	Restoration/De-commissioning \$	Employee Benefits \$	Provision for Rebate \$	Total \$
<u>30 June 2014</u>				
As at 1 July 2013	81,136	57,542	-	138,678
Arising during the year	-	(3,083)	-	(3,083)
Utilised/written back during the year	<u>(81,136)</u>	<u>(12,614)</u>	<u>-</u>	<u>(93,750)</u>
As at 30 June 2014	<u>-</u>	<u>41,845</u>	<u>-</u>	<u>41,845</u>
	Restoration/De-commissioning \$	Employee Benefits \$	Provision for Rebate \$	Total \$
<u>30 June 2013</u>				
As at 1 July 2012	169,305	110,817	-	280,122
Arising during the year	(88,169)	12,513	33,070	(42,586)
Utilised during the year	<u>-</u>	<u>(65,788)</u>	<u>(33,070)</u>	<u>(98,858)</u>
As at 30 June 2013	<u>81,136</u>	<u>57,542</u>	<u>-</u>	<u>138,678</u>

Restoration/Decommissioning provision

In accordance with the lease agreements over 108 and 112 Radium Street, Welshpool, Western Australia, the Group must restore the leased premises to their original condition upon vacating the premises. Details of the leases can be found at Note 20. A provision of \$81,136 made during 30 June 2013 in respect of the Group's obligations to remove leasehold improvements from the premises at 112 Radium Street. The Group entered renewed the lease for 112 Radium Street and the provision was written back during the year ended 30 June 2014.

Employee Benefits

The provision for employee benefits represents vested long service leave entitlements accrued.

Provision for Rebate

During the year ended 30 June 2013, the pricing of some products for certain customers was dependent on annual sales volumes. A provision was made in respect of the Group's assessment of the impact of these arrangements to the end of the financial year ended 30 June 2013. No provision for rebate was required as at 30 June 2014.

16. CONTRIBUTED EQUITY AND RESERVES**(a) Share capital**

	30-Jun-14	30-Jun-13
	\$	\$
Ordinary shares	<u>40,016,087</u>	<u>40,016,087</u>

(b) Movements in share capital

	30-Jun-14		30-Jun-13	
	Number	\$	Number	\$
<i>Movements in ordinary shares on issue</i>				
As at 1 July	585,839,150	40,016,087	585,839,150	40,016,087
Issued during the period	-	-	-	-
As at 30 June	<u>585,839,150</u>	<u>40,016,087</u>	<u>585,839,150</u>	<u>40,016,087</u>

No shares were issued during the financial year.

The company has no options on issue as at 30 June 2014 (2013: Nil).

(c) Capital management

At this stage of the Group's growth, management's capital management objectives are to ensure that the entity continues as a going concern and to maintain a capital structure that supports future development of the Group's business. To date, capital management activities have included the issue of new shares to raise equity for investment in research and product development and other activities aimed at supporting the commercialisation and sales and marketing of its products and technologies.

Management effectively manages the Group's capital by the ongoing monitoring of its cash reserves and assessing the timing and magnitude of any additional capital or debt raising activities that may be required to support future operations.

The Group has not entered into any other arrangements to issue further shares. However, management may consider the issue of further shares in the future in order to provide the necessary capital for future growth and/or to take advantage of other opportunities.

The Group does not have any external debt and is not subject to any externally imposed capital requirements.

(d) Share based payment reserve

	30-Jun-14	30-Jun-13
	\$	\$
Share based payment reserve	<u>1,100,215</u>	<u>1,100,215</u>

The share based payment reserve is used to record the value of share-based payments provided to employees, including directors and other key management personnel, as part of their remuneration. Refer to note 17 for further details of these plans.

16. CONTRIBUTED EQUITY AND RESERVES (continued)**(e) Other reserves**

	30-Jun-14	30-Jun-13
	\$	\$
Foreign currency translation reserve	<u>15,940</u>	<u>15,940</u>

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(f). The reserve is recognised in profit and loss when the net investment is disposed of.

(f) Accumulated losses

Movements in accumulated losses were as follows:

	30-Jun-14	30-Jun-13
	\$	\$
Accumulated losses	<u>(37,539,378)</u>	<u>(37,572,709)</u>
<i>Movements in accumulated losses</i>		
As at 1 July	(37,572,709)	(37,124,510)
Net profit / (loss) for the year	<u>33,331</u>	<u>(448,199)</u>
As at 30 June	<u>(37,539,378)</u>	<u>(37,572,709)</u>

17. SHARE BASED PAYMENT PLANS**(a) Tax Exempt Share Plan**

There were no shares issued under a Tax Exempt Share Plan in during the period (2013: Nil).

(b) Employee Share Option Plan

In June 2004, the Company's Employee Share Option Plan was established so that directors and employees could be provided with a mechanism to participate in the ownership of the Company. All of the Group's employees and directors are eligible to participate in the plan.

Options granted under the employee share option plan carry no dividend or voting rights. When exercised, each option is converted into one ordinary share. There are no options granted under the plan and still outstanding at the beginning and/or the end of the financial year.

There were no options issued under the Company's Employee Share Option Plan at 30 June 2014 (2013: Nil).

(c) Expenses arising from share-based payment transactions

There were no expenses arising from share-based payment transactions recognised during the period (2013: Nil).

18. REMUNERATION OF AUDITORS

During the year, the auditors of the entity earned the following remuneration:

	30-Jun-14	30-Jun-13
	\$	\$
<i>Audit Services</i>		
Audit of financial reports of the entity	26,000	26,000
Review of half year financial report	12,000	12,000
	<u>38,000</u>	<u>38,000</u>
<i>Other Assurance Services</i>		
Review of internal controls	-	13,720
Other services	1,175	-
	<u>1,175</u>	<u>13,720</u>
 Total audit and other assurance services	 <u>39,175</u>	 <u>51,720</u>

19. CONTINGENT ASSETS AND LIABILITIES**(a) Contingent assets**

There were no contingent assets as at 30 June 2014 or 30 June 2013.

(b) Contingent liabilitiesCommercial Ready Grant

On 31 December 2009, Antaria completed the requirements under a Commercial Ready grant from the Commonwealth under which Antaria received a total of \$1,733,402 (GST exclusive) from the Commonwealth.

The Commonwealth may, if a termination event occurs, require Antaria to repay so much of the grant as the Commonwealth reasonably determines plus interest. Under the provisions of the grant agreement between Antaria and the Commonwealth, the following events may cause the Commonwealth to terminate the grant:

- (i) An insolvency event occurs in relation to Antaria;
- (ii) Antaria ceases to carry on business, or a substantial part of its business;
- (iii) Antaria breaches a warranty contained in the deed;
- (iv) There is a change in control or ownership of Antaria which the Commonwealth reasonably considers has an adverse effect on Antaria's ability to comply with any of its obligations under the deed;
- (v) Antaria commits any breach in respect of which the deed provides a notice of termination may be given; or
- (vi) Antaria commits any breach which the Commonwealth reasonably considers is not capable of remedy.

As none of these events have taken place, as at the date of this report, Antaria has not recognised any liability in relation to the Commercial Ready contract. The above obligations will continue under the terms of the grant for a term of five years after the completion date (31 December 2014).

Distribution Arrangements

As part of the Group's arrangements with its distributors, Antaria may be required to develop overseas manufacturing capabilities in the future. As the exact nature of these manufacturing operations is yet to be determined, the Group has not recognised any liability in relation to these commitments.

20. COMMITMENTS FOR EXPENDITURE**(a) Operating lease commitments – Group as lessee**

The Group has entered into commercial property leases in relation to its facilities at 108 and 112 Radium Street, Welshpool, Western Australia. Details of the lease terms and renewal options are included in the table below. There are no restrictions placed upon the lessee by entering into these leases. The company has entered into an extension of the lease for 112 Radium Street, Welshpool until 30 November 2016.

Property	Term	Expiry Date	Option	Expiry Date
108 Radium Street, Welshpool	5 years	28-Feb-17	5 years	28-Feb-22
112 Radium Street, Welshpool	3 years	30-Nov-16	3 years	30-Nov-19

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	30-Jun-14	30-Jun-13
	\$	\$
Within one year	347,531	361,161
Greater than one year but less than five years	582,897	1,131,269
	<u>930,428</u>	<u>1,492,430</u>

(b) Capital commitments

Commitments for the acquisition of plant and equipment contracted for at the reporting date but not recognised as liabilities payable:

	30-Jun-14	30-Jun-13
	\$	\$
Within one year	<u>12,876</u>	<u>290,337</u>

(c) Other commitments

Commitments to suppliers for goods/supplies contracted for at the reporting date but not recognised as liabilities payable:

	30-Jun-14	30-Jun-13
	\$	\$
Within one year	<u>-</u>	<u>-</u>

20. COMMITMENTS FOR EXPENDITURE (continued)**(d) Remuneration commitments**

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at reporting date but not recognised as liabilities payable: Nil (2013: Nil)

21. KEY MANAGEMENT PERSONNEL**(a) Compensation of key management personnel**

Details of Key Management Personnel compensation are disclosed in the Remuneration Report, which forms part of the Directors' Report and has been audited. The aggregate compensation paid to Key Management Personnel is summarised below:

	30-Jun-14 \$	30-Jun-13 \$
Short term benefits	646,428	627,583
Post-employment benefits	23,569	27,876
Share-based payment	-	-
	<u>669,997</u>	<u>655,459</u>

(b) Loans to key management personnel

There are currently no loans to directors, director-related entities and executives.

(c) Other transactions with key management personnelServices

Prior to the employment of Warwick Carter, Consulting fees of \$10,000 were paid to Cartwheel Holdings Pty Ltd, a company in which Mr Warwick Carter has a beneficial interest. Nil owing at 30 June 2014.

Cartesia Pty Ltd was a director-related entity and billed Antaria on normal commercial terms for executive support services performed by John Young. Fees in relation to these services totalled \$30,000 for the year ended 30 June 2013 of which \$0 was owing as at 30 June 2013. (2014: Nil).

22. RELATED PARTY DISCLOSURES

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

Name	Country of Incorporation	% Equity Interest		Investment	
		2014	2013	2014	2013
Advanced Nano Technologies Pty Limited	Australia	100%	100%	-	-
Antaria, Inc	USA	100%	100%	-	-
Antaria Europe, B.V.	Netherlands	100%	100%	-	-
				<u>-</u>	<u>-</u>

Other related parties

Aggregate amounts included in the determination of profit/(loss) before income tax that resulted from transactions with each class of other related parties:

	30-Jun-14 \$	30-Jun-13 \$
Other expenses		
University of Western Australia	<u>-</u>	<u>1,190</u>

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

23. PARENT ENTITY DISCLOSURE

As at and throughout the financial year ended 30 June 2014, the parent company of the group was Antaria Limited.

	30-Jun-14	30-Jun-13
	\$	\$
<i>Results of Parent Entity</i>		
(Loss) for the period	(421,509)	(630,516)
Other comprehensive income/(loss)	-	-
Total comprehensive (loss)	<u>(421,509)</u>	<u>(630,516)</u>
<i>Financial Position of Parent Entity</i>		
Current assets	3,263,610	3,944,375
Total assets	<u>5,478,055</u>	<u>6,261,293</u>
Current liabilities	2,566,604	2,822,280
Total liabilities	<u>2,599,229</u>	<u>2,960,958</u>
<i>Total Equity of Parent Entity comprising of:</i>		
Issued capital	40,016,087	40,016,087
Option premium reserve	1,100,215	1,100,215
Accumulated losses	<u>(38,237,476)</u>	<u>(37,815,967)</u>
	<u>2,878,826</u>	<u>3,300,335</u>

Contingent assets

There were no contingent assets as at 30 June 2014 or 30 June 2013.

Contingent liabilitiesCommercial Ready Grant

On 31 December 2009, Antaria completed the requirements under a Commercial Ready grant from the Commonwealth under which Antaria received a total of \$1,733,401 (2009: \$1,568,130) (GST exclusive) from the Commonwealth.

The Commonwealth may, if a termination event occurs, require Antaria to repay so much of the grant as the Commonwealth reasonably determines plus interest. Under the provisions of the grant agreement between Antaria and the Commonwealth, the following events may cause the Commonwealth to terminate the grant:

- (i) An insolvency event occurs in relation to Antaria;
- (ii) Antaria ceases to carry on business, or a substantial part of its business;
- (iii) Antaria breaches a warranty contained in the deed;
- (iv) There is a change in control or ownership of Antaria which the Commonwealth reasonably considers has an adverse effect on Antaria's ability to comply with any of its obligations under the deed;
- (v) Antaria commits any breach in respect of which the deed provides a notice of termination may be given; or
- (vi) Antaria commits any breach which the Commonwealth reasonably considers is not capable of remedy.

As none of these events have taken place, as at the date of this report, Antaria has not recognised any liability in relation to the Commercial Ready contract. The above obligations will continue under the terms of the grant for a term of five years after the completion date (31 December 2014).

Parent Entity Capital Commitment

	30-Jun-14	30-Jun-13
	\$	\$
<i>Property, plant and equipment</i>		
Contracted but not yet provided for and payable:		
Within one year	<u>12,876</u>	<u>290,337</u>

24. EVENTS OCCURRING AFTER REPORTING DATE

There are no significant events occurring after balance date.

In the opinion of the directors:

- (a) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;
- (b) the attached financial report is in compliance with International Financial Reporting Standards, as stated in note 2 to the financial report;
- (c) the attached financial report and notes thereto are in accordance with the Corporations Act 2001 and other mandatory professional reporting requirements, including compliance with accounting standards and give a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year then ended; and

The directors have been given the declarations by the executive chairman and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors on the date set out below.



Rade Dudurovic
Non-Executive Chairman

29 August 2014

INDEPENDENT AUDITOR'S REPORT

To the members of Antaria Limited

Report on the Financial Report

We have audited the accompanying financial report of Antaria Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, 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 for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility 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 control relevant to the company's preparation and fair presentation of the financial report 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 internal control. 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of Antaria Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. The directors of the company 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.

Auditor's opinion

In our opinion the remuneration report of Antaria Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants



W M Clark
Partner

Perth, Western Australia
29 August 2014

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Antaria Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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



**Perth, Western Australia
29 August 2014**

**W M Clark
Partner**

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. This information is current as at 22 August 2014 unless otherwise stated.

1. DISTRIBUTION OF EQUITY SECURITIES

(a) Ordinary Fully Paid Shares

The number of security holders, by size of holding in each class of security is:

Range	Total holders	Ordinary Shares	% of Issued Capital
1 - 1,000	40	2,748	0.00
1,001 - 5,000	42	161,378	0.03
5,001 - 10,000	134	1,247,832	0.21
10,001 - 100,000	281	12,573,645	2.15
100,001 - 9,999,999,999	232	571,853,547	97.61
Rounding			0.00
Total	729	585,839,150	100.00

(b) Unmarketable Parcels

Unmarketable Parcels	Number of Shares	Holders	Total Ordinary Shares
Minimum \$ 500.00 parcel at \$ 0.016 per unit	31,250	341	4,087,298

2. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of quoted shares as per the share register as at 22 August 2014 are:

Rank	Name	Ordinary Shares held at end of period	% of Issued Capital
1.	POLTICK PTY LTD AND ASSOCIATED ENTITIES	214,678,130	36.65
2.	UNIVERSITY OF WESTERN AUSTRALIA	32,041,719	5.47
3.	BANNABY INVESTMENTS PTY LTD<SUPER FUND A/C> AND ASSOCIATED ENTITIES	21,626,986	3.69
4.	TOWNS CORPORATION PTY LTD <PAE FAMILY A/C>	19,100,000	3.26
5.	ACROPOLIS PTY LTD<ACROPOLIS SUPER FUND A/C>	13,400,000	2.29
6.	MR STEPHEN DE BELLE + MS JENNIFER SHEEHAN<SJ SUPER A/C>	10,289,000	1.76
7.	MR JOHN CATHERWOOD YOUNG + MRS CORINNE GIRARD YOUNG <YOUNG FAMILY A/C>	9,544,848	1.63
8.	MR BRIAN MAURICE KEARNEY +MRS MIRELLA UGHETTA DORICA KEARNEY <KEARNEY ETHICAL INV S/F A/C> AND ASSOCIATED ENTITIES	9,399,292	1.60
9.	JOMANGI ENTERPRISES PTY LIMITED <THE SUPER JOMANGI FUND A/C>	8,000,000	1.37
10.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	7,816,572	1.33
11.	HOUSE OF MAISTER FINANCIAL SERVICES LIMITED	7,500,000	1.28
12.	INCUBATOR CAPITAL LIMITED	7,354,037	1.26
13.	ASGARD CAPITAL MANAGEMENT LTD <0567711 HIGHAM S/F A/C>	7,000,000	1.19
14.	MR ALAN GRAHAM ROCHFORD<ALAN G ROCHFORD SUPER A/C>	6,485,000	1.11
15.	MR BRUCE CANERON	6,257,264	1.07
16.	MR CHRISTOPHER SILVESTRO	6,250,000	1.07
17.	MR CRAIG GRAEME CHAPMAN<NAMPAC DISCRETIONARY A/C>	6,247,251	1.07
18.	DR PAUL GERARD MCCORMICK	6,246,165	1.07
19.	MR JAMES LEVIEN	6,000,000	1.02
20.	MR ERIK ADRIAANSE	5,000,000	0.85
Totals: Top 20 holders of ORDINARY SHARES (GROUPED)		410,236,264	54.72
Total Remaining Holders Balance		175,602,886	45.28

3. SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders in Antaria Limited, and the number of equity securities to which each substantial shareholder and the substantial shareholder's associates have a relevant interest, current as at 22 August 2014, are:

Name	Ordinary Shares	% of Issued Capital
POLTICK PTY LTD AND ASSOCIATED ENTITIES	179,888,887	36.65
UNIVERSITY OF WESTERN AUSTRALIA	32,041,719	5.47

4. VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Options over ordinary shares do not carry any voting rights.

5. ON-MARKET BUY BACK

There is no current on-market buy back.

6. UNQUOTED EQUITY SECURITIES

The number of unquoted securities, number of holders, and persons currently holding more than 20% or more of the unquoted securities (excluding securities issued under the employee share plan) are Nil:

7. RESTRICTED SECURITIES

There are no restricted securities or securities subject to voluntary escrow at the date of this report.