

Rule 4.3A

## Appendix 4E

### Preliminary final report

Name of entity:

**Alexium International Group Limited**

ABN or equivalent company  
reference:

**91 064 820 408**

Reporting period:

**Year ended 30 June 2012**

Previous corresponding  
period:

Year ended 30 June 2011

#### 2. Results for announcement to the market

\$A

2.1	Revenue from ordinary activities	up	<b>60%</b>	to	<b>241,532</b>
2.2	Loss from ordinary activities for the period after tax attributable to members	down	<b>7%</b>	to	<b>(2,722,983)</b>
2.3	Net loss for the period attributable to members	down	<b>7%</b>	to	<b>(2,722,983)</b>
<b>2.4</b>	<b>Dividends</b>		Amount per security		Franked amount per security
	Final dividend		<b>Nil</b>		<b>N/A</b>
	Interim dividend		<b>Nil</b>		<b>N/A</b>
<b>2.5</b>	<b>Record date for determining entitlements to the dividends</b>	<b>N/A</b>			
<b>2.6</b>	<b>Brief explanation of any of the figures reported above to enable the figures to be understood:</b>				
	The Group's net loss attributable to members of the Company for the financial year ended 30 June 2012 was \$2,722,983 (2011: \$2,929,364). The increase in income is due to the US Department of Defence Purchase Order and receipt of initial monthly payments under the Duro Licensing Agreement.				

3. Consolidated Statement of Comprehensive Income

	Current Period 2012 \$	Previous Corresponding Period 2011 \$
Revenues from continuing operations	197,147	72,034
Other Income	44,385	79,277
Cost of Goods Sold	(128,470)	(212,075)
Administrative Expenses	(932,101)	(855,398)
Employee benefits expense	(955,868)	(1,313,919)
Depreciation and Amortisation Expenses	(812,785)	(794,273)
Impairment	(101,917)	(24,694)
Share-Based Payments	(237,059)	(154,696)
<b>Loss before income tax from continuing operations</b>	<b>(2,926,668)</b>	<b>(3,203,744)</b>
Income tax (expense) / benefit	203,685	274,380
<b>Loss after income tax expense from continuing operations</b>	<b>(2,722,983)</b>	<b>(2,929,364)</b>
<b>Attributable to:</b>		
Members of the Parent Company	(2,722,983)	(2,929,364)
	<b>(2,722,983)</b>	<b>(2,929,364)</b>
Net exchange difference on translation of financial report of foreign controlled entity	21,537	(201,471)
Other comprehensive income	-	-
Total comprehensive income	<b>(2,701,446)</b>	<b>(3,130,835)</b>
Basic loss per share (cents per share)	<b>(2.11)</b>	<b>(2.37)</b>
Diluted loss per share (cents per share)	<b>(2.11)</b>	<b>(2.37)</b>

4. Statement of Financial Position

	Current Period 30 June 2012 \$	Previous Corresponding Period 30 June 2011 \$
<b>Current Assets</b>		
Cash and cash equivalents	906,658	1,972,737
Trade and other receivables	106,649	19,268
Other current assets	55,252	37,083
<b>Total Current Assets</b>	<b>1,068,559</b>	<b>2,029,088</b>
<b>Non-Current Assets</b>		
Other financial assets	4,035	3,868
Property, plant and equipment	341,098	343,237
Intangible assets	10,332,142	11,100,972
<b>Total Non-Current Assets</b>	<b>10,677,275</b>	<b>11,448,077</b>
<b>Total Assets</b>	<b>11,745,834</b>	<b>13,477,165</b>
<b>Current Liabilities</b>		
Trade and other payables	101,007	177,831
Provisions	18,237	10,690
Other – deferred income	65,562	62,865
<b>Total Current Liabilities</b>	<b>184,806</b>	<b>251,386</b>
<b>Non-Current Liabilities</b>		
Deferred tax liability	2,987,377	3,191,062
Other – deferred income		62,865
<b>Total Non-Current Liabilities</b>	<b>2,987,377</b>	<b>3,253,927</b>
<b>Total Liabilities</b>	<b>3,172,183</b>	<b>3,505,313</b>
<b>Net Assets</b>	<b>8,573,651</b>	<b>9,971,852</b>
<b>Equity</b>		
Issued capital	19,701,756	18,516,070
Reserves	302,510	163,414
Accumulated losses	(11,430,615)	(8,707,632)
<b>Total Equity</b>	<b>8,573,651</b>	<b>9,971,852</b>

5. Consolidated Statement of Cash Flows

	Current Period 2012 \$	Previous Corresponding Period 2011 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	57,737	50,329
Payments to suppliers and employees	(2,196,620)	(2,515,011)
Interest received	44,385	79,277
Goods & services tax (paid) / received from ATO	46,894	49,195
Other Income	53,100	
<b>Net cash used in operating activities</b>	<b>(1,994,504)</b>	<b>(2,336,210)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(41,547)	(158,995)
Patent expenditure	(78,470)	(51,317)
Website Development		(22,760)
Due from other entities (deposit)	-	-
Loan to related entities	-	-
Cash acquired from acquisition of Alexium	-	-
<b>Net cash flows from investing activities</b>	<b>(120,017)</b>	<b>(233,072)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	1,200,000	1,350,000
Payment of share issue costs	(133,814)	-
Payment for unmarketable parcel share buy-back	-	-
<b>Net cash flows from financing activities</b>	<b>1,066,186</b>	<b>1,350,000</b>
<b>Net increase / (decrease) in cash held</b>	<b>(1,048,335)</b>	<b>(1,219,282)</b>
Cash and cash equivalents at the beginning of the period	1,972,737	3,303,043
Effects of exchange rate changes on cash	(17,744)	(111,024)
<b>Cash and cash equivalents at the end of the period</b>	<b>906,658</b>	<b>1,972,737</b>

**Consolidated Statement of Changes In Equity**

	Issued Capital  \$	Reserves  \$	Consolidated Accumulated losses  \$	Total  \$
<b>Balance at 1 July 2011</b>	<b>18,516,070</b>	<b>163,414</b>	<b>(8,707,632)</b>	<b>9,971,852</b>
Loss for the year	-	-	<b>(2,722,983)</b>	<b>(2,722,983)</b>
Other comprehensive income for the year Foreign currency translation	-	<b>21,537</b>	-	<b>21,537</b>
Total comprehensive income for the year	-	<b>21,537</b>	-	<b>21,537</b>
Transactions with owners in their capacity as owners Issued capital, net of transaction costs	<b>1,066,186</b>	-	-	<b>1,066,186</b>
Capital reduction	-	-	-	-
Share based payment – capital raising costs	-	-	-	-
Options exercised	-	-	-	-
Share-based payments	<b>119,500</b>	<b>117,559</b>	-	<b>237,059</b>
<b>Balance at 30 June 2011</b>	<b>19,701,756</b>	<b>302,510</b>	<b>(11,430,615)</b>	<b>8,573,651</b>
<b>Balance at 1 July 2010</b>	<b>17,197,558</b>	<b>178,701</b>	<b>(5,778,268)</b>	<b>11,597,991</b>
Loss for the year	-	-	<b>(2,929,364)</b>	<b>(2,929,364)</b>
Other comprehensive income for the year Foreign currency translation	-	<b>(201,471)</b>	-	<b>(201,471)</b>
Total comprehensive income for the year	-	<b>(201,471)</b>	-	<b>(201,471)</b>
Transactions with owners in their capacity as owners Issued capital, net of transaction costs	<b>1,318,512</b>	-	-	<b>1,318,512</b>
Capital reduction	-	-	-	-
Share based payment – capital raising costs	-	<b>31,488</b>	-	<b>31,488</b>
Options exercised	-	-	-	-
Share-based payments	-	<b>154,696</b>	-	<b>154,696</b>
<b>Balance at 30 June 2011</b>	<b>18,516,070</b>	<b>163,414</b>	<b>(8,707,632)</b>	<b>9,971,852</b>

**6. Dividends (in the case of a trust, distributions)**

Date dividend is payable

+Record date to determine entitlements to the dividend

If it is a final dividend, has it been declared?

**Amount per security**

	Amount per security	Franked amount per security at 30% tax (see note 4)	Amount per security of foreign source dividend
<b>Final dividend:</b> Current year	Nil	N/A	N/A
<b>Interim dividend:</b> Current year	Nil	N/A	N/A

**Total dividend (distribution) per security (interim *plus* final)**

	Current period	Previous Corresponding Period
Ordinary securities	N/A	N/A
Preference securities	N/A	N/A

**7. Dividend or distribution plans in operation**

The last date(s) for receipt of election notices for the +dividend or distribution plans

**8. Consolidated retained profits/accumulated losses**

	Current Period 2012 \$	Previous Corresponding Period 2011 \$
Accumulated losses at the beginning of the financial period	(8,707,632)	(5,778,268)
Losses of prior years offset against capital	-	-
Write-off	-	-
Net loss attributable to members	(2,722,983)	(2,929,364)
<b>Accumulated losses at end of financial period</b>	<b>(11,430,615)</b>	<b>(8,707,632)</b>

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**9. NTA backing**

	<b>Current Period 2012</b>	<b>Previous Corresponding Period 2011</b>
Net tangible asset backing (deficiency) per ordinary share	<b>(1.26 cents)</b>	(0.91 cents)

**10. Control gained over entities having material effect**

Name of entity (or group of entities) N/A

Consolidated loss from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was <sup>+</sup> acquired	N/A
Date from which such profit has been calculated	N/A
Loss from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A

**Loss of control of entities having material effect**

Name of entity (or group of entities) N/A

Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
Date to which the profit (loss) has been calculated	N/A
Consolidated profit (loss) from ordinary activities after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
Contribution to consolidated profit (loss) from ordinary activities from sale of interest leading to loss of control	N/A

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**11. Material interests in entities which are not controlled entities**

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

<b>Name of entity</b>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period \$A	Previous corresponding period \$A
<b>Equity accounted associates and joint venture entities</b>				
<b>N/A</b>				
<b>Total</b>				
Other material interests				
<b>N/A</b>				
<b>Total</b>				

**12. Significant information**

Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position:

Contributed equity increased by \$1,185,686 (from \$18,516,070 to \$19,701,756) as the result of the share placement raising \$1,200,000 less capital raising costs of \$79,814 and \$54,000 costs from the capital raise in June 2011. There was also \$119,500 of share based payments issued.

Signing of the Duro Licence Agreement.

As announced on 24 March 2011, Alexium signed a term sheet for an US\$8 million, 3 year equity line funding facility with Centurion Private Equity, LLCC, an institutional investor managed by Roswell Capital Partners, LCC based in Georgia, USA.

**13. Foreign entities set of accounting standards used in compiling the report (IAS)**

IFRS

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**14. Commentary on the results for the period**

**14.1 Earnings per security (EPS)**

	<b>Current Period 2012</b>	<b>Previous Corresponding Period 2011</b>
Basic Loss per share (cents)	<b>(2.11 cents)</b>	(2.37 cents)

**14.2 Returns to shareholders (Including distributions and buy backs)**

	<b>Current Period 2012 \$</b>	<b>Previous Corresponding Period 2011 \$</b>
Ordinary securities	-	-
Preference securities	-	-
Other equity instruments	-	-
<b>Total</b>	-	-

The dividend or distribution plans shown below are in operation.

N/A
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The last date(s) for receipt of election notices for the dividend or distribution plans

N/A
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Any other disclosures in relation to dividends (distributions).

N/A
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**14.3 Significant features of operating performance**

The Group's net loss attributable to members of the Company for the financial year ended 30 June 2012 was \$2,722,983 (2011: \$2,929,364).
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#### 14.4 Segment Information

For management purposes, the Group is organised into one main operating segment which involves the development of a patented technology known as "Reactive Surface Technology" (RST). Alexium is the exclusive licensee of this particular patent and has applied for additional patents in its own capacity around the world. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

#### 14.5 Report on trends in performance

None

#### 14.6 Report any factors which have affected the results during the reporting period or which are likely to affect results in the future, including those where the effect could not be quantified.

Commercial licensing of the RST technology commenced during the year with the license in North America with Duro Textiles LLC.

**Any other information required to be disclosed to enable the reader to compare the information presented with equivalent information for previous periods. This must include information needed by an investor to make an informed assessment of the entity's activities and results.**

N/A

#### 15. Compliance statement

This report is based on accounts to which one of the following applies.  
(Tick one)

- |                                     |  |                          |   |
|-------------------------------------|--|--------------------------|---|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.           |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have not yet been audited or reviewed. |

#### 16. If the accounts have not yet been audited or subject to audit review and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:

N/A

17. If the accounts have been audited or subject to review and are subject to dispute or qualification, a description of the dispute or qualification:

N/A



Sign here: ..... Date: 31 August 2012  
(Company Secretary)

Print name: Nicholas Clark

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