

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 2014

Previous corresponding
period:

Year ended 30 June 2013

2. Results for announcement to the market

\$A

| | | | | | |
|------------|--|--|---------------------|----|-----------------------------|
| 2.1 | Revenue from ordinary activities | down | 46% | to | 261,507 |
| 2.2 | Loss from ordinary activities for the period after tax attributable to members | up | 54% | to | (4,012,644) |
| 2.3 | Net loss for the period attributable to members | up | 54% | to | (4,012,644) |
| 2.4 | Dividends | | Amount per security | | Franked amount per security |
| | Final dividend | | Nil | | N/A |
| | Interim dividend | | Nil | | N/A |
| 2.5 | Record date for determining entitlements to the dividends | <div style="border: 1px solid black; padding: 5px; display: inline-block;">N/A</div> | | | |
| 2.6 | Brief explanation of any of the figures reported above to enable the figures to be understood: | | | | |
| | <p>The Group's net loss attributable to members of the Company for the financial year ended 30 June 2014 was \$4,012,644 (2013: \$2,599,464). Initial revenue received from Euroflam and ITextiles on execution of agreements will be allocated over the period of the agreements, not including future revenues which will be recorded in addition.</p> | | | | |

3. Consolidated Statement of Comprehensive Income

| | Current Period 2014 \$ | Previous Corresponding Period 2013 \$ |
|---|------------------------------|---|
| Revenues from continuing operations | 242,465 | 298,812 |
| Other Income | 19,042 | 188,446 |
| Cost of Goods Sold | (77,924) | (158,187) |
| Administrative Expenses | (1,015,376) | (1,000,376) |
| Employee benefits expense | (1,462,274) | (1,038,074) |
| Interest and Amortisation of Convertible Notes | (287,915) | (194,543) |
| Depreciation and Amortisation Expenses | (787,329) | (838,143) |
| Research and Development | (713,537) | - |
| Share-Based Payments | (133,481) | (61,084) |
| Loss before income tax from continuing operations | (4,216,329) | (2,803,149) |
| Income tax (expense) / benefit | 203,685 | 203,685 |
| Loss after income tax expense from continuing operations | (4,012,644) | (2,599,464) |
| Attributable to: | | |
| Members of the Parent Company | (4,012,644) | (2,599,464) |
| | (4,012,644) | (2,599,464) |
| Net exchange difference on translation of financial report of foreign controlled entity | (136,014) | (124,512) |
| Other comprehensive income | - | - |
| Total comprehensive income | (4,148,658) | (2,723,976) |
| Basic loss per share (cents per share) | (1.99) | (1.74) |
| Diluted loss per share (cents per share) | (2.37) | (1.94) |

4. Statement of Financial Position

| | Current Period 30 June 2014 \$ | Previous Corresponding Period 30 June 2013 \$ |
|--------------------------------------|--------------------------------------|---|
| Current Assets | | |
| Cash and cash equivalents | 4,197,460 | 1,163,231 |
| Trade and other receivables | 70,975 | 22,566 |
| Other current assets | 103,661 | 96,404 |
| Total Current Assets | 4,372,096 | 1,282,201 |
| Non-Current Assets | | |
| Other financial assets | 5,402 | 4,483 |
| Property, plant and equipment | 343,142 | 293,111 |
| Intangible assets | 9,052,124 | 9,679,524 |
| Total Non-Current Assets | 9,400,668 | 9,977,118 |
| Total Assets | 13,772,764 | 11,259,319 |
| Current Liabilities | | |
| Trade and other payables | 189,680 | 128,228 |
| Convertible Notes | 636,181 | - |
| Provisions | 18,749 | 32,986 |
| Other – deferred income | 63,564 | - |
| Total Current Liabilities | 908,174 | 161,214 |
| Non-Current Liabilities | | |
| Convertible Notes | 930,039 | 1,637,038 |
| Deferred tax liability | 2,580,008 | 2,783,693 |
| Other – deferred income | | |
| Total Non-Current Liabilities | 3,510,047 | 4,420,731 |
| Total Liabilities | 4,418,221 | 4,581,945 |
| Net Assets | 9,354,543 | 6,677,374 |
| Equity | | |
| Issued capital | 24,773,640 | 18,092,756 |
| Reserves | 523,678 | 514,749 |
| Accumulated losses | (15,942,775) | (11,930,131) |
| Total Equity | 9,354,543 | 6,677,374 |

5. Consolidated Statement of Cash Flows

| | Current Period 2014 \$ | Previous Corresponding Period 2013 \$ |
|---|------------------------------|---|
| Cash flows from operating activities | | |
| Receipts from customers | 256,056 | 314,700 |
| Payments to suppliers and employees | (3,205,902) | (2,081,088) |
| Interest received | 19,042 | 29,799 |
| Goods & services tax (paid) / received from ATO | 60,826 | 51,631 |
| Other Income | - | 93,329 |
| Net cash used in operating activities | (2,869,978) | (1,591,629) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (83,079) | (60,277) |
| Patent expenditure | (51,602) | (22,525) |
| Website Development | | |
| Due from other entities (deposit) | (1,093) | - |
| Loan to related entities | - | - |
| Cash acquired from acquisition of Alexium | - | - |
| Net cash flows from investing activities | (135,774) | (82,802) |
| Cash flows from financing activities | | |
| Proceeds from issue of ordinary shares | 6,846,642 | - |
| Payment of share issue costs | (403,812) | (6,000) |
| Convertible Notes | - | 2,200,000 |
| Convertible Note interest paid | (208,233) | (123,984) |
| Costs of Convertible Note Raise | - | (157,326) |
| Payment for unmarketable parcel share buy-back | (12,446) | - |
| Net cash flows from financing activities | 6,222,151 | 1,912,690 |
| Net increase / (decrease) in cash held | 3,216,399 | 238,259 |
| Cash and cash equivalents at the beginning of the period | 1,163,231 | 906,658 |
| Effects of exchange rate changes on cash | (182,169) | 18,314 |
| Cash and cash equivalents at the end of the period | 4,197,461 | 1,163,231 |

Consolidated Statement of Changes In Equity

| | Issued Capital | Reserves | Consolidated Accumulated losses | Total |
|--|--------------------|------------------|---------------------------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2013 | 18,092,756 | 514,749 | (11,930,131) | 6,677,374 |
| Loss for the year | - | - | (4,012,644) | (4,012,644) |
| Other comprehensive income for the year | | | | |
| Foreign currency translation | - | (124,552) | - | (124,552) |
| Total comprehensive income for the year | - | (124,552) | - | (124,552) |
| Transactions with owners in their capacity as owners | | | | |
| Issued capital, net of transaction costs | 6,870,475 | - | - | 6,870,475 |
| Capital reduction | - | - | - | - |
| Share based payment – capital raising costs | (403,812) | - | - | (403,812) |
| Share buy back of unmarketable parcels. Shares cancelled. | (12,446) | - | - | (12,446) |
| Convertible Note Equity | - | - | - | - |
| Options exercised | 126,667 | - | - | 126,667 |
| Share-based payments | 100,000 | 133,481 | - | 233,481 |
| Balance at 30 June 2014 | 24,773,640 | 523,678 | (15,942,775) | 9,354,543 |
| Balance at 1 July 2012 | 19,701,756 | 302,510 | (11,430,615) | 8,573,651 |
| Loss for the year | (52) | - | (2,599,464) | (2,599,516) |
| Other comprehensive income for the year | | | | |
| Foreign currency translation | - | 76,959 | - | 76,959 |
| Total comprehensive income for the year | - | 76,959 | - | 76,959 |
| Transactions with owners in their capacity as owners | | | | |
| Issued capital, net of transaction costs | 402,000 | - | - | 402,000 |
| Capital reduction | - | - | - | - |
| Share based payment – capital raising costs | (6,000) | - | - | (6,000) |
| Performance Shares cancelled as performance milestones not met-transferred to accumulated losses | (2,099,948) | - | 2,099,948 | - |
| Convertible Note Equity | - | 74,196 | - | 74,196 |
| Options exercised | - | - | - | - |
| Share-based payments | 95,000 | 61,084 | - | 156,084 |
| Balance at 30 June 2013 | 18,092,756 | 514,749 | (11,930,131) | 6,677,374 |

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 |
|---------------------------------------|---------------------|---|--|
| Final dividend: Current year | Nil | N/A | N/A |
| Interim dividend: 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 2014 \$ | Previous Corresponding Period 2013 \$ |
|--|------------------------------|---|
| Accumulated losses at the beginning of the financial period | (11,930,131) | (11,430,615) |
| Losses of prior years offset against capital | - | - |
| Write-off | - | - |
| Transfer from Performance Shares Capital to Accumulated Losses | - | 2,099,948 |
| Net loss attributable to members | (4,012,644) | (2,599,464) |
| Accumulated losses at end of financial period | (15,942,775) | (11,930,131) |

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9. NTA backing

| | Current Period 2014 | Previous Corresponding Period 2013 |
|--|--------------------------------|---|
| Net tangible asset backing (deficiency) per ordinary share | .15 cents | (2.01 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 ⁺ 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").)*

| Name of entity | 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 |
| Equity accounted associates and joint venture entities | | | | |
| N/A | | | | |
| Total | | | | |
| Other material interests | | | | |
| N/A | | | | |
| Total | | | | |

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 \$6,680,884 (from \$18,092,756 to \$24,773,640) as the result of capital raising of \$6,719,975, \$126,667 from conversion of options and \$150,500 of convertible notes being converted to shares less capital raising costs of \$403,812 and \$12,446 from the buy-back of unmarketable parcels. There was also \$100,000 of share based payments issued.

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

IFRS

14. Commentary on the results for the period

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14.1 Earnings per security (EPS)

| | Current Period 2014 | Previous Corresponding Period 2013 |
|------------------------------|--------------------------------|---|
| Basic Loss per share (cents) | (1.99 cents) | (1.74 cents) |

14.2 Returns to shareholders (Including distributions and buy backs)

| | Current Period 2014 \$ | Previous Corresponding Period 2013 \$ |
|--------------------------|---------------------------------------|--|
| Ordinary securities | - | - |
| Preference securities | - | - |
| Other equity instruments | - | - |
| Total | - | - |

The dividend or distribution plans shown below are in operation.

| |
|-----|
| N/A |
|-----|

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

| |
|-----|
| N/A |
|-----|

Any other disclosures in relation to dividends (distributions).

| |
|-----|
| N/A |
|-----|

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 2014 was \$4,012,644 (2013: \$2,599,464). |
|--|

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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 Ascalon, Nyclon, Bactron, Polytron and Alexiflam. Alexium is the exclusive licensee of those particular patents 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.

The Company was awarded the SCRA R&D grant in collaboration with ICL Inc. of Israel.

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: 29 August 2014
(Company Secretary)

Print name: Nicholas Clark

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