

CHEMICAL INNOVATIONS

ALEXIUM INTERNATIONAL GROUP LIMITED

Quarterly Activities Report for the period to 30 June 2015 Alexium experiences quarter after quarter growth

GROWTH SUMMARY

- During the quarter and leading up to the Appendix 4C the Company received a combined **\$544,000** consisting of cash and near-term commitments from commercial customers and grantors. This includes \$325,000 (USD\$268,000) in purchase orders for FR chemistry
- This quarter marks the third consecutive quarter-over-quarter growth, following two previous quarters of \$100,000 and \$111,000
- **Commenting on Alexium's 4Q performance, Alexium CEO Nicholas Clark said:** "This significant increase in 4Q financial activity clearly shows the penetration of Alexium's chemistries into the marketplace and is a clear indicator of the future trajectory of the company."

ALEXIUM ACTIVITY HIGHLIGHTS

- Increased potential addressable revenue for calendar year 2015 to more than \$10m – with more than 20 engaged customers with a number ramping up to production, thus providing a platform for substantially higher 2016 revenues
- Expanded into the Asian market to accommodate request of a leading US tent manufacturing customer to supply Alexiflam-SYN™ for its production facilities in Asia
- Received Alexiflam™ purchase order and successfully scaled up new customer in the home furnishings market – later moved to full scale production as well as expanding use to additional product lines – potential ongoing annual revenue expected between US\$5m and US\$15m per annum
- Successfully progressed commercial run trials with a supplier to the US Department of Defense for fire retardant (FR) solutions for advanced textiles comprising exotic materials for specific defense sector applications
- Selected to proceed to second stage of development process for new FR uniforms with US Natick Soldier Systems Centre
- Received purchase order for FR formulations from a new customer manufacturing high quality textiles for the European luxury automotive sector – potential ongoing annual revenue opportunity of US\$10m to US\$15m per annum
- Commenced negotiations for exclusive one-year license for the use of Alexiflam™ in commission finishing of decorative fabrics for the home furnishing sector
- Received purchase order for initial shipment of Alexiflam™ formulations from a leading US provider of fabrics in the defense, home furnishings and industrial markets – ongoing orders expected
- US Brigadier USMC (ret) General Stephen Cheney appointed to board as non-executive director
- CEO, Nicholas Clarks meets with key political members on military and commercial discussing FR products.
- Appointment of key new sales and product development staff
- Exhibition at world's largest textile show, Techtextil in Frankfurt – ongoing commercial negotiations with a number of potential customers across a range of sectors

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ABOUT ALEXIUM

Alexium International Group Limited (ASX:AJX, AX:AJX OTC QX: AXXIY) holds proprietary patent applications for a process developed initially by the U.S. Department of Defense, which allows for the surface modification and attachment of nano-particles or multiple chemical functional groups to surfaces or substrates to provide functions such as fire retardancy, water proofing, oil proofing, and anti-microbial treatments. Applications under development include but are not limited to textiles, paints, and packaging, glass and building materials. Alexium's fire retardant chemical treatments are currently marketed for different fabric markets under the Ascalon™, Nuvalon™, and Polytron™, Omnitron™ and Bactron™ trademarks.



Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10

Name of entity

ALEXIUM INTERNATIONAL GROUP LIMITED

ABN

91 064 820 408

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (...12... months) \$A'000
1.1 Receipts from customers	3	74
Other Income/Grants	136	326
1.2 Payments for (a) staff costs	(645)	(2,169)
(b) advertising & marketing	(72)	(186)
(c) research & development	(105)	(261)
(d) leased assets	-	-
(e) other working capital	(587)	(1,995)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	30
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	8	35
Net operating cash flows	(1,253)	(4,146)

	Current quarter \$A'000	Year to date (...12... months) \$A'000
1.8 Net operating cash flows (carried forward)	(1,253)	(4,146)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property	(16)	(45)
(d) physical non-current assets	(30)	(96)
(e) other non-current assets	-	(1)
1.10 Proceeds from disposal of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property		
(d) physical non-current assets		
(e) other non-current assets		
1.11 Loans to other entities		
1.12 Loans repaid by other entities		
1.13 Other (Loans from related entities)		
Net investing cash flows	(46)	(142)
1.14 Total operating and investing cash flows	(1,299)	(4,288)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	8,716	11,922
1.16 Proceeds from sale of forfeited shares		
1.17 Proceeds from convertible notes		
1.18 Repayment of borrowings		
1.19 Dividends paid		
1.20 Other (Share issue, Convertible Note Costs)	(775)	(909)
Net financing cash flows	7,941	11,013
Net increase (decrease) in cash held	6,642	6,725
1.21 Cash at beginning of quarter/year to date	4,965	4,197
1.22 Effects of exchange rate changes on cash	14	699
1.23 Cash at end of quarter	11,621	11,621

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	(215)
1.25	Aggregate amount of loans to the parties included in item 1.11	

1.26 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	2,476	4,965
4.2 Deposits at call	9,145	—
4.3 Bank overdraft		
4.4 Other (provide details)		
Total: cash at end of quarter (item 1.23)	11,621	4,965

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity		
5.2 Place of incorporation or registration		
5.3 Consideration for acquisition or disposal		
5.4 Total net assets		
5.5 Nature of business		

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Nicholas Clark

31 July 2015

Sign here: Date:
(Director/~~Company secretary~~)

Nicholas Clark

Print name:

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.