



## Chemical Innovations

### ALEXIUM INTERNATIONAL GROUP LIMITED

#### Quarterly Activities Report for the Period to 31 December 2014

##### Sales and Marketing:

- Alexium has engaged services of the InnovaNet Group, an Atlanta based consulting firm that assists companies with business growth, technical development and operations enhancement. Their expertise will help Alexium expand its business outside of the textile industry.
- Alexium was invited to participate in a funded program to deliver a next-generation Flame Resistant Army Combat Uniform (FRACU) for the Natick Soldier, RD&E Center and received a \$50,000 grant for their involvement in this effort.
- Alexium received revenue from their first commercial account. This customer is in the decorative fabrics and contract market and is using Alexiflam™ chemistry as a backcoating. .
- Several companies in the transportation industry held production trials using Alexiflam's backcoating treatment.
- The IFAI tradeshow in Minneapolis brought Alexium over 25 leads, 10 of which turned into development projects for the company.
- 2015 tradeshow schedule announced. Alexium is exhibiting at the Techtextil tradeshow in Frankfurt in May, the Techtextil North America tradeshow in Houston in June, and the IFAI tradeshow in Anaheim in October.

##### Operations:

- Dr. Dirk Van Hyning was promoted to the role of General Manager of Operations, where he will lead project management and oversee the sales, research and development, corporate services and applications teams and stage Alexium for maximum growth in 2015.
- Hired Aaron Krech as the Head of Corporate Services to manage financial and logistical functions as Alexium gains new customers.

##### Corporate:

- Craig Metz Appointed as Non-Executive Director
- Alexium formed a partnership with EAS Advisors, who will help promote Alexium to U.S. investors and assist in getting Alexium listed on the NYSE in 2015.
- CEO Nicholas Clark met with legislators in Washington, D.C., to educate them on the innovative and environmentally-friendly flame retardant applications Alexium offers.

# 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")

31 December 2014

### Consolidated statement of cash flows

#### Cash flows related to operating activities

1.1	Receipts from customers
	Other Income/Grants
1.2	Payments for (a) staff costs
	(b) advertising & marketing
	(c) research & development
	(d) leased assets
	(e) other working capital
1.3	Dividends received
1.4	Interest and other items of a similar nature received
1.5	Interest and other costs of finance paid
1.6	Income taxes paid
1.7	Other (GST)

Current quarter \$A'000	Year to date (...6... months) \$A'000
13	62
87	89
(463)	(928)
(56)	(80)
(25)	(87)
-	-
(513)	(879)
7	14
-	-
-	-
13	19
(937)	(1,790)

#### Net operating cash flows

+ See chapter 19 for defined terms.

**Appendix 4C**  
**Quarterly report for entities**  
**admitted on the basis of commitments**

	Current quarter \$A'000	Year to date (...6... months) \$A'000
1.8 Net operating cash flows (carried forward)	(937)	(1,790)
<b>Cash flows related to investing activities</b>		
1.9 Payment for acquisition of:		
(a) businesses (item 5)		
(b) equity investments		
(c) intellectual property	(2)	(17)
(d) physical non-current assets	(13)	(14)
(e) other non-current assets	(1)	(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)		
<b>Net investing cash flows</b>	(16)	(32)
1.14 <b>Total operating and investing cash flows</b>	(953)	(1,822)
<b>Cash flows related to financing activities</b>		
1.15 Proceeds from issues of shares, options, etc.	2,647	2,647
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)	(62)	(112)
<b>Net financing cash flows</b>	2,585	2,535
<b>Net increase (decrease) in cash held</b>	1632	713
1.21 Cash at beginning of quarter/year to date	3,480	4,197
1.22 Effects of exchange rate changes on cash	162	364
1.23 <b>Cash at end of quarter</b>	5,274	5,274

+ See chapter 19 for defined terms.

**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	(112)
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

In 4Q 2014, Alexium continued to build momentum toward revenue generation and significant market impact in early 2015. Over this quarter we made significant progress deep into the scale-up process with over 15 customers, with all of them committing resources to the effort, clearly demonstrating their belief in the product and their desire to see it commercialized. We engaged the services of Atlanta, GA-based InnovaNet, to help Alexium expand its business opportunities outside of traditional textile, fabric and floorcovering markets we are operating in today and we have structured that agreement to drive both immediate and longer-term accounts. We have also staged Alexium to realize significant revenue in 2015 in the military sector by solidifying our relationship with the Department of Defense through Natick via a commercial contract. These efforts from 4Q 2014, along with parallel efforts with prime contractors to the DoD are expected to springboard Alexium heavily into military markets in 2015. Alexium has hired on Aaron Krech, our new Head of Corporate Services, who will, in the coming year, ensure competitive purchasing rates from our suppliers, optimize our cost structure and bolster our logistics process to accommodate growing demand.

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	-	-

+ See chapter 19 for defined terms.

## Appendix 4C

### Quarterly report for entities

### admitted on the basis of commitments

### 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	5,274	3,480
4.2	Deposits at call		
4.3	Bank overdraft		
4.4	Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.23)		5,274	3,480

### 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

- 1 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.
- 2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

*Nicholas Clark*

30 January 2015

Sign here: ..... Date: .....

(Director/~~Company secretary~~)

Nicholas Clark

Print name: .....

+ See chapter 19 for defined terms.

## 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.

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