



ASX Release

8 August 2007

Avexa positioned to launch Phase III clinical trial of ATC

Avexa Limited (ASX: AVX) announced today its full year financial result for 2007. The Company reported a closing cash balance of \$76.9 million and negative operating cash flows for the year of approximately \$15.6 million.

CEO Dr Julian Chick said "The 2007 financial year saw the Company achieve its most significant milestone to date, namely the positive 21 day data for our Phase IIb trial for apricitabine, or ATC. As we announced in March of this year, the challenging clinical endpoint for patients in both cohorts of this trial was exceeded by a substantial margin. Market recognition of the significance of this pivotal achievement, coupled with the acquisition of the North American marketing rights to ATC from Shire Biochem as reported in January, enabled the Company to raise capital of approximately \$76 million through a placement and over-subscribed rights issue."

"We will soon be in a position to release the 24 week data for the Phase IIb trial" continued Dr Chick. "Furthermore, as recently presented by President of the International AIDS Society and a leading HIV investigator, Dr Pedro Cahn, at the International AIDS Society meeting held in Sydney, the drug continues to demonstrate significant clinical activity, be well tolerated and have a high barrier to the emergence of resistance. The fact that sixteen out of a possible eighteen patients have elected to enter the extension study after completing the Phase IIb 48 week study provides further confirmation of the benefit that ATC is providing to patients."

Chairman Dr Hugh Niall added "The Company has considerably strengthened its year end financial position from that of last year, with sufficient cash reserves to complete the current Phase IIb activities, commence the Phase III development programme and advance projects from the Company's earlier stage portfolio through to preclinical and clinical phases of development."

Over the past 12 months Avexa has reported several highlights including:

- Acquisition of an exclusive licence to North American (U.S. and Canada) rights to ATC from Shire Biochem Inc. a subsidiary of Shire Pharmaceuticals Group Plc.
- Successful completion of two Phase I studies, being the Phase I safety cardiac study and a Phase I co-dosing study.
- Announcement of positive results from animal proof of concept studies on its drug candidates for topical and intravenous treatment of drug resistant bacterial infections.



- Entry into a collaboration with TargetDrug of China to identify new CCR5 inhibitors for the treatment of HIV.
- Award of an Australian Government Commercial Ready Grant worth up to \$4.3 million to work with CSIRO's Molecular and Health Technologies division. Avexa will utilise a new fragment based drug design methodology to discover inhibitors of the HIV integrase enzyme that conventional techniques are unable to identify.
- An agreement with Novasep to cover the optimisation and scale up of the manufacturing process for ATC.
- The June 2007 appointment of Dr John Sime to the Board of Directors.

Financial highlights

The operating result for the year ended 30 June 2007 was a loss of \$15.2 million. Net negative cash flows from operations of \$15.6 million for the year are within internal forecasts and include over \$13 million of research and development related activities covering the Phase IIb trial, Phase III preparations and successful conduct of the two Phase I safety studies conducted during the financial year. Net proceeds from capital raising activities during the year amounted to over \$85 million and have contributed to a closing cash position of \$76.9 million, a \$56.7 million increase from last year's closing balance of \$20.2 million.

For more information:

Dr. Julian Chick
Chief Executive Officer
+61 3 9208 4300

Mr Rod North
Bourse Communications
+ 61 (03) 9510-8309

www.avexa.com.au

Avexa Limited is a Melbourne-based biotechnology company with a focus on research and development of drugs for the treatment of infectious diseases, in particular diseases which have a significant unmet medical need. Avexa has dedicated resources and funding for key projects including antiviral drugs targeted against HIV Integrase and an antibiotic alternative for antibiotic-resistant bacterial infections. The Company's lead program is apricitabine (ATC) which has recently successfully completed the 21 day dosing of its Phase IIb trial. The Company continues to progress ATC towards Phase III trials. Avexa has entered into a collaboration with TargetDrug in China to identify new CCR5 inhibitors for the treatment of HIV infections.