



ASX Release

Thursday 22 February 2007

Avexa reports substantial progress for apricitabine

Avexa Limited (ASX: AVX) announced today its financial result for the half year ended 31 December 2006. The Company reported a closing cash balance of \$20.4 million based on an operating cash flow consumption for the half year of approximately \$9.3 million and having raised net proceeds of \$9.5 million from the 2006 Share Purchase Plan.

Commenting on the result CEO Dr Julian Chick said "During the first half year we have made substantial progress with apricitabine (ATC), completing recruitment for our Phase IIb HIV trial in December and recently announcing the acquisition of North American rights for apricitabine.

We have successfully completed a Phase I safety cardiac study and a Phase I co-dosing study for apricitabine and continued preparations for Phase III.

Our Share Purchase Plan was a great success, generating a participation rate of over 40% from our share register to raise net proceeds of \$9.5 million and we thank shareholders for their continued support. These proceeds were put to good effect in late January this year when we secured the license from Shire for the North American rights to apricitabine."

In addition to the progress with apricitabine, during the half year the Company announced positive results from the animal proof of concept studies on its drug resistant bacterial program for topical and IV applications. The Company also entered into a collaboration and in-licensing agreement of a CCR5 HIV drug program.

Dr Chick concluded "I anticipate that 2007 will be an exciting year for Avexa. The Company is well positioned and I am looking forward to the results of the Phase IIb apricitabine trial this quarter and pushing ahead with the commencement of Phase III studies."

Financial highlights

The operating result for the half year ended 31 December 2006 was a loss of \$8.0 million, which included interest revenues on funds invested of \$0.5 million and contract research and development costs of \$4.6 million.

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Avexa 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 for HIV/Aids and an antibiotic alternative for antibiotic-resistant bacterial infections. The Company's lead programme is apricitabine which is currently in Phase IIb clinical trials. Recruitment for Phase IIb was completed at the end of 2006 and the results are due in the first quarter of 2007.