



ASX Release

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Avexa initiates first Phase III sites

Avexa Limited (ASX: AVX) announced today its financial result for the half year ended 31 December 2007. The Company reported a closing cash balance of \$66.6 million based on an operating cash flow consumption for the half year of approximately \$9.9 million.

Commenting on the result CEO Dr Julian Chick said “During the first half year we have finalised the design and preparations for the pivotal clinical trials for our ATC Phase III development programme. Feedback received from both the FDA and EMEA was encouraging and has been incorporated into our protocols. The response from patients concluding the Phase IIb study and enrolling in the extension study has provided further confirmation of the benefits that ATC provides to their treatment regimen.”

“For the first of our two pivotal trials, referred to as AVX-301, we were delighted to be able to announce the significant milestone of first site initiation” continued Dr Chick.

In addition to the Phase III progress for ATC, during the half year the Company reported excellent results in respect of its 24 week Phase IIb data. The 48 week Phase IIb dosing period has since concluded for all remaining patients and the data is expected to be available for release next month.

During the half year the Company nominated clinical candidates for both the antibiotic-resistance and the HIV-integrase programmes. Formal preclinical development is in progress with the goal of filing for IND for both programmes by the end of 2008.

“These programmes complement ATC and provide evidence that Avexa is more than just ATC and has a developing anti-infectives pipeline” added Dr Chick.

Dr Chick concluded “The Company is well positioned and looking forward to enrolling patients in the Phase III trials and to the release of the 48 week Phase IIb data. I anticipate that 2008 will be another eventful and exciting year for Avexa.”



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Financial highlights

The operating result for the half year ended 31 December 2007 was a loss of \$17.3 million, which included interest revenues on funds invested of \$2.4 million and Commercial Ready grant income of \$0.4 million. Contract research and development costs reported of \$14.3 million include product manufacturing and comparator purchase costs in preparation for the Phase III clinical trials.

Operating cash flows of \$9.9 million for the year are within internal forecasts and equity movements for the period comprise the conversion of options to increase equity by \$41,000. The Company reports a net asset position of \$74.3 million and issued share capital of \$137.2 million comprising 406,020,675 ordinary shares on issue.

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Avexa Limited is a Melbourne-based biotechnology company with a focus on research and development of drugs for the treatment of infectious diseases. Avexa has dedicated resources and funding for key projects including its HIV integrase program and an antibiotic program for antibiotic-resistant bacterial infections. The Company's lead program is apricitabine (ATC), an anti-HIV drug which has successfully completed the 24 week dosing of its Phase 2b trial and continues to progress towards Phase 3 trials. Avexa has entered into a collaboration with TargetDrug in China to identify new CCR5 inhibitors for the treatment of HIV.