



ASX Release

Avexa's quarterly cash flow statement: Management conserves cash

Tuesday, 26 July 2005

Research and development biotechnology company Avexa (ASX: AVX) today released its quarterly cash flow statement, indicating a year-end cash position of \$15.7million. These results are unaudited; however, they provide a good guide to the current cash position and the annual cash utilisation for the company.

Total cash consumption for the past 12 months was \$6.8 million of which \$2.5 million was attributable to the purchase and preparation of drug supply for Avexa's lead project, the Phase IIb HIV trial in human patients which began this month. In the 2004/05 financial year Avexa's remaining core business activities had a cash requirement of \$4.3 million.

"We are very aware of the cash available to progress Avexa programs to the next milestones. This cash is carefully being used to develop our programs to those points which increase shareholder value, enhance the probability of success of these programs and enable us to continue to build the company's capacity in anti-infectives," said Avexa Chief Executive Officer, Dr Julian Chick.

"At the current core burn rate we have two years cash and sufficient funds to complete the Phase IIb trial as well as advance our other projects towards the objectives outlined in the Avexa prospectus dated the 17th of February, 2005."

About Avexa

Avexa Limited is a Melbourne-based biotechnology company with a focus on research and development of anti-infectives. The company is developing drugs for the treatment of infectious 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 program is AVX754, in-licensed from Shire in January 2005.

For more information:

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

AVEXA LIMITED

ABN

53 108 150 750

Quarter ended ("current quarter")

30 June 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date 12 mths \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) staff costs	(436)	(1,335)
(b) advertising and marketing	(29)	(70)
(c) research and development	(2,474)	(4,109)
(d) leased assets	(85)	(317)
(e) Laboratory consumables	(121)	(261)
(f) Occupancy	(53)	(217)
(g) Legal and professional	(215)	(484)
(h) Corporate administration	(13)	(101)
(i) Insurance	(5)	(170)
(j) Other working capital	(229)	(696)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	239	625
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – GST refunds	58	261
Net operating cash flows	(3,363)	(6,874)

+ See chapter 19 for defined terms.



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	Current quarter \$A'000	Year to date 12 months \$A'000
1.8 Net operating cash flows (carried forward)	(3,363)	(6,874)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	(93)	(133)
(e) other non-current assets	-	-
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	-	-
Net investing cash flows	(93)	(133)
1.14 Total operating and investing cash flows	(3,456)	(7,007)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	5,056	23,521
Costs of capital raising	(90)	(873)
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other – proceeds received for take on of employee entitlements	-	86
Net financing cash flows	4,966	22,734
Net increase (decrease) in cash held	1,510	15,727
1.21 Cash at beginning of quarter/year to date	14,217	-
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of quarter	15,727	15,727

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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	86
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Payments to directors comprises executive director salary plus non-executive director fees for the quarter.

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

Intellectual property was acquired from Amrad Corporation Limited for consideration of \$12 million satisfied through the issue of Avexa Limited share capital. This intellectual property is currently being amortised over a 24 month period resulting in a non-cash monthly charge of \$500,000 to the profit and loss account, which commenced in the month of July 2004.

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

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	None	Not applicable
3.2	Credit standby arrangements	None	Not applicable
3.3	Credit card facility	5	Nil

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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	15,727	14,217
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	15,727	14,217

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

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 give a true and fair view of the matters disclosed.

Sign here 
(Director)

Date: 26/07/05

Print name: Dr Julian Chick

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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 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting 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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