



ASX Release

Avexa Half Yearly Report: Phase IIb spearheads dynamic half-year

13 February 2006

Research and development biotechnology company Avexa Ltd (ASX:AVX) today reported its half yearly results.

“We have progressed well, used our cash effectively and achieved a number of initiatives over the past six months” said Avexa’s Chief Executive Officer Dr Julian Chick. “Most importantly we have initiated a Phase IIb clinical trial with AVX754, our lead HIV/AIDS drug candidate. Feedback on our development plan for AVX754 from the US Food and Drug Administration (FDA) has been very encouraging, as have similar discussions with the European agencies”.

In October last year Avexa also met with an international panel of independent world renowned experts in the clinical management of HIV. Their feed-back indicated that the company would be well placed to move further along the drug development pathway with AVX754 once the Phase IIb trial was completed. “We are now well positioned to move forward into Phase III trials of AVX754 after a successful completion of our current Phase IIb trial” continued Dr Chick “To prepare for the Phase III trials we will be undertaking a number of activities over the next six months so that we can progress the development of AVX754 as rapidly and cost effectively as possible”.

“With regard to Avexa’s earlier stage programs, an animal proof of concept study for our antibacterial project to overcome multidrug-resistance has commenced. The imperative for this proof of concept study has been increased due to significant antibacterial findings by a number of independent groups who have collaborated on the testing of the lead compounds. We believe that positive results from this proof of concept trial in the second half year will be a significant value driver for this program”.

“In an effective effort to increase Avexa’s access to novel chemical entities that have the potential to become new drugs, we have entered into collaboration with CSIRO, one of the world’s most diverse scientific global research organisations. Together we are working towards the discovery of new drugs for the treatment of serious human viral diseases. We have also recently announced the collaboration with British company MNLpharma in the area of HIV integrase to access their library of novel plant derived compounds”.



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The operating result for the half year was a loss before amortisation of \$4.4 million. The company has adopted an aggressive write down of its intellectual property over a two year period and this resulted in an amortisation charge of \$3 million, creating an overall loss of \$7.4 million. Avexa's cash consumption was below budget at \$4.1 million, thereby preserving cash to a closing balance of \$11.6 million as at 31 December 2005.

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About Avexa

Avexa Limited is an ASX-listed 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 is focused on developing therapies for the treatment of HIV/AIDS and other viral infections, and an antibiotic alternative for antibiotic-resistant bacterial infections. The company recently in-licensed the Phase II stage drug, AVX754, from global specialty pharmaceutical company Shire Pharmaceuticals Group. Avexa is currently undertaking Phase IIb trials on AVX754 with results expected in the first half of 2006. Avexa has followed the ASX Code of Best Practice for Biotechnology Companies in preparing this announcement.