

**A V E X A**

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ASX Release

AVEXA LIMITED ANNOUNCES HALF YEARLY RESULTS

Melbourne, Australia, 25 February 2009: Avexa Limited ("Avexa") (ASX: AVX) today reports its financial results for the half-year ended 31 December 2008. During this six month period, Avexa secured a favourable amendment to the apricitabine ("ATC") licence agreement with Shire Pharmaceuticals Group Plc ("Shire"), successfully closed recruitment for the first stage of ATC's pivotal Phase III trial, and executed a merger implementation agreement with Progen Pharmaceuticals Ltd ("Progen").

In August 2008, Avexa amended its licence agreement with Shire to remove future milestone payments and significantly reduce sales royalties on ATC, Avexa's lead compound for the treatment of HIV. As a result of the renegotiation, Avexa will retain greater flexibility around partnering ATC and believes a substantially greater proportion of the anticipated future commercial value of ATC will accrue for the benefit of Avexa shareholders. The consideration for the amendment provided to Shire was in the form of an issue of US\$5 million worth of new Avexa shares, which equated to A\$5.75 million at prevailing foreign currency rates of exchange, and which has been recognised as an increase in equity and corresponding increase in carrying value of the intangible asset in the balance sheet.

"The first half of the year has been very productive for the company and is highlighted by the continued progress, and therefore increased value, in the development of our lead project, ATC," said Julian Chick, PhD, Avexa's Chief Executive Officer. "Just prior to our AGM in late November, we announced completion of recruitment for the first stage of the Phase III trial. We now look forward to announcing the results from this stage in the second quarter of 2009 and the release of the 96 week data from our Phase IIb ATC trial by the end of the first quarter of 2009."

"The merger with Progen provides the opportunity to create a truly exciting biotechnology company that will provide a portfolio of large market opportunities," added Nathan Drona, Avexa's Chairman. "The company was recently granted Supreme Court approval to proceed with the Avexa scheme meeting and we look forward to receiving the support of our shareholders to approve this merger which allows for a clear path towards the very important milestone of week 24 Phase III data for ATC."

Financial highlights

The operating result for the half year ended 31 December 2008 was a loss of \$21.0 million, of which \$16.5 million was incurred directly in research and development activities mainly associated with the continued advancement of ATC. Operating cash flows of \$22.8 million for the year are within internal forecasts and reflect the acceleration of Phase III activity to close recruitment prior to the end of the half year such that the Phase III clinical trial is currently in maintenance mode until the release of week 16 data in the second quarter of calendar 2009.

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Interest revenues for the period of \$1.2 million within a total revenue figure of \$1.8 million reflect progressive reductions in interest rates generated on lower cash balances. Other revenues comprise sub-lease rental income of \$0.25 million and Commercial Ready grant income of \$0.36 million.

Equity movements for the period comprise the issue of 18.6 million shares to Shire to the value of US\$5 million converted to A\$5.75 million.

The Company reports a net asset position of \$40.8 million, issued share capital of \$143.0 million comprising 424,675,014 ordinary shares on issue at balance date, and closing cash of \$20.5 million.

About Avexa

Avexa Limited is a Melbourne-based biotechnology company with a focus on discovery, development and commercialisation of small molecules for the treatment of infectious diseases. Avexa has dedicated resources and funding for key projects including ATC, 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 that has successfully completed the 48 week dosing of its Phase IIb trial and is currently in Phase III trials worldwide.

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