



## **ASX Release**

### **Chairman's Address**

20 November 2007

These days the electronic media do a great deal of the Chairman's job over the year as far as communicating with shareholders is concerned. So I am sure most of you will be up to date with what has happened at Avexa since we met at last year's AGM, through reading our web page, following our announcements made through the ASX, perusing our periodic newsletters to shareholders and reading the coverage in the media.

Today I will take the opportunity to briefly update you on some of the highlights of the past year. I will then hand over to our Chief Executive, Dr. Julian Chick, for a more detailed report covering the company's operations. Could you please hold any questions until after Julian's presentation?

In the past year the company has been re-rated by the market in a very positive way reflecting its achievements which are a credit to management and a vote of confidence in Dr Chick and his management team.

One of the key highlights, of course, was the success of the Phase IIb trial of Apricitabine or ATC, our HIV treatment and lead development program. Subsequently \$79 million was raised from local and overseas investors. These funds will largely be applied toward the Phase III trial expenses, with a small proportion used for other operating expenses of the company.

The development of ATC was moved forward by the completion of two ancillary trials requested by the FDA, and, importantly, by the completion and reporting in September of positive 24 week data from the IIb trial. In a strategic move we also bought back from Shire plc the North American rights to ATC. The company now has global marketing rights to ATC which will provide much greater control and flexibility in the commercialization of the drug in due course.

While the main driver of the company's re-rating is certainly the ATC program, several preclinical projects continue to move forward, providing diversity in our overall portfolio and a promising base for future clinical programs. Dr Chick will give some additional detail on these activities.

Next I would like to tell you something about the medium to long term positioning of the company and our preparations for Phase III trials of ATC.

First let me deal with some basics that set the scene: HIV is not going to go away any time soon. The recent failure of the massive Merck-sponsored HIV vaccine trial is a reminder of how hard it is going to be to eradicate HIV and one would have to guess it is decades, not years, away.



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In the meantime and for the foreseeable future HIV will continue to be treated not with single drugs but, as is the case now, with combinations of drugs of different classes.

Thus ATC will be best used in different combinations with different drugs and possibly in more than one dosage. This will open up multiple options for the use of ATC— expanding its market and creating the most value for Avexa..

In recent weeks our management has been reviewing all the inputs we have on the ATC program , including the recent 24 week data . Before long we will have significant 48 week data. We have also recently been able to have detailed discussions with the FDA and with European regulators and got their feedback on ATC and their reaction to some of our proposals on the design of Phase III trials. You will hear much more on this from Dr. Chick, but I will just say here that the feedback is extremely encouraging in relation to the Phase III trial design and very positive about ATC in general.

Now that we have both the excellent clinical Phase IIb results and the positive feedback from the FDA, we are in a good position to consider the options for partnering the ATC program. An ideal partner might be one that owns or sells HIV drugs that are in classes that are a natural fit with ATC. This could be mainly a marketing-based partnership. Or it could be more of a co-development partnership with sharing of costs. We are starting to explore these possibilities in some preliminary discussions within the industry.

I will now hand over to our CEO, Dr Julian Chick who will give you an update on the Company's operations.

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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. Avexa continues to progress ATC towards Phase 3 trials. Avexa has entered into a collaboration with TargetDrug in China to identify new CCR5 inhibitors for the treatment of HIV infections and has an exclusive option to license TargetDrug's lead CCR5 inhibitor, nifeviroc.