AVEXA

Avexa Limited
ABN 53 108 150 750
576 Swan Street Richmond
Victoria Australia 3121

Telephone 61 3 9208 4300
Facsimile 61 3 9208 4004
Website www.avexa.com.au

Company Announcement

Avexa Half Yearly Report: Avexa advances under new alliances

31 January 2005

Today anti-infectives drug development company Avexa Limited (ASX: AVX) reported a loss before amortisation of $2.1 million for the six months to 31 December 2004. The writing down of the intellectual property over a two year period resulted in an amortisation charge of $3 million for the period, creating an overall loss of $5.1 million. During the period Avexa's cash consumption was below budget at under $2 million. Avexa currently has a balance of $10 million from the $12 million cash it de-merged with on 1 July 2004.

"It is very encouraging news that each of our projects is progressing well, and yet we have effectively used our cash during the period," said Avexa's Chief Executive Officer Dr Julian Chick.

"The current cash position and outlook reflect initiatives to increase the cost effectiveness of the company's chemistry through our China-based collaboration with the Shanghai Institute of Organic Chemistry (SIOC) as well as to improve relationships with Australian academic groups. These savings have generated additional financial resources to accelerate the three key projects outlined during our de-merger process."

Avexa announced earlier this month that it had in-licensed a Phase II HIV drug from Shire Pharmaceuticals and is planning take the drug into a Phase IIb trial immediately. Avexa has retained Wilson HTM Investment Group to raise capital for this trial, with the intention of enrolling the first patient by the middle of this year. The results of the Phase IIb trial are due in the first quarter of 2006, with the product then due on the market by 2009.

Avexa is expecting the results from animal studies for its Hepatitis B compound in the second quarter of 2005. Avexa reported on 10 January 2005 independent results showing inhibition of a number of hospital-derived, drug-resistant bacteria by a series of compounds it has been working on in the company's antibacterial project. A lead compound is expected to be in an animal study by the end of the year.

For more information:

Dr Julian Chick
Chief Executive Officer
Avexa Limited
+61 3 9208 4300
www.avexa.com.au

Jane Cotter
Oxygen Financial PR
+61 438 775 997

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 has dedicated resources and funding for its three key projects: antiviral drugs for HIV/AIDS and hepatitis, and an antibiotic alternative for antibiotic-resistant bacterial infections. This announcement has been prepared in line with the biotechnology industry reporting guidelines.