*Rule 4.3A*

# Appendix 4E

## Preliminary final report for the year ended 30 June 2014

Name of entity:

Avexa Limited

ABN:

53 108 150 750

### Results for announcement to the market

| | *$A'000* |
|---|---|
| Total Revenue: | Decrease of 76.2% to 601 |
| Loss from ordinary activities after tax attributable to members: | Decrease of 2.7% to (2,897) |
| Net loss for the year attributable to members: | Decrease of 2.7% to (2,897) |

**Dividends**

It is not proposed to pay dividends.

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2014.

No explanation considered necessary to explain any of the above other than as provided within this report.

### Commentary on results for the year and significant information

### Principal activities

There have been two principal activities for the Group during the course of the financial year. Firstly, the research and development, for commercialisation, of anti-infective pharmaceutical programs and projects and secondly, the prosecution of an investment in the North Pratt coal mine as a funding vehicle for the Company's research projects**.** The Company is a public company listed on the ASX, incorporated and domiciled in Australia, and with a registered office and principal place of business located at Suite 8, Level 1, 61-63 Camberwell Road, Hawthorn East, VIC 3123. Except as disclosed elsewhere in this Report, there have been no significant changes in the nature of these activities during the year.

**Review and results of operations**

The Company reported a net loss of $2.9 million for the 2014 financial year; this was 2.7% less than the $3.0 million loss of 2013.

Net cash utilised through operating activities for the 2014 financial year was $1.7 million, a 37% decrease on the $2.7 million spent in the prior year.

On 30 December 2013 the Company allotted and issued 77,961,787 new shares under the Share Purchase Plan (SPP) announced on 14 November 2014. The SPP raised $1,013,500 which will provide further working capital for the Company.

**Key matters impacting the result for Avexa this year were**:

1. **Drug Development programmes**

   **(a) ATC**

- Continued growth in the number of HIV-infected persons requiring treatment
- Treatment regimens containing cytidine drugs (such as ATC) more effective than those without
- Preparation of an Early Access Programme for the provision of ATC under a Named Patient Scheme, together with our partner LINK Healthcare
- Preparation of stocks of ATC for Early Access/Named Patient Scheme
- Preparations towards further manufacture of ATC for commercial supply

   **(b) HIV Integrase and anti-bacterial (early stage)**

- HIV integrase inhibitors established as very important components of therapy
- Need for a once daily second line stand alone HIV integrase inhibitor
- Expansion of the library of HIV integrase inhibitors
- Further characterisation of additional integrase inhibitors in the Avexa series with regards to antiviral activity and in vitro pharmacokinetic parameters
- Preparation and prosecution of comprehensive patents covering Avexa's integrase inhibitors in key markets worldwide
- Hospital-acquired infection with *Clostridium difficile* becoming increasingly serious
- In collaboration with Valevia, initiated pre-clinical studies to characterize the activity of the lead anti-bacterial compound against *Clostridium difficile* under a grant from the UK Technology Strategy Board

2. **Corporate**

- On December 11th 2013 Avexa announced that it had finalised the investment in the North Pratt coal project (Coal Holdings USA LLC 'CHUSA'). Importantly, Avexa's investment and loan had reduced to a total of US$8M from the previously indicated US$10M.
- Two very experienced mining professionals, Mr Robert Payne and Mr Rick Acosta, have been appointed to the positions of General Manager and CFO/Financial controller respectively. Between them they have over 30 years' experience in the Coal mining and supply industry.
- Significant progress has been made in rehabilitating the mine and building the infra-structure of the mine site including the roadway, wash plant foundations, scale house, bath house and mine offices. At the date of this report the mine has been opened, rehabilitated and being prepared for coal production.
- The project is currently on schedule with an anticipated production start-up date towards the end of Q3 / beginning of Q4 calendar year 2014.
- Based on a sale price of US$100/ton, the mine is expected to generate revenue of US$51m p/a gross. It is intended to leverage this investment to underpin the financing of the AVX-305 trial and complete the clinical development of ATC.

**Outlook and risks**

Avexa's primary long term goal is to complete the final clinical development of ATC required to gain marketing approval.

- In order to fund this the Board has made an investment in CHUSA.
- The CHUSA investment is expected to provide the financial foundation to initiate clinical development of ATC, through revenues or other mechanisms.

The ability of the consolidated entity to meet operating cash requirements for the next 12 months and beyond is dependent on cash flows being generated from the successful execution of the CHUSA business plan. This is dependent on a number of factors, including, among others, assumptions relating to start-up costs, sales volumes, coal prices, working capital requirements and regulatory compliance.

The same risks apply to actions planned as they are dependent on these revenues.

Preparation and manufacture of drug product containing ATC for the named patient scheme has been initiated.

- ATC product is expected to be available to supply to patients before the end of calendar year 2014.
- Clinical use of ATC is subject to the usual risks for pharmaceutical products, including production, transport, and clinical risk.
- Initiation of clinical trial activities is expected to occur once sufficient funds are available from the investment in CHUSA.

For a fuller description of the Company's activities in the 2014 financial year please refer to the attached Directors' Report and Financial Statements.

**Actions subsequent to year end**

In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the directors' of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**Statement of comprehensive income**
**For the year ended 30 June 2014**

| | Note | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|---|
| Revenue from operating activities | | 295 | 617 |
| Other income from ordinary activities | | - | 452 |
| Finance income | | 306 | 1,451 |
| **Total revenue** | 1(a) | **601** | **2,520** |
| Contract research and development costs | 1(c) | (493) | (286) |
| Employee expenses | | (1,097) | (1,206) |
| Share-based payment expense | | 37 | (53) |
| Depreciation expense | 1(b) | (15) | (164) |
| Loss on disposal of equipment | 1(b) | - | (88) |
| Occupancy | | (66) | (1,323) |
| Consulting | | (104) | (133) |
| Professional costs | | (374) | (445) |
| Travel and accommodation | | (28) | (37) |
| Raw materials and consumables used | | - | (3) |
| Asset management expenses | | (20) | (38) |
| Insurance | | (95) | (98) |
| Corporate administration | | (98) | (139) |
| Intellectual property | | (392) | (555) |
| Other expenses from ordinary activities | 1(b) | (12) | (64) |
| Share of net loss of equity accounted associate | 23 | (104) | - |
| Net finance expense | | (637) | (860) |

| | | | |
|---|---|---|---|
| **Profit / (loss) from ordinary activities before related income tax expense** | | **(2,897)** | **(2,972)** |
| Income tax expense | | - | **(5)** |
| **Net (loss) / profit attributable to owners of the Company** | | **(2,897)** | **(2,977)** |
| **Other comprehensive income** | | | |
| **Items that may be reclassified subsequently to the income statement** | | | |
| Net change in fair value of available for sale financial assets | | **-** | **(566)** |
| Foreign Currency Translation Reserve | | **(225)** | **-** |
| **Total comprehensive (loss)/income for the period attributed to owners of the Company** | | **(3,122)** | **(3,543)** |
| Basic earnings per share (cents per share) | | **(0.33)** | **(0.35)** |
| Diluted earnings per share (cents per share) | | **(0.33)** | **(0.35)** |

## Statement of changes in equity for the year ended 30 June 2014

| | Issued capital $'000 | Accumulated losses $'000 | Fair Value Reserve | Foreign currency translation reserve | Total Equity $'000 |
|---|---|---|---|---|---|
| **Opening balance as at 1 July 2013** | **182,523** | **(168,853)** | **(131)** | | **13,539** |
| **Comprehensive income/(loss) for the period** | | | | | |
| Loss | - | (2,897) | - | - | (2,897) |
| Total other comprehensive income | - | - | - | (225) | (225) |
| **Total comprehensive income for the period** | **-** | **(2,897)** | **-** | **(225)** | **(3,122)** |
| Transfer from Fair Value Reserve | - | - | 131 | - | 131 |
| Issue of ordinary shares pursuant to Share Purchase Plan | 1,014 | - | - | - | 1,014 |
| Transaction costs relating to issue of ordinary shares | (54) | - | - | - | (54) |
| Equity settled share-based payment transactions | - | (37) | - | - | (37) |
| **Total transactions with owners** | **960** | **(37)** | **131** | **-** | **1,054** |
| **Closing balance as at 30 June 2014** | **183,483** | **(171,787)** | **-** | **(225)** | **11,471** |

## Statement of changes in equity for the year ended 30 June 2013

| | Issued capital $'000 | Accumulated losses $'000 | Fair Value Reserve | Foreign currency translation reserve | Total Equity $'000 |
|---|---|---|---|---|---|
| **Opening balance as at 1 July 2012** | **182,523** | **(165,929)** | **435** | **-** | **17,029** |
| **Comprehensive income/(loss) for the period** | | | | | |
| Loss | - | (2,977) | - | - | (2,977) |
| Total other comprehensive income | - | - | (566) | - | (566) |
| **Total comprehensive income for the period** | **-** | **(2,977)** | **(566)** | **-** | **(3,543)** |
| Issue of ordinary shares pursuant to placement | - | - | - | - | - |
| Issue of ordinary shares pursuant to share purchase plan | - | - | - | - | - |
| Equity settled share-based payment transactions | - | 53 | - | - | 53 |
| **Equity-related transactions** | **-** | **53** | **-** | **-** | **53** |
| **Closing balance as at 30 June 2013** | **182,523** | **(168,853)** | **(131)** | **-** | **13,539** |

**Statement of financial position**
**As at 30 June 2014**

| | Note | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|---|
| **Current assets** | | | |
| Cash assets | 3 | 3,362 | 11,869 |
| Receivables | 4 | 1,828 | 1,418 |
| Investments | 7 | 154 | 659 |
| Other | 8 | 46 | 47 |
| Total current assets | | **5,390** | **13,993** |
| **Non-current assets** | | | |
| Intangible assets | 5 | - | - |
| Investments in CHUSA | 23 | 4,158 | - |
| Loans to other Entities | 4 | 2,352 | - |
| Plant and equipment | 6 | 23 | 20 |
| Total non-current assets | | **6,533** | **20** |
| **Total assets** | | **11,923** | **14,013** |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 254 | 279 |
| Employee benefits provisions | 10 | 185 | 183 |
| Total current liabilities | | **439** | **462** |
| **Non-current liabilities** | | | |
| Employee benefits | 10 | 13 | 12 |
| Total non-current liabilities | | **13** | **12** |
| **Total liabilities** | | **452** | **474** |
| **Net assets** | | **11,471** | **13,539** |
| **Equity** | | | |
| Issued capital | 11 | 183,483 | 182,523 |
| Fair Value Reserve | | - | (131) |
| Foreign Currency Translation Reserve | | (225) | - |
| Accumulated losses | 2 | (171,787) | (168,853) |
| **Total equity** | | **11,471** | **13,539** |

**Statement of cash flows**
**For the year ended 30 June 2014**

| | Note | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Cash receipts in the course of operations | | 15 | 384 |
| Cash payments in the course of operations | | (2,667) | (4,262) |
| R&D Incentive | | 617 | 558 |
| Interest received | | 347 | 639 |
| Net cash used in operating activities | 22 | **(1,688)** | **(2,681)** |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | (20) | (10) |
| Payments for equity investments | | (4,470) | - |
| Proceeds from disposal of listed equity investments | | - | 2,422 |
| Working capital loan to Coal Holdings USA,LLC | | (3,159) | (494) |
| Proceeds from disposal of assets | | 2 | 62 |
| Net cash used in investing activities | | **(7,647)** | **1,980** |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares pursuant to share purchase plan | | 1,014 | - |
| Share issue costs | | (54) | - |
| Net cash used in financing activities | | 960 | - |
| **Net (decrease) / increase in cash held** | | **(8,375)** | **(701)** |
| Cash at the beginning of the financial year | | **11,869** | **12,570** |
| Effect of exchange rate fluctuations on cash held | | **(132)** | **-** |
| Cash at the end of the financial year | 21 | **3,362** | **11,869** |

Notes to the Statement of financial performance

## 1 Revenue and expenses from ordinary activities

| **(a) Revenues** | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|
| R&D Incentive | 295 | 617 |
| Government grants | - | - |
| Lease income | - | 452 |
| Finance income | 306 | 1,451 |
| **Total revenue from ordinary activities** | **601** | **2,520** |

| | | |
|---|---|---|
| **(b) Expenses** | | |
| Depreciation of plant and equipment | (15) | (164) |
| Loss on disposal of plant and equipment | - | (88) |
| Contract research and development (Note 1(c)) | (493) | (286) |
| Amounts recognised to provisions for: | | |
| - Employee benefits | 99 | 89 |
| Finance expense | (637) | (860) |
| **Other expenses:** | | |
| - Advertising and promotion | (103) | (64) |
| - Workplace administration | (28) | (29) |
| - Foreign exchange (gains)/losses | 128 | (67) |
| - Other expenses | (9) | (38) |
| **Total Other expenses** | **(12)** | **(64)** |

### (c) Research and Development (R&D)

| | | |
|---|---|---|
| Contract research and development expenditure | (493) | (286) |
| Direct research and development expenditure | (880) | (1,382) |
| **Total R&D expenditure for the year** | **(1,373)** | **(1,668)** |

**Notes to the Statements of changes in equity, financial position and cash flows**

## 2 Accumulated losses

| | | |
|---|---|---|
| Accumulated losses at the beginning of the financial year | (168,853) | (165,929) |
| Net loss attributable to owners of the company | (2,897) | (2,977) |
| Share-based payment expense | (37) | 53 |
| Accumulated losses at the end of the financial year | **(171,787)** | **(168,853)** |

## 3 Cash assets

| | Current period - $A'000 | Previous corresponding period - $A'000 |
|---|---|---|
| Cash at bank and on hand | 694 | 132 |
| Bank short term deposits | 2,668 | 11,737 |
| Cash assets | **3,362** | **11,869** |

Interest on cash at bank is credited at prevailing market rates. The weighted average interest rate at reporting date was 2.8% (2013:4.4%).

## 4 Receivables

| | | |
|---|---|---|
| **Current** | | |
| Trade and other receivables | 133 | 240 |
| R&D Incentive and other tax receivables | 295 | 617 |
| Working capital loan – Coal Holdings USA, LLC | 1,400 | 561 |
| Total Current Receivables | **1,828** | **1,418** |
| **Non-Current** | | |
| Working Capital Loan – Coal Holding USA, LLC (1) | 2,352 | - |
| Total Non-Current Receivables | **2,352** | **-** |

(1 The working capital loan to Coal Holding USA, LLC (CHUSA) was secured by a fixed and floating charge over the assets of CHUSA and its subsidiary company, North Pratt Coal Holdings LLC.

## 5 Intangibles

| | | |
|---|---|---|
| North American marketing licence for apricitabine (ATC) – at cost | 25,762 | 25,762 |
| Less: Provision for impairment | (25,762) | (25,762) |
| | - | - |
| Intellectual property – at cost | 12,000 | 12,000 |
| Less: Accumulated amortisation | (12,000) | (12,000) |
| Total intangibles | **-** | **-** |

Following a General Meeting of shareholders in July 2010, the new directors of the Company initiated an independent review of the Company's assets including apricitabine (ATC), to which the internally generated, indefinite life intangible asset relates. Should future decisions and actions in regard to ATC result in the directors of the Company having the opinion that some value has been restored to this intangible asset, the existing provision for impairment may be reversed to the extent that the directors believe to be prudent and that value will be reflected in the Company's balance sheet. For the financial year 2014, the directors still consider the intangible assets nil valuation is appropriate.

## 6 Plant and equipment

| | Current period - $A'000 | Previous corresponding period - $A'000 |
|---|---|---|
| Plant and equipment (at cost) | 436 | 438 |
| Less: Accumulated depreciation | (413) | (418) |
| Property, plant and equipment | **23** | **20** |

## 7 Investment

| | | |
|---|---|---|
| **Current** | | |
| Financial assets classified as held for trading | - | 40 |
| Financial assets classified as available for sale | 154 | 619 |
| Total Current Investments | **154** | **659** |

## 8 Other assets

| | | |
|---|---|---|
| Prepayments | **46** | **47** |

## 9 Trade and other payables

| | | |
|---|---|---|
| Trade creditors and accruals | **254** | **279** |

## 10 Employee benefits

| | | |
|---|---|---|
| **Current** | | |
| Employee benefits | **185** | **183** |
| **Non-current** | | |
| Employee benefits | **13** | **12** |

The discount rate adopted in the present value calculation of non-current employee entitlements is 3.2% (2013: 4.1%). The carrying value of employee entitlements approximates fair value.

## 11 Issued Capital

| Issued and paid up capital | 2014 | | 2013 | |
|---|---|---|---|---|
| | $'000 | Number | $'000 | Number |
| 925,560,566 (2013: 847,688,779) ordinary shares, fully paid | 182,523 | 847,688,779 | 182,523 | 847,688,779 |

**Movements in issued capital during the year were as follows:**

| | | | | |
|---|---|---|---|---|
| Issued capital at the beginning of the financial year | 182,523 | 847,688,779 | 182,523 | 847,688,779 |
| Issue of shares pursuant to Share Purchase Plan | 1,014 | 77,961,787 | - | - |
| Issue of shares pursuant to placement | - | - | - | - |
| Transaction costs relating to Rights Issue and placements | (54) | - | - | - |
| **Issued capital at the end of the financial year** | **183,483** | **925,560,566** | **182,523** | **847,688,779** |

**Options to acquire ordinary shares**

During the financial year nil (2013: nil) options were issued to employees under the Avexa Employee Share Option Plan. Nil (2013:nil) options were issued to directors. 4,190,000 (2013: 3,080,000) options held by employees or directors lapsed or were forfeited and nil (2013: nil) were exercised. Movements in options for the 2014 financial year comprise the following:

**2014 Options**

| Options | Exercise Price | No of options at beginning of year | Options granted | Options lapsed / forfeited | Options exercised | No of options at end of year |
|---|---|---|---|---|---|---|
| Total employee options | $0.13 | 190,000 | - | (190,000) | - | - |
| Total directors options | $0.06 | 4,000,000 | - | (4,000,000) | - | - |
| **Total options** | | **4,190,000** | **-** | **(4,190,000)** | **-** | **-** |

2013 Options

| | | | | | | |
|---|---|---|---|---|---|---|
| Total employee options | $0.13 | 3,270,000 | - | (3,080,000) | - | 190,000 |
| Total directors options | $0.06 | 4,000,000 | - | - | - | 4,000,000 |
| **Total options** | | **7,270,000** | **-** | **(3,080,000)** | **-** | **4,190,000** |

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## 12 Net tangible assets per ordinary security

| | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|
| Net tangible assets | **11,471** | **13,539** |
| Issued share capital at reporting date | **Shares 925,560,566** | **Shares 847,688,779** |
| Net tangible assets per ordinary security | **1.2 cents** | **1.6 cents** |

## 13 Earnings per share (EPS)

| | **Current period - $A'000** | Previous corresponding period - $A'000 |
|---|---|---|
| a) Earnings reconciliation | | |
| **Basic earnings per share (cents per share)** | **(0.33)** | (0.35) |
| **Diluted earnings per share (cents per share)** | **(0.33)** | (0.35) |
| Net loss: | | |
| Basic earnings | **(2,897)** | **(2,977)** |
| Diluted earnings | **(2,897)** | **(2,977)** |
| b) Weighted average number of shares | **Number** | **Number** |
| Number for basic earnings per share: | | |
| Ordinary shares | **888,058,033** | **847,688,779** |
| Number for diluted earnings per share: | | |
| Ordinary shares | **888,058,033** | **847,688,779** |
| Effect of share options on issue | **-** | **-** |
| | **888,058,033** | **847,688,779** |

## 14 Returns to shareholders

There have been no returns to shareholders during the financial year.

## 15 Control gained over entities having material effect

There are no entities having material effect over which the Company gained control during or subsequent to the financial year ended 30 June 2014.

## 16 Loss of control of entities having material effect

There are no entities over which the Company lost control during or subsequent to the financial year ended 30 June 2014.

## 17 Non-cash financing and investing activities

There have been no non-cash financing and investing transactions during the 2014 financial year (2013: nil) which have had a material effect on assets and liabilities of the Company.

## 18 Segment reporting

The Company operates within two business segments (anti-infective research and development and investments). Although the Company's clinical trials were conducted in a number of countries there was no income derived from these activities, as such activities were controlled from Australia.

**Information about reportable segments**

| | Research & Development | | Investments | | Total | |
|---|---|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 | **2014** | 2013 |
| | **$'000** | $'000 | **$'000** | $'000 | **$'000** | $'000 |
| External revenues | 295 | 1,069 | - | - | 295 | 1,069 |
| Inter-segment revenue | - | - | - | - | - | - |
| Interest revenue | 196 | 596 | 110 | 27 | 306 | 623 |
| Finance Expense | - | - | - | (32) | - | (32) |
| Impairment charge | - | - | 637 | - | 637 | - |
| Share of net profit/(loss) of associate accounted for using the equity method | - | - | (104) | - | (104) | - |
| Depreciation | 15 | 252 | - | - | 15 | 252 |
| Reportable segment profit/(loss)before tax | (2,982) | (2,787) | 85 | (185) | (2,897) | (2,972) |
| Reportable segment total assets | 3,763 | 12,763 | 8,160 | 1,250 | 11,923 | 14,013 |
| Investment accounted for using the equity method | - | - | 4,158 | - | 4,158 | - |
| Reportable segment total liabilities | 432 | 472 | 20 | 2 | 452 | 474 |

The aggregate of the assets, liabilities and profits for each segment is the Group total

## 19 Factors affecting the results in the future

In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except:

Following an investment and loan to Coal Holdings USA LLC (CHUSA) in February 2014, the Company's cash reserves have been significantly reduced. The ability of the consolidated entity to meet operating cash requirements for the next 12 months and beyond is dependent on cash flows being generated from the successful execution of the business plan of CHUSA, which is dependent on a number of factors that may or may not occur as expected, including assumptions relating to start-up costs, sales volumes, coal prices, working capital requirements and regulatory compliance. In addition, in order to meet the forecast operating cash requirements, the Company may need to raise funds from other sources, which may include raising capital, securing debt facilities or monetising the Group's existing portfolio of intangible assets. Cash flows from this investment will contribute towards the funding of the AVX-305 Phase III clinical trial of apricitabine (ATC).

## 20 Franking credits available

There are no franking credits available at reporting date.

## 21 Reconciliation of cash

Reconciliation of cash at the end of the financial year (as shown in the statement of cash flows) to the related items in the accounts is shown in the following table.

| | Current period - $A'000 | Previous corresponding period - $A'000 |
|---|---|---|
| Cash on hand and at bank | 694 | 132 |
| Bank short term deposits | 2,668 | 11,737 |
| | **3,362** | **11,869** |

## 22 Reconciliation of loss from ordinary activities after related income tax to net cash used in operating activities

| | Current period - $A'000 | Previous corresponding period - $A'000 |
|---|---|---|
| Loss from ordinary activities after income tax | (2,897) | (2,977) |
| Add / (less) non-cash items: | | |
| - Depreciation and loss on disposal of equipment | 15 | 252 |
| - Share-based payment expense | (37) | 53 |
| - Foreign exchange gains | 82 | (67) |
| - Investment loss on revaluation | - | 32 |
| - Impairment | 637 | - |
| - Share of net loss of investment in associate | 104 | - |
| Change in assets and liabilities: | | |
| - (Increase) / decrease in Receivables | 429 | (34) |
| - (Increase) / decrease in Other assets | 1 | 177 |
| - Increase / (decrease) in Employee benefits | 3 | 89 |
| - Increase / (decrease) in Deferred Income | - | (78) |
| - Increase / (decrease) in Payables | (25) | (5) |
| - Increase / (decrease) in Other liabilities | - | (123) |
| **Net cash used in operating activities** | **(1,688)** | **(2,681)** |

## 23 Investments accounted for using the equity method

| Name of Company | Principal Activity | Country of Incorporation | Ownership Interest | | Contribution to Net Loss | |
|---|---|---|---|---|---|---|
| | | | 2014 | 2013 | 2014 | 2013 |
| Coal Holdings USA LLC (CHUSA) | Coal Mining Operations | USA | 30% | - | (104) | - |

| | 2014 | 2013 |
|---|---|---|
| Movements in carrying amounts of investments | | |
| Balance at 1 July | - | - |
| Investments in associates acquired during the year | **4,262** | - |
| Share of new profit/(loss) of associate accounted for using the equity method | **(104)** | - |
| Less distributions from associate | **-** | - |
| **Balance at 30 June** | **4,158** | - |

An equity interest of 30% in CHUSA was acquired on 28 February 2014. Cash flows from this investment will contribute towards the funding of the AVX-305 Phase III clinical trial of apricitabine (ATC).

## 24 Compliance statement

This report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

This report is based on accounts which have been audited. The audit report contains an emphasis of matter highlighting the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

Sign here: Date: 28 August 2014

Print name:

Lee Mitchell
Company Secretary