Rule 4.3A

Appendix 4E

Preliminary final report for the year ended 30 June 2013

Name of entity:

Avexa Limited

ABN:

53 108 150 750

Results for announcement to the market

	$A'000
Total Revenue:	Increase of 24.9% to 2,520
Loss from ordinary activities after tax attributable to members:	Decrease of 15.3% to (2,977)
Net loss for the year attributable to members:	Decrease of 15.3% to (2,977)

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 2013.

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, a due diligence process relating to investment in the North Pratt coal mine and subsequent permit issuance. 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 $3.0 million for the 2013 financial year; this was 15.3% less than the $3.5 million loss of 2012.

Net cash utilised through operating activities for the 2013 financial year was $2.7 million, a 16.6% increase on the $2.3 million spent in the prior year.

Key matters impacting the result for Avexa this year were:

1. **Drug Development programmes**
   (a) ATC

- Strategic partnership with Link Healthcare for the development and commercialization of ATC worldwide. With a committed and active partner assisting in the development and commercialization of ATC worldwide, we now have a robust and complete business chain where we have certainty over the business proposal and a clear path forward. Link's experience in handling specialist products will ensure that we make the most of the opportunities available at every stage.
- Preparation of stocks of ATC for production of clinical trial materials. Stocks of ATC stored at the manufacturer have been re-qualified in preparation for use. This ensures that a considerable supply of active ingredient for both clinical trial and compassionate access needs is immediately available.
- Preparations towards further manufacture of ATC for commercial supply. Planning has been undertaken in connection with external manufacturers regarding bulk commercial supply of ATC capsules to meet anticipated demand.
- New patent covering the use of ATC in combination re-filed to more completely capture the opportunity. Publication of articles in lay press regarding the need for ATC. A number of articles have been published this year in support of the need for ATC in those patients who have failed their previous therapies and calling for its continued development. These articles mean that ATC is still in the public focus and that both patients and clinicians remain aware of the need for ATC.

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

- Established once daily pharmacokinetics for two HIV integrase compounds. Two compounds with pharmacokinetic profiles that address the commercial requirements for a next generation integrase inhibitor, namely once-a-day dosing to experienced patients have been identified and studied. On 12 August, 2013 the U.S. Food and Drug Administration (FDA) approved Tivicay® (dolutegravir), a new integrase inhibitor from ViiV. Although dolutegravir may be dosed once daily in naïve patients, it must still be dosed twice daily in experienced, resistant patients. Hence, the market need for a once daily integrase inhibitor for resistant patients remains. Avexa's integrase inhibitor programme addresses the deficits in both ViiV's and Merck's marketed integrase drugs.
- In collaboration with North American laboratories, established excellent activity of additional integrase inhibitors in the Avexa series. This collaboration has allowed the investigation of HIV integrase activity at the enzymatic/molecular level, and has revealed additional compounds worth further study.
- Extended the spectrum of activity of the anti-bacterial lead compound including against resistant bacterial isolates from hospital cases of disease.

- In collaboration with clinical laboratory scientists and Valevia, a further commercial opportunity for the lead anti-bacterial compound against *Clostridium difficile* (C. difficile) infection has been identified. This stems from the identification of activity against highly relevant clinical strains from a search of European hospitalized cases of C. difficile induced disease.

2. Corporate

- Comprehensive due diligence and shareholder approval for an investment in the North Pratt coal mine, Alabama, USA. Following the shareholder approval obtained in December 2012 some unexpected delays were experienced due predominantly to much stricter environmental standards being enforced, bureaucratic processes and the USA sequestration procedure. Refer to the 'actions subsequent to year end' below for full details of post 30 June 2013 activity.
- Completion of Shire's strategic exit from Avexa stock. For historical reasons, Shire (the licensee of ATC to Avexa) held a relatively large parcel of shares which they sought to exit. The overhang and continual drip feed of this line of stock into the market had the effect of depressing Avexa's share price. A clean exit for Shire was negotiated in which members of Board and Management were involved to complete an efficient sale.
- Sale of all shares held in Allied Healthcare Group (ASX: AHZ) for $2.41 million. Avexa's other, smaller listed holdings will be realized to release funds, as required, for the drug development programmes, in particular ATC.
- In late June Avexa exited from an expensive and onerous lease obligation for the very large, old and complex laboratory and office premises in Burnley, Melbourne and relocated to much less expensive and smaller premises in Hawthorn East. This new occupancy will give rise to substantial ongoing savings in rent and overheads from July 2013.

For a fuller description of the Company's activities in the 2013 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 except:

The Alabama Department of Environmental Management has confirmed that a permit to mine is now ready be issued as soon as the requisite bond monies are deposited. Avexa is now in a position to activate its investment subject to the Board being satisfied with final, closing due diligence. Further, Avexa intends to obtain financing to partially fund its participation in the investment in order to preserve cash and allow a contemporaneous investment in the ATC project (refer above). The closing due diligence and financing arrangements, when completed, will allow Avexa to proceed as planned with the investment in the North Pratt coal mine through its subsidiary CHUSA (Coal Holdings USA). Cash flows from this investment will contribute towards the funding of the AVX-305 Phase III clinical trial of apricitabine (ATC).

Statement of comprehensive income
For the year ended 30 June 2013

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Revenue from operating activities		617	564
Other income from ordinary activities		452	523
Finance income		1,451	930
Total revenue	1(a)	**2,520**	**2,017**
Contract research and development costs	1(c)	(286)	(557)
Employee expenses		(1,206)	(1,184)
Share-based payment expense		(53)	(27)
Depreciation expense	1(b)	(164)	(144)
Loss on disposal of equipment	1(b)	(88)	-
Occupancy		(1,323)	(1,463)
Consulting		(133)	(97)
Professional costs		(445)	(206)
Travel and accommodation		(37)	(48)
Raw materials and consumables used		(3)	(12)
Asset management expenses		(38)	(46)
Insurance		(98)	(103)
Corporate administration		(139)	(117)
Intellectual property		(555)	(315)
Other expenses from ordinary activities	1(b)	(64)	(143)
Net finance expense	1(b)	(860)	(1,068)
Profit / (loss) from ordinary activities before related income tax expense		**(2,972)**	**(3,513)**
Income tax expense		(5)	**-**
Net profit / (loss)		**(2,977)**	**(3,513)**
Net profit attributable to outside equity interests		**-**	**-**
Total changes in equity from non-owner related transactions attributable to members of the Company		**(2,977)**	**(3,513)**
Basic earnings per share (cents per share)		**(0.35)**	**(0.41)**
Diluted earnings per share (cents per share)		**(0.35)**	**(0.41)**

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

	Issued capital $'000	Accumulated losses $'000	Fair Value 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	-	-	-	-
Equity settled share-based payment transactions	-	53	-	53
Total transactions with owners	**-**	**53**	**-**	**53**
Closing balance as at 30 June 2013	**182,523**	**(168,853)**	**(131)**	**13,539**

Statement of changes in equity for the year ended 30 June 2012

	Issued capital $'000	Accumulated losses $'000	Fair Value Reserve	Total Equity $'000
Opening balance as at 1 July 2011	**182,523**	**(162,443)**	**6,275**	**26,355**
Comprehensive income/(loss) for the period				
Loss	**-**	(3,513)	-	(3,513)
Total other comprehensive income	**-**	-	(5,840)	(5,840)
Total comprehensive income for the period	**-**	**(3,513)**	**(5,840)**	**(9,353)**
Issue of ordinary shares pursuant to placement	-	-	-	-
Equity settled share-based payment transactions	-	27	-	27
Equity-related transactions	**-**	**27**	**-**	**27**
Closing balance as at 30 June 2012	**182,523**	**(165,929)**	**435**	**17,029**

Statement of financial position
As at 30 June 2013

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Current assets			
Cash assets	3	11,869	12,570
Receivables	4	1,418	822
Investments	7	659	3,679
Other	8	47	224
Total current assets		**13,993**	**17,295**
Non-current assets			
Intangible assets	5	-	-
Plant and equipment	6	20	325
Total non-current assets		**20**	**325**
Total assets		**14,013**	**17,620**
Current liabilities			
Trade and other payables	9	279	284
Employee benefits provisions	10	183	79
Other liabilities	11	-	201
Total current liabilities		**462**	**564**
Non-current liabilities			
Employee benefits	10	12	27
Total non-current liabilities		**12**	**27**
Total liabilities		**474**	**591**
Net assets		**13,539**	**17,029**
Equity			
Issued capital	12	182,523	182,523
Fair Value Reserve		(131)	435
Accumulated losses	2	(168,853)	(165,929)
Total equity		**13,539**	**17,029**

Statement of cash flows
For the year ended 30 June 2013

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Cash flows from operating activities			
Cash receipts in the course of operations		384	649
Cash payments in the course of operations		(4,262)	(4,422)
R&D Incentive		558	657
Interest received		639	817
Net cash used in operating activities	24	**(2,681)**	**(2,299)**
Cash flows from investing activities			
Payments for property, plant and equipment		(10)	(10)
Payments for equity investments		-	(5,086)
Proceeds from disposal of listed equity investments		2,422	3,578
Working capital loan to Coal Holdings USA,LLC		(494)	-
Proceeds from disposal of assets		62	-
Net cash used in investing activities		**1,980**	**(1,518)**
Net (decrease) / increase in cash held		**(701)**	**(3,817)**
Cash at the beginning of the financial year		**12,570**	**16,387**
Effect of exchange rate fluctuations on cash held		**-**	**-**
Cash at the end of the financial year	23	**11,869**	**12,570**

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	617	558
Government grants	-	6
Lease income	452	523
Finance income	1,451	930
Total revenue from ordinary activities	**2,520**	**2,017**

(b) Expenses		
Depreciation of plant and equipment	(164)	(144)
Loss on disposal of plant and equipment	(88)	-
Contract research and development (Note 1(c))	(286)	(557)
Amounts recognised to provisions for:		
- Employee benefits	89	40
Finance expense	(860)	(930)
Other expenses:		
- Advertising and promotion	(64)	(35)
- Workplace administration	(29)	(31)
- Foreign exchange (gains)/losses	67	(63)
- Other expenses	(38)	(14)
Total Other expenses	**(64)**	**(143)**

(c) Research and Development (R&D)

Contract research and development expenditure	(286)	(557)
Direct research and development expenditure	(1,382)	(905)
Total R&D expenditure for the year	**(1,668)**	**(1,462)**

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

2 Accumulated losses

	Current period - $A'000	Previous corresponding period - $A'000
Accumulated losses at the beginning of the financial year	(165,929)	(162,443)
Net loss attributable to owners of the company	(2,977)	(3,513)
Share-based payment expense	53	27
Accumulated losses at the end of the financial year	**(168,853)**	**(165,929)**

3 Cash assets

Cash at bank and on hand	132	256
Bank short term deposits	11,737	12,314
Cash assets	**11,869**	**12,570**

Interest on cash at bank is credited at prevailing market rates. The weighted average interest rate at reporting date was 4.4% (2012: 5.6%).

4 Receivables

Current		
Trade and other receivables	240	246
R&D Incentive and other tax receivables	617	576
Working capital loan – Coal Holdings USA, LLC	561	-
Total Receivables	**1,418**	**822**

5 Intangibles

Non-Current		
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 impaired 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 2013, 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)	438	1,378
Less: Accumulated depreciation	(418)	(1,053)
Property, plant and equipment	**20**	**325**

7 Investments

Current		
Financial assets classified as held for trading	40	900
Financial assets classified as available for sale	619	2,779
Total Current Investments	**659**	**3,679**

8 Other assets

Prepayments	**47**	**224**

9 Trade and other payables

Trade creditors and accruals	**279**	**284**

10 Employee benefits

Current		
Employee benefits	**183**	**79**
Non-current		
Employee benefits	**12**	**27**

The discount rate adopted in the present value calculation of non-current employee entitlements is 4.1% (2012: 6.0%). The carrying value of employee entitlements approximates fair value.

11 Other liabilities

	Current period - $A'000	Previous corresponding period - $A'000
Current		
Unearned income	-	78
Onerous contracts provision	-	123
Total other current liabilities	**-**	**201**

12 Issued Capital

Issued and paid up capital	**2013**		2012	
	$'000	**Number**	**$'000**	**Number**
847,688,779 (2012: 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 Rights Issue	-	-	-	-
Issue of shares pursuant to placement	-	-	-	-
Issued capital at the end of the financial year	**182,523**	**847,688,779**	**182,523**	**847,688,779**

Options to acquire ordinary shares

During the financial year nil (2012: nil) options were issued to employees under the Avexa Employee Share Option Plan. Nil (2012: 5,000,000) options were issued to directors. 3,080,000 (2012: 3,350,000) options held by employees or directors lapsed or were forfeited and nil (2012: nil) were exercised. Nil (2012: 4,000,000) held by Shire Canada Inc lapsed. Movements in options for the 2013 financial year comprise the following:

2013 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	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**

2012 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	Various	5,620,000	-	(2,350,000)	-	3,270,000
Total directors options	$0.06	-	5,000,000	(1,000,000)	-	4,000,000
Shire Options	$0.704#	4,000,000	-	(4,000,000)	-	-
Total options		**9,620,000**	**5,000,000**	**(7,350,000)**	**-**	**7,270,000**

Exercise price adjusted from 70.4 cents to 63.2 cents in accordance with ASX Listing Rule 6.22.

13 Net tangible assets per ordinary security

	Current period - $A'000	Previous corresponding period - $A'000
Net tangible assets	**13,539**	**17,029**
Issued share capital at reporting date	**Shares 847,688,779**	**Shares 847,688,779**
Net tangible assets per ordinary security	**1.6 cents**	**2.0 cents**

14 Earnings per share (EPS)

	Current period - $A'000	Previous corresponding period - $A'000
a) Earnings reconciliation		
Basic earnings per share (cents per share)	**(0.35)**	(0.41)
Diluted earnings per share (cents per share)	**(0.35)**	(0.41)
Net loss:		
Basic earnings	**(2,977)**	**(3,513)**
Diluted earnings	**(2,977)**	**(3,513)**

b) Weighted average number of shares	Number	Number
Number for basic earnings per share:		
Ordinary shares	**847,688,779**	**847,688,779**
Number for diluted earnings per share:		
Ordinary shares	**847,688,779**	**847,688,779**
Effect of share options on issue	**-**	**-**
	847,688,779	**847,688,779**

15 Returns to shareholders

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

16 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 2013.

17 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 2013.

18 Material interests in entities which are not controlled entities

There were no material interests in entities other than controlled entities held at any time during or subsequent to the financial year ended 30 June 2013.

19 Non-cash financing and investing activities

There have been no non-cash financing and investing transactions during the 2013 financial year (2012: nil) which have had a material effect on assets and liabilities of the Company.

20 Segment reporting

The Company operates within two business segments (anti-infective research and development and listed 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		Listed Investments		Total	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
External revenues	1,069	1,087	-	-	1,069	1,087
Inter-segment revenue	-	-	-	-	-	-
Interest revenue	596	825	27	10	623	835
Finance Expense	-	-	(32)	(975)	(32)	(975)
Depreciation	252	144	-	-	252	144
Reportable segment profit/(loss)before tax	(2,787)	(2,498)	(185)	(1,015)	(2,972)	(3,513)
Reportable segment total assets	12,763	13,923	1,250	3,697	14,013	17,620
Reportable segment total liabilities	472	591	2	-	474	591

Reconciliation of reportable segment profit or loss

	2013 $'000	**2012** $'000
Total profit /(loss) for reportable segments before tax	(2,972)	(3,513)
Profit or loss before tax of other business activities and operating segments	-	-
Elimination of inter-segment profits	-	-
Elimination of discontinued operations	-	-
Unallocated amounts:		
Other corporate expenses	-	-
Share of profit of equity accounted investees	-	-
Profit/(loss) before tax	(2,972)	(3,513)

21 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:

1. The Alabama Department of Environmental Management has confirmed that a permit to mine is now ready be issued as soon as the requisite bond monies are deposited. Avexa is now in a position to activate its investment subject to the Board being satisfied with final, closing due diligence. Further, Avexa intends to obtain financing to partially fund its participation in the investment in order to preserve cash and allow a contemporaneous investment in the ATC project (refer above). The closing due diligence and financing arrangements, when completed, will allow Avexa to proceed as planned with the investment in the North Pratt coal mine through its subsidiary CHUSA (Coal Holdings USA). Cash flows from this investment will contribute towards the funding of the AVX-305 Phase III clinical trial of apricitabine (ATC); and

2. In late June Avexa exited from an expensive and onerous lease obligation for the very large, old and complex laboratory and office premises in Burnley, Melbourne and relocated to much less expensive and smaller premises in Hawthorn East. This new occupancy will give rise to substantial ongoing savings in rent and overheads from July 2013.

22 Franking credits available

There are no franking credits available at reporting date.

23 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	132	256
Bank short term deposits	11,737	12,314
	11,869	**12,570**

24 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	(2,977)	(3,513)
Add / (less) non-cash items:		
- Depreciation and loss on disposal of equipment	252	144
- Share-based payment expense	53	27
- Foreign exchange gains	(67)	-
- Investment loss on revaluation	32	975
Change in assets and liabilities:		
- (Increase) / decrease in Receivables	(34)	114
- (Increase) / decrease in Other assets	177	(164)
- Increase / (decrease) in Employee benefits	89	(40)
- Increase / (decrease) in Deferred Income	(78)	78
- Increase / (decrease) in Payables	(5)	27
- Increase / (decrease) in Other liabilities	(123)	53
Net cash used in operating activities	**(2,681)**	**(2,299)**

25 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: 29 August 2013

Lee Mitchell
Company Secretary

Print name: