



ASX Release

APPENDIX 4C – QUARTERLY CASH FLOW REPORT – JUNE 2009

Melbourne, Australia, 31 July 2009: Avexa Limited (ASX: AVX) today lodged the attached Appendix 4C Quarterly Consolidated Statement of cash flows. Key points are as follows:

- The Company held cash reserves of \$18.8 million at 30 June 2009
 - Cash reserves provide sufficient funding for at least 12 months of operations
 - The Company also has access to \$2 million of funding for its HCV program from CSIRO's Australian Growth Partnerships program
- Consumption for the June quarter was \$10.2 million
 - \$8.1 million was research and development outflows mainly relating to the achievement of important data points in the Phase III apricitabine (ATC) trial
 - The rate of research and development cash consumption will reduce over the next four quarters

Cash consumption for the year was higher than originally forecast due to the bringing forward of certain trial and trial product expenses originally forecast to occur later in 2009. These expenses were incurred and paid due to the successful acceleration of the first stage of the ATC Phase III trial recruitment, which closed in late November 2008, and the progression of the Phase III trial to the 16 week data point for consideration by the Data Safety Monitoring Board in June 2009 (per ASX announcement on 4 June 2009).

About Avexa

Avexa Limited is a Melbourne-based biotechnology company with a focus on research and development of small molecules for the treatment of infectious diseases. Avexa has dedicated resources and funding for key projects including apricitabine (ATC), its HIV integrase program, its HCV polymerase program and an antibiotic program for antibiotic-resistant bacterial infections. The Company's lead program, ATC, is an anti-HIV drug that has successfully completed the 16 week dose determination step of its worldwide Phase III trial.

For more information:

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Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Name of entity

AVEXA LIMITED

ABN

53 108 150 750

Quarter ended ("current quarter")

30 June 2009

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Cumulative to 30 June 2009 - \$A'000
1.1 Receipts from customers	-	-
1.2 Payments for:		
(a) Staff costs	(1,247)	(5,894)
(b) Advertising and marketing	(103)	(391)
(c) <i>Research and development #</i>	(8,066)	(33,249)
(d) Leased assets	(63)	(255)
(e) Laboratory consumables	(110)	(432)
(f) Occupancy	(318)	(1,233)
(g) Consulting	(139)	(302)
(h) Legal and professional	(84)	(312)
(i) Corporate administration	(65)	(225)
(j) Travel and entertainment	(150)	(624)
(k) Insurance	(1)	(187)
(l) Intellectual property	(101)	(467)
(m) Other working capital	(231)	(495)
1.3 Dividends received	-	-
1.4 Interest and other similar items	14	1,428
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST refunds	3	369
- Property sub-rental proceeds	126	515
- Government grants	308	901
Net operating cash flows # overleaf	(10,227)	(40,853)

+ See chapter 19 for defined terms.

The rate of research and development consumption will reduce over the next 4 quarters such that existing cash reserves are estimated to cover operating costs for at least the next 12 months. The consumption for the quarter was \$2.4 million higher than the previous quarter due to higher creditor and operating payments for research and development related to the Phase III trial.

Cumulative year to date consumption is higher than originally forecast due to the bringing forward of certain trial and trial product expenses originally forecast to occur later in 2009. These expenses were incurred and paid due to the acceleration of the first stage of Phase III trial recruitment, which closed in late November 2008, and the progression of the Phase III trial to the 16 week data point for consideration by the DSMB in June 2009(per ASX announcement on 4 June 2009).

	Current quarter \$A'000	Cumulative to 30 June 2009 - \$A'000
1.8 Net operating cash flows (carried forward)	(10,227)	(40,853)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	(69)
(e) other non-current assets –		
Merger proposal costs	(622)	(1,077)
Break Fees received	4	504
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other	-	-
Net investing cash flows	(618)	(642)
1.14 Total operating and investing cash flows	(10,845)	(41,495)
Cash flows related to financing activities		
1.15 Net proceeds from issues of shares, options, etc. net of raising costs	16,911	16,911
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from / (repayment of) borrowings	-	-
/1.18		
1.19 Dividends paid	-	-
1.20 Other	-	-
Net financing cash flows	16,911	16,911

+ See chapter 19 for defined terms.

		Current quarter \$A'000	Cumulative to 30 June 2009 - \$A'000
	Net increase (decrease) in cash held	6,066	(24,584)
1.21	Cash at beginning of quarter/year to date	12,761	43,411
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	Cash at end of quarter ##	18,827	18,827

In addition to the cash balance of \$18.8 million at 30 June 2009, the company has access to a further \$2m of funding from CSIRO for the company's HCV program (refer ASX announcement 14 July 2009). This gives the Company funding of \$20.8m, which is estimated to provide the Company with sufficient operating funds for at least the next 12 months.

Payments to directors of the entity and associates of the directors

		Current qtr to 30 June 2009 - \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	163
1.25	Aggregate amount of loans to the parties included in item 1.11	Nil

1.26 Explanation necessary for an understanding of the transactions

Cash payments to directors comprises executive director salary plus non-executive director fees for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Not applicable

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	None	Not applicable
3.2	Credit standby arrangements	None	Not applicable
3.3	Credit card facility	150	Nil

+ See chapter 19 for defined terms.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
4.1 Cash on hand and at bank	244	577
4.2 Deposits at call	18,583	12,184
4.3 Bank overdraft	-	-
4.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	18,827	12,761

Acquisitions and disposals of business entities

	Acquisitions <i>(Item 1.9(a))</i>	Disposals <i>(Item 1.10(a))</i>
5.1 Name of entity	None	None
5.2 Place of incorporation or registration	Not applicable	Not applicable
5.3 Consideration for acquisition or disposal	Not applicable	Not applicable
5.4 Total net assets	Not applicable	Not applicable
5.5 Nature of business	Not applicable	Not applicable

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.



Director and CEO
 Dr Julian Chick

Date: 31 July 2009.

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