

For Immediate Release

Melbourne, Australia — 25 August 2008

F2008 Annual Results

HIGHLIGHTS

- **Three products progressing in clinic**
 - LANI (CS-8958)
 - HRV (BTA798)
 - RSV (BTA9881)
- **Strong cash balances at \$60.2 million**
- **Revenue and other income of \$45 million**, including Relenza Royalties of \$20.5 million and collaboration income of \$15.2 million

EVENTS SUBSEQUENT TO 30 JUNE 2008

- **Conclusion of Litigation against GSK**
- **AstraZeneca acquires RSV Asian and Pacific rights for US\$3.5m, plus royalties**
- **Program advancement**
 - LANI (CS-8958) Phase II completed in Japan, progressing to Phase III
 - HRV (BTA798) Phase IIa underway

Biota Holdings Limited (ASX:BTA) today announced a full year loss after tax of \$6.5 million (2007: profit \$20.2m). The loss before tax was \$9.3 million and the tax credit was \$2.8 million. The result includes non-recurring litigation costs of \$21.8m.

Relenza royalties were \$20.5 million (2007: \$39.8m) reflecting the volatility of government orders for influenza pandemic stockpiles on GlaxoSmithKline (GSK). Collaboration income was \$15.2 million (2007: \$13.0m), the result of upfront payments and fee for service work flowing from licensing agreements with MedImmune Inc. and Boehringer Ingelheim. In July 2007, Biota earned its first milestone under the RSV collaboration with MedImmune Inc., as BTA9881 commenced Phase I dosing.

Costs increased to \$54.3 million (2007: \$39.5m) reflecting:

- The investment in research activities of \$10.3 million (2007: \$8.2m). Costs required by the MedImmune and Boehringer Ingelheim licence agreements are fully reimbursed;
- The investment in product and clinical development programs of \$15.3 million (2007: \$10.3m), notably for respiratory syncytial virus (RSV), LANI and human rhinovirus (HRV). Costs incurred under the RSV program were reimbursed by MedImmune Inc., while LANI costs were reimbursed under a grant award by the National Institutes of Health. The HRV costs were in preparation for the Phase IIa challenge study, which commenced dosing in August 2008.
- Litigation costs were \$21.8 million (2007: \$10.4m).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to balance date, there were a number of positive developments, including:

- Conclusion of the litigation against GlaxoSmithKline (GSK), following formal mediation ordered by the Victorian Supreme Court. The agreement provides for a payment to Biota of \$20 million, with each party bearing their own litigation costs. Biota and GSK agreed to normalise their relationship with senior executive liaison and cooperation between the companies to be restored and strengthened.

Directors are of the opinion that the F2009 results will reflect a net cash inflow of approximately \$12 million with the Company no longer required to fund litigation costs. The contingent liability of \$37 million disclosed at 30 June 2008, no longer exists;

- Successful completion of the initial Phase II clinical evaluation of CS-8958 in Japan, showing favourable outcomes against all measured endpoints. The initial Phase III trial is scheduled to commence later this year. CS-8958 is a long acting neuraminidase inhibitor (LANI) and is co-owned with Daiichi-Sankyo;
- Commencement of the initial dosing of a Phase IIa clinical evaluation for the human rhinovirus drug, BTA798; and
- Assignment of the collaboration and licence agreement with MedImmune Inc. to AstraZeneca and the extension of the RSV research and development program. In addition, AstraZeneca agreed to pay Biota US\$3.5 million plus royalties to secure a number of Asian and Pacific territories for the RSV program, previously held by Biota.

Commenting on the announcement today, Biota CEO Peter Cook said, "*Events subsequent to year end re-emphasise that our key programs continue to advance. With the conclusion of the litigation, shareholders and investors can focus on the health of the underlying business.*"

Strong cash management

Cash balances at 30 June 2008 were \$60.2m.

In February 2008, the Company announced its intention to commence an on-market share buy-back of up to 5% of the issued shares. The buy-back was halted in May 2008 when the Company became aware of confidential information likely to impact the share price. As this information has now been released, the Company will recommence the buy-back on 28 August 2008.

About Biota

Biota is a leading anti-infective drug development company based in Melbourne Australia, with key expertise in respiratory diseases, particularly influenza. Biota developed the first-in-class neuraminidase inhibitor, zanamivir, subsequently marketed by GlaxoSmithKline as Relenza.

Biota research breakthroughs have included a series of candidate drugs aimed at treatment of respiratory syncytial virus (RSV) disease, licensed to AstraZeneca and novel nucleoside analogues designed to treat hepatitis C virus (HCV) infections, licensed to Boehringer Ingelheim. Biota has clinical trials underway with its lead compound for human rhinovirus (HRV) infection in patients with compromised respiration or immune systems. In addition, Biota has a key partnership with Daiichi-Sankyo for the development of second generation influenza antivirals. Inverness Medical markets Biota's co-developed OIA FLU influenza diagnostics.

Relenza™ is a registered trademark of the GlaxoSmithKline group of companies.

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*Further information available at www.biota.com.au.

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