

For Immediate Release

Biota Values Claim against GSK at \$308 to \$430 million

Melbourne, Australia, 27 July 2005 - Biota Holdings Limited (ASX:BTA) announced today its Particulars of Loss and Damage in its suit against GlaxoSmithKline (GSK) for failing to support Biota's influenza drug, Relenza. The damages assessment was filed with the Victorian Supreme Court and estimates Biota's losses in the range of \$308 million to \$430 million.

"We remain very confident about the strength of our case," said Biota Chairman, John Grant. "This damages assessment amplifies the importance of the case for Biota."

The damages assessment refers to a conservative market growth scenario, which assesses damages at \$308 million, and a moderate market growth scenario, which assesses the damages at \$430 million. Both scenarios assume that Relenza would have achieved a 40% market share and that GSK had introduced an improved inhalation device and pursued regulatory approval for prevention of influenza as well as treatment. Currently, Relenza holds only around 1% of the worldwide sales of influenza antivirals.

The size of the potential damages claim has been boosted by recent strong growth in the sales of influenza antivirals. Since the suit was filed in May 2004, the prescription market for Relenza's class of flu antivirals has grown by more than 70% to around US\$500 million (\$650 million), on top of a similar growth the previous year. In addition, there have been very high levels of stockpiling of influenza antivirals by numerous national governments to meet the growing threat of pandemic flu. The governments of Australia, United Kingdom, France, USA and Japan among others have moved to stockpile large reserves of flu antivirals over the last year, and current and future orders are forecast to result in around US\$3 billion (\$4 billion) in sales over the next two years.

Biota has indicated its damages assessment is provisional and that it may revise it in the future based on new data as it comes to hand. The next significant step in the litigation as required by the Victorian Supreme Court is the mediation phase, which is scheduled to take place by 25 November 2005.

About Biota

Biota is a world-leading antiviral drug discovery company with its headquarters in Melbourne, Australia. Biota was responsible for zanamivir, a neuraminidase inhibitor, subsequently launched by GSK as Relenza™ in 1999 for the treatment of influenza. In partnership with Sankyo, Biota is developing second generation flu antivirals (LANI or Long Acting Neuraminidase Inhibitors), and has active discovery and development programs aimed at therapies for diseases caused by Human Rhinovirus (common cold), RSV (Respiratory Syncytial Virus), and hepatitis C. In partnership with Thermo Electron, Biota also markets the FLU OIA® diagnostics range for the rapid detection of influenza.

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About Biota's Litigation against GSK

On 5 May 2004, Biota launched its litigation in the Victorian Supreme Court against the global pharmaceutical company, GSK, claiming that GSK was in breach of its contract with Biota to promote and support Relenza, the world's first influenza antiviral drug. Relenza was discovered in 1989 and licensed to Glaxo (now GSK) in 1990 for exclusive worldwide development and marketing. In 1999, the product was approved for marketing in the US and subsequently registered in approximately 70 countries. Relenza was the first in a new generation of broad-spectrum anti flu drugs and has been identified by the World Health Organisation as one of only two drugs likely to be effective in combating potential pandemics caused by the avian flu virus.

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