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The attached Report is provided for information as it provides an overview of the Company's activities from an analyst perspective.

The Directors and Biota Management do not endorse any Analyst Report and suggest that investors and potential investors consult their own financial advisor before making all investment decisions. However, where an Analyst has conducted significant research, in our view, and has given permission, Biota will make a copy available on the Biota website.

Damian Lismore
Company Secretary



24 March 2006

Biota Holdings Limited (BTA)

Speculative Buy

Stockpiling Update: US Orders 2.2 million Additional Relenza™ Courses

\$1.73

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Key Points

The US Department of Health and Human Services (HHS) has placed an additional order for 2.2 million treatment courses of Relenza™.

The order is on top of the 1.75 million courses ordered on 1 March.

At our base estimate of \$25 per course, the order is worth approximately A\$3.9 million in royalty revenues to Biota.

Summary

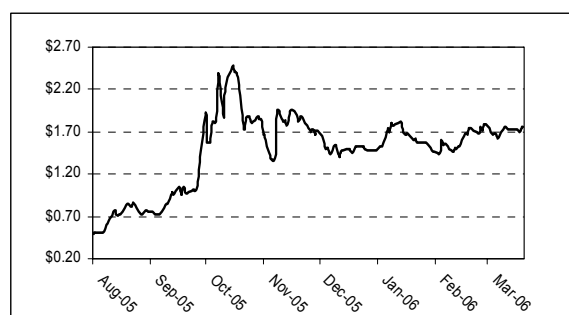
Market Capitalisation (M)	\$313.4
Share Price	\$1.73
Shares on Issue (M)	179.1
52 Week High	\$2.75
52 Week Low	\$0.40
Valuation Per Share (fully diluted)	\$1.55
12 Month Price Target	\$1.97
Cash (M) as at 31/12/05	\$51.1
Price Volatility	High

Key Financials (A\$'000)

Year End	FY05	FY06	FY07
	Actual	Est.	Est.
Revenue	5,049	11,227	38,175
Litigation Expense	(3,700)	(4,825)	(5,000)
Total Op. Expenses	(11,908)	(18,509)	(21,590)
R&D Expenses	(7,337)	(5,315)	(5,395)
EBITD	(15,485)	(14,439)	9,982
EBIT	(16,352)	(15,379)	9,040
NPAT pre Net R&D	(9,020)	(11,049)	13,101
Reported Profit	(15,062)	(13,825)	10,245
EPS (c)	(12.2)	(8.2)	5.7
PE Ratio (x)	n/a	n/a	30.1
EPS pre R&D (c)	(7.3)	(6.7)	7.4

* Restated under AIFRS

Share Price Graph (A\$)



Our View

- The ultimate goal of the HHS is to stockpile sufficient quantities of the anti-viral drugs (Relenza™, Tamiflu®) for 25% of the US population. As we have suggested previously, based on known Roche orders (or intent to order) for Tamiflu® we believe there is further upside for Relenza™ orders to the tune of 13.2 million doses, representing 21.2% of the HHS target of 81 million doses. At present, Relenza™ represents 15.5% of the total anti-viral stockpile of 26 million treatment courses. As GSK have indicated CY06 production (15 million courses) has been pre-sold, unless further manufacturing capacity comes on stream during CY06, it is likely that such revenues will be recognised by Biota early in FY08. We believe it is inevitable that GSK will further expand capacity in CY07 and CY08 to meet stockpiling demand.
- Our current estimates for actual government stockpiling orders are 20.5 - 21.5 million doses. We understand the Irish government is finalising with GSK a deal to provide between 0.6 - 0.8 million doses of Relenza™, which could be worth \$1.1 to \$1.4 million in royalty revenues. Interestingly, this would represent 37-44% of total anti-viral drugs in the Irish stockpile, well above our base estimates of 20%. This highlights the trend towards dual stockpiling of Relenza™ and Tamiflu®. Similarly, the German government has indicated it wishes to double the stockpile of its anti-viral drugs from 10% to 20% of the population. Should Relenza™ maintain 20% of this stockpile, potential revenues would stand at around \$2.8 million (at A\$25 per dose). We expect further stockpiling orders out of Europe moving forward, particularly given the rate of H5N1 avian influenza spread across the region.
- As we had largely factored in further US orders, we have not adjusted our financial model at this time or risk-adjusted base NPV. We note that Biota continues to trade at a premium (11.6%) to our valuation of \$1.55. However, we expect further government orders to materialise over the next quarter, which could continue to keep the stock trading at a premium to our base value. Our 12 month target of \$1.97 is derived based on the settlement of the GSK litigation and to a lesser extent upside to our Relenza™ manufacturing estimates, though neither event can be considered absolutely certain. On expectation of further government stockpiling, we continue with our Speculative Buy recommendation.

* Restated Under AIFRS

PROFIT & LOSS SUMMARY (A\$'000)				
Period	FY05A	FY06E	FY07E	FY08E
Total Revenue	5,049	11,227	38,175	61,396
Growth (pcp)	-37.3%	122.4%	240.0%	n/a
Net Operating Revenue	(6,859)	(7,282)	16,585	43,259
R&D Expenses	(7,337)	(5,315)	(5,395)	(5,583)
EBITD	(15,485)	(14,439)	9,982	34,731
Depreciation	(867)	(940)	(942)	(864)
EBIT	(16,352)	(15,379)	9,040	33,867
Net Interest	1,289	1,842	1,207	2,945
Pre-Tax Profit	(15,063)	(13,537)	10,247	36,812
Tax Expense	0	0	0	0
Minorities	0	0	0	0
NPAT	(15,063)	(13,537)	10,247	36,812
Growth (pcp)	n/a	n/a	n/a	259.2%
Net Abnormals	0	(288)	0	0
Reported Profit	(15,062)	(13,825)	10,245	36,814
NPAT pre Net R&D	(9,020)	(11,049)	13,101	41,897

PER SHARE DATA				
Period	FY05A	FY06E	FY07E	FY08E
EPS (c)	(12.2)	(8.2)	5.7	20.7
Growth (pcp)	n/a	n/a	n/a	259.2%
Dividend (c)	0.0	0.0	0.0	0.0
Franking	0%	0%	0%	0%
Gross CF per Share (c)	(10.8)	(2.6)	6.0	22.9
NTA per share (c)	21.1	24.4	31.3	54.4

VALUATION MULTIPLES				
Period	FY05A	FY06E	FY07E	FY08E
PE Ratio (x)	n/a	n/a	30.1	8.4
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
EV/EBITA (x)	(17.0)	(16.8)	19.9	5.0
EV/EBIT (x)	(15.2)	(14.8)	24.0	5.2

CAPITAL RAISING ASSUMPTIONS				
Period	FY05A	FY06E	FY07E	FY08E
Shares Issued (m)	n/a	41.0	0.0	0.0
Issue Price (A\$)	n/a	0.76	0.0	0.0
Cash Raised (A\$m)	n/a	31.0	0.0	0.0

BALANCE SHEET SUMMARY (A\$'000)				
Period	FY05A	FY06E	FY07E	FY08E
Cash	24,753	45,991	56,094	96,439
Receivables	972	1,090	3,705	5,958
Inventories	0	0	0	0
Other	0	0	0	0
Total Current Assets	25,725	47,081	59,799	102,398
Investments	0	0	0	0
Inventories	0	0	0	0
Property Plant & Equip	4,702	4,712	4,319	4,005
Intangibles	0	0	0	0
Other	0	0	0	1
Total Non-Current Assets	4,702	4,712	4,319	4,006
TOTAL ASSETS	30,427	51,793	64,118	106,404
Accounts Payable	3,727	5,614	3,817	6,140
Borrowings	366	0	0	0
Provisions	0	0	0	0
Other	0	568	568	568
Total Current Liab	4,093	6,182	4,385	6,708
Borrowings	366	0	0	0
Provisions	0	0	0	0
Other	0	5,324	3,968	2,612
Total Non-Current Liab	298	5,382	4,026	2,670
TOTAL LIABILITIES	4,391	11,564	8,411	9,378
TOTAL EQUITY	26,036	40,229	55,707	97,027

CASH FLOW SUMMARY (A\$'000)				
Period	FY05A	FY06E	FY07E	FY08E
EBIT (excl Abs/Extr)	(16,352)	(15,379)	9,040	33,867
Add: Depreciation	867	940	942	864
Amortisation	0	0	0	0
Change in Pay.	478	1,887	(1,796)	2,322
Less: Tax paid	0	0	0	0
Net Interest	1,289	1,842	1,207	2,945
Change in Rec.	361	600	2,615	2,254
Change in Prov.	12	18	0	0
Change in Inv.	0	0	0	0
Change in Def. Rev.	0	5,892	(1,356)	(1,356)
Gross Cashflows	(13,345)	(4,201)	10,653	40,895
Capex	(4,323)	(950)	(550)	(550)
Free Cashflows	(17,668)	(5,151)	10,103	40,345
Dividends Paid	0	0	0	0
Net Cash Flow	(17,668)	(5,151)	10,103	40,345

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