

Biota

Leading Anti-infective Drug
Development Company

Investor and Analyst presentation

February 2010

Forward looking statement

This presentation contains forward looking statements that involve risks and uncertainties. Although we believe that the expectations reflected in the forward looking statements are reasonable at this time, Biota can give no assurance that these expectations will prove to be correct.

Actual results could differ materially from those anticipated. Reasons may include risks associated with drug development and manufacture, risks inherent in the regulatory processes, delays in clinical trials, risks associated with patent protection, future capital needs or other general risks or factors.

Relenza[®] is a registered trademark of GlaxoSmithKline.

Profit & loss for half year to 31 December 2009

	H1 F09	H1 F10
	\$m	\$m
Revenue	33.5	61.6
Expenses		
Medicinal chemistry and research	6.3	10.7
Product and clinical development	6.0	4.8
Business development	0.4	0.6
Sub royalty	0.8	2.0
Corporate	2.1	2.2
GSK litigation	7.3	-
Finance costs	0.4	-
	23.3	20.2
PBT	10.1	41.4
PAT	7.2	33.5

- Relenza royalties \$56.7m (FY09: \$3.8m)
- Collaboration income \$1.4m (FY09: \$6.7m)
- Sub-royalty: amortisation of CSIRO & VCP buyout
 - \$6.0m remaining by Dec 2014

Balance sheets at 31 December 2009

	H1 F09	H1 F10
	\$m	\$m
Cash	55.4	52.0
Receivables	6.9	64.0
Plant & equipment	7.2	6.9
Intangible assets	11.4	14.7
Deferred tax assets	2.2	1.0
	<u>83.1</u>	<u>138.5</u>
Payables	1.9	2.5
Deferred revenue	7.3	3.5
Current tax liability	-	7.3
Provisions & Performance payment	8.0	3.5
	<u>17.2</u>	<u>16.9</u>
Net assets/Net equity	<u>65.9</u>	<u>121.6</u>

- Receivables: includes \$62.9m of Relenza royalties
- Intangible assets: outstanding amount to be amortised from
 - CSIRO & VCP royalty buyout (\$6.0m)
 - IP purchased from Prolysis (\$8.4m)
- Deferred revenue: upfront payments and funds received in advance
- Current tax liability \$7.3m – provision for payment in late 2010 assuming all tax losses recovered (\$39.6m)
- Provisions & Performance payment: performance payment to VCP (\$2.1m)

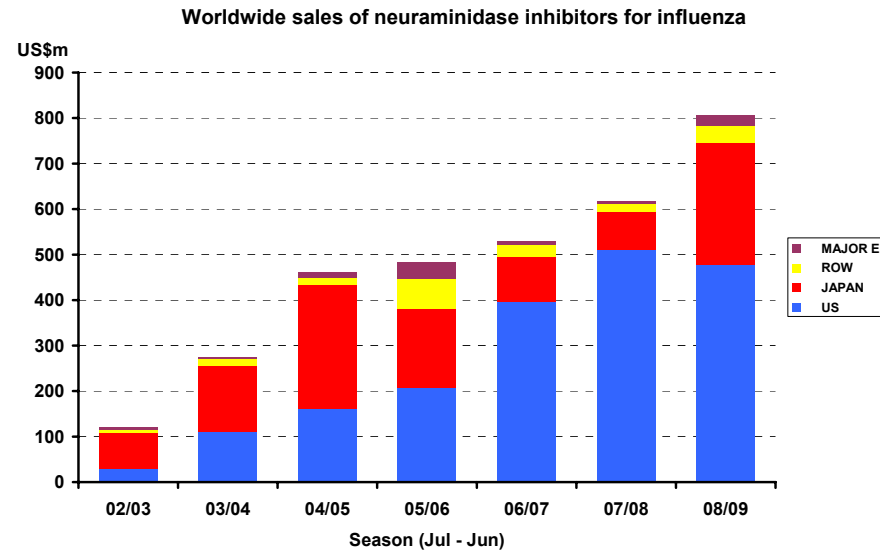
Cash flow for half year to 31 December 2009

	H1 F09 \$m	H1 F10 \$m
Operating items		
Receipts	6.7	3.1
Upfront/milestone payments	4.2	-
Interest	1.6	1.4
Litigation settlement	20.0	-
Payments	(31.9)	(19.0)
Operating cash inflow	0.6	(14.5)
Capital items		
Plant & equipment	(0.5)	(0.2)
Capital return	-	(20.0)
Share buy-back	(4.9)	-
Decrease in cash	(4.8)	(34.7)

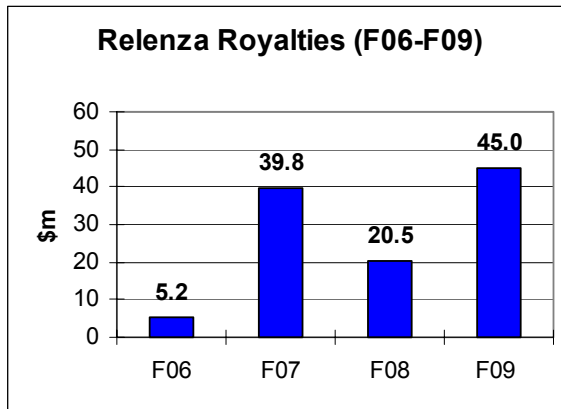
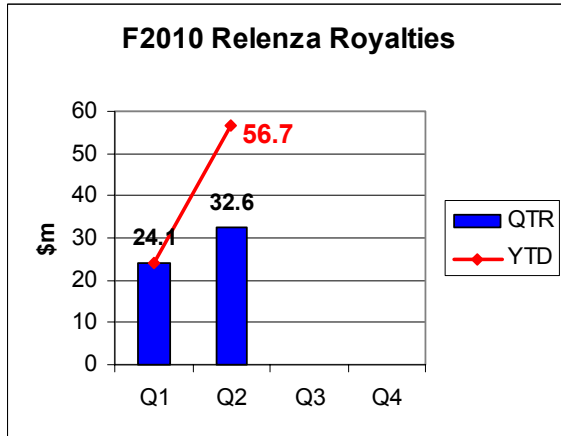
- Relenza royalties received annually, 60 days in arrears
 - Receivables at 31 Dec 2009 are \$62.9m

Relenza

- Stockpile market
 - ~US\$8b globally, built over 4/5 years
 - Population coverage for 1 course
 - US ~22%, France 33%, UK 35%, Australia 55%
 - Rebalance from 15:85 to 50:50 underway
 - Resistance/side effects with oseltamivir
 - Replenishment ~US\$1bn
 - 5 year shelf life
- Seasonal market ~US\$1bn
 - Significant Relenza growth in Japan



Relenza royalties



- Royalty to Biota is 7%
 - Paid 30 June, 12 months in arrears to 30 April
- GSK's response
 - Focus on Government orders
 - Pandemic Centre of Excellence
 - Announced Production capacity increase
 - 60m courses (announced 1 May 2009)
 - 90m Diskhaler, 100m Rotahaler* by Dec 2009 (announced 22 Jul 2009)

Laninamivir (LANI): Second generation influenza antiviral

- MOA: neuraminidase inhibitor; administered as a pro-drug CS8958 and converted to the active species, laninamivir, in the lung
- Broad strain antiviral efficacy (4AH5N1,9AH1N1)
- Novel, easy to use, disposable inhaler
- Significant dosing advantage should lead to enhanced compliance
 - Once only 40mg inhaled dose compared with
 - zanamivir: 5 mg twice daily for 5 days
 - oseltamivir: 75 mg twice daily for 5 days
 - Once weekly for prophylaxis compared with once daily for therapy
- Status:
 - Co-owned with Daiichi-Sankyo in Japan
 - US \$5.6m NIH funded 3 Phase I western trials – complete
 - Daiichi Sankyo to market laninamivir in Japan – royalties to Biota
 - NDA filed in Japan in February 2010
 - Phase III prevention commenced November 2009
 - Actively seeking ROW pharmaceutical partner, co-owners to share commercial returns



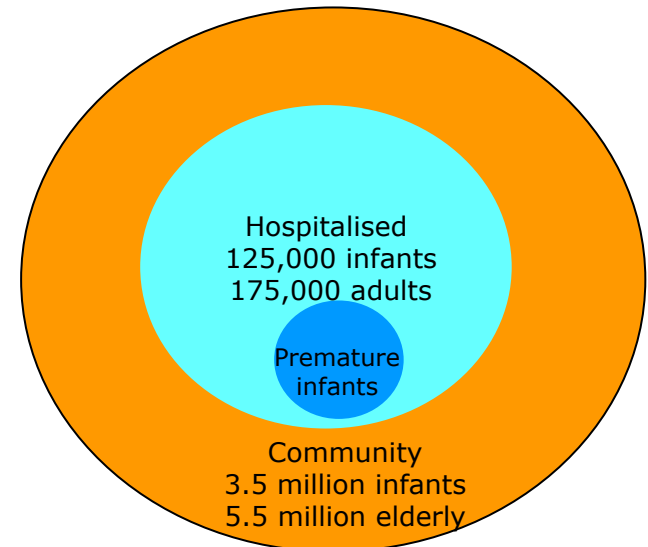
Respiratory syncytial virus (RSV)

Description

- MOA: fusion inhibitor
- Oral delivery
- Potential market greater than US\$5bn
 - MedImmune (AZ) dominates market with Synagis >US\$1bn
 - Synagis – monoclonal antibody by injection and limited reimbursement scope
- Therapeutic & prophylactic indications

Status

- BTA9881
 - Licensed to MedI/AZ Dec 2005
 - Returned to Biota Aug 2009
- Backup compounds being advanced



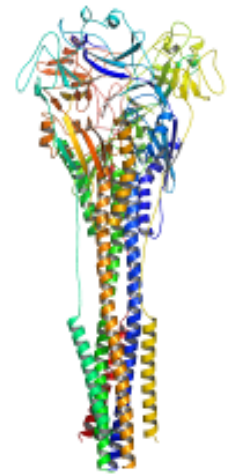
Hepatitis C

Description

- MOA: nucleoside
- Boehringer Ingelheim License – November 2006
 - Technology Access Fee of US\$3m
 - Joint Research Committee
 - Up to US\$102m in milestones & research support
 - BI to fund development costs
 - Future royalties

Status

- Early Preclinical
- Transferred to Boehringer Ingelheim



Human rhinovirus: BTA798

Description

- HRV is the most frequent cause of the common cold
- MOA: capsid inhibitor
- Oral delivery
- Target market
 - Serious complications in patients with other underlying respiratory issues (COPD, Asthma, Cystic Fibrosis)
 - Patients with compromised immune systems (chemotherapy, transplants)
 - No antiviral treatment available

Status

- Phase IIa completed in June 2009
 - Phase IIa successfully demonstrated proof-of-concept in humans
 - Phase Ia proved safe and well-tolerated in healthy volunteers at all single and multiple doses
- Actively seeking global pharmaceutical partner

F2010 outlook strong

- Increasing Relenza royalties due to Swine Flu from increased GSK capacity
- Commercial interest in laninamivir, NDA in Japan and ROW licensing
- Extensive and well-funded development pipeline
- Solid cash flow

Summary of key messages

■ Financial

- Relenza royalties \$56m
- PAT \$33m, Cash \$52m
- Tax losses (\$39.6m) expected to be recovered F2010

■ Valuable pipeline

- Relenza royalties increasing, capacity to 190m courses (Dec 2009)
- HRV completed proof of concept (Phase IIa)
- Laninamivir
 - Completed Phase III therapy, NDA filed in Japan in Feb 2010
 - Commenced Phase III prevention in Japan

■ Capital management

- \$20m return to shareholders in Dec 2009

■ Outlook is strong

Further information

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