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For Immediate Release

Sankyo announce intention to market next generation influenza treatment in Japan

Melbourne Australia—Wednesday 29 March 2006.

Biota today confirmed that its joint venture partner, Sankyo Co. Ltd intends to develop, manufacture and market the jointly owned influenza treatment, LANI, for the Japanese market.

LANI is a next generation, long acting neuraminidase inhibitor (LANI) with higher potency and longer duration of action than other existing influenza antivirals. These properties make LANI ideal for stockpiling against the threat of a potential avian influenza pandemic, as well as for treatment and prevention of seasonal influenza.

Commenting on the Sankyo decision today, Biota Chief Executive Officer, Peter Cook, said, "We believe LANI will change the dynamics of the influenza antiviral market, which is currently dominated by Tamiflu. LANI will have significant advantages over the current influenza antivirals. Sankyo's decision to become the commercial partner of LANI for Japan demonstrates their commitment and confidence in the LANI program."

Sankyo will meet the full cost of the accelerated program for Japan, which is the largest market for seasonal influenza treatments. Sankyo's decision to develop LANI for Japan is expected to create strong interest for licensing the products in the rest of the world. Biota and Sankyo are entitled to equally share all licensing, milestone and royalty fees received by the joint venture.

Today's announcement follows Biota's recent licensing and collaboration agreement with MedImmune for the development and commercialisation of Biota's drugs for the prevention and treatment of RSV infection (which can cause serious illness and even death in infants), and the commencement of a Phase I clinical study of its drug for the treatment and prevention of rhinovirus (a cause of the common cold).

About LANI

LANI compounds are neuraminidase inhibitors offering long action and less frequent administration than existing influenza antivirals. LANI's potency and longer residency time in the lung should provide for once weekly dosage whereas existing treatments need to be administered twice daily. LANI is designed to be delivered directly to the site of the infection in the lung and consequently, is expected to have very few systemic side effects, including nausea and vomiting which may be associated with the orally administered oseltamivir (Tamiflu). These are important considerations when drugs need to be widely used by the community over an extended period of time in order to protect against influenza. LANI offers a simple, effective and practical response to the requirements of pandemic stockpiling.

LANI will initially be developed as a single dose disposable dry powder inhaler and as a nebuliser. A US$5.6 million grant from the US National Institute of Health (NIH) has been received to develop LANI for nebulised use, both for an influenza pandemic or a deliberately released highly pathogenic strain of influenza virus.

The lead LANI compound has already completed Phase I clinical studies in humans.

About Sankyo

Sankyo Co. Ltd is one of Japan's largest pharmaceutical companies, with annual worldwide sales of US$4.8 billion (A$7.3 billion). Sankyo has a long history of discovering new classes of drugs, including the first-in-class statin drug for treatment of high cholesterol. In 2003, Sankyo and Biota combined their LANI research programs.

Sankyo has announced a merger with Daiichi Pharmaceuticals of Japan which is expected to be completed by April 2007. The holding company, Daiichi Sankyo Co. Ltd (TSE 4568) was established in September 2005.

About Biota

Biota is a world-leading antiviral drug discovery company based in Melbourne, with key expertise in viral respiratory diseases, particularly influenza. Biota developed the first-in-class neuraminidase inhibitor drug, zanamivir, (Relenza) and through a partnership with GlaxoSmithKline (GSK) brought it to market. Relenza is currently being stockpiled by various governments for defense against avian influenza.

Work has been underway at Biota for some time to develop a new generation of neuraminidase inhibitors designed to be more active and longer acting than the first generation products.

Biota also collaborated with Thermo Electron to develop the FLU OIA influenza diagnostics range for the rapid detection of influenza, which has been marketed since 1999.

Recent Biota breakthroughs have included:

- Licensing and collaboration agreement with MedImmune Inc. for the development and commercialisation of Biota's drugs for the treatment and prevention of RSV (Respiratory Syncytial Virus).
- Commencement of clinical trials of a drug for the prevention and treatment of HRV (Human Rhinovirus), one of the major causes of the common cold.

Biota is also engaged in early stage research targeting hepatitis C virus infection.

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