

**Biota Holdings Limited**

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**Biota acquires the antibacterial assets of Prolysis Limited**

Biota Holdings Limited (ASX:BTA) today announced the acquisition of the key assets and programs of Prolysis Limited, an antibacterial drug discovery company located in Oxford, England.

Prolysis has two primary projects focussed on new antibiotics for multiple drug resistant infections. If successfully developed, they have the potential to manage the current wave of hospital superbugs that are prevalent in modern society. The two key programs acquired are:

- A Gyrase program targeting DNA supercoiling in gram positive bacteria; and
- A Cell Division Inhibitor (CDI) program targeting staphylococci, blocking assembly of the septum cell wall components prior to cell division. This program has received significant Wellcome Trust funding over recent years.

Under the terms of the agreement, Biota will acquire the key assets and programs for:

- \$A10.8m (GBP6.4m) as Biota ordinary shares, of which 60% will be subject to a 12 month escrow period; and
- The ability to receive up to a 15% share in all milestone and royalties earned on commercialisation with Biota retaining all upfront payments on licensed programs.

Prolysis was originally founded on the work of Professor Jeff Errington FRS, previously of Oxford University and now the Director of the Institute for Cell and Molecular Biosciences at Newcastle University. Biota's Board intends to extend an invitation to Professor Jeff Errington to join the Board at a yet to be determined but mutually convenient time, some stage in the future.

Biota intends to retain all Prolysis staff and maintain activities at its current laboratory facilities in Oxford. Biota is expected to invest A\$25 million over the next 3 years developing the key programs.

Professor Errington commented "This is great news for Prolysis. The deal secures our antibiotic programmes through clinical trials with a world class partner. It also guarantees the future of our Oxford facility and helps to enhance our tradition of antibiotic R & D in the UK."

The Wellcome Trust as a major funder of the CDI program, has agreed to transfer its funding agreement to Biota.

"Consistent with our stated strategy of broadening our anti-infective focus, this acquisition will enable Biota to expand its drug development capability by extending its current anti-viral portfolio to include a new pipeline of early stage antibacterial programs," Biota's CEO, Mr Peter Cook said.

In line with accepted accounting practice and Biota's research and development policy, the majority of the upfront consideration will be expensed in the F2010 financial statements.

## **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 novel nucleoside analogues designed to treat hepatitis C virus (HCV) infections, licensed to Boehringer Ingelheim, and a series of candidate drugs aimed at treatment of respiratory syncytial virus (RSV) disease. 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 anti-virals.

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

\*Further information available at [www.biota.com.au](http://www.biota.com.au)

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