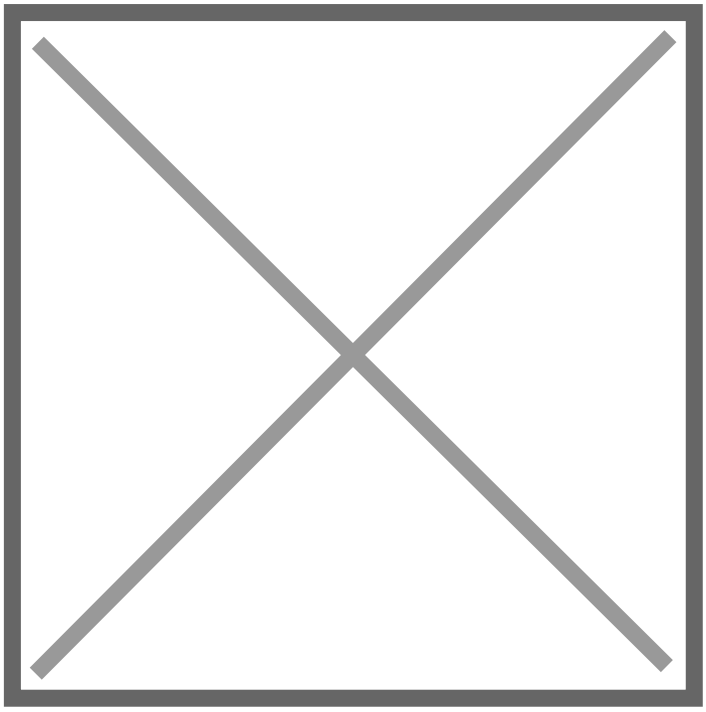
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Sydney puts up a biotech show

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It rained biotech Down Under for four days from November 19, 2006 at Australia's most happening city as it got ready to herald the summer. The largest gathering of biotech professionals in the region drew top minds from across the world to discuss the promising future of biotechnology.

Biotech boom attracts huge VC funds

It is boom time for biotech companies seeking funds. The industry globally is likely to attract investments of $26 billion in 2006 and has already got nearly three-fourths of it by September.

"This is going to be second largest year for biotech investments, surpassing investments of $20.8 billion in 2004. The largest was in 2000 when the industry got $31 billion," said Michael McCully, director at US-based investment company, Recombinant Capital. McCully was delivering a keynote address at the AusBiotech 2006 Conference.

The 30-year old biotech industry was reaching the stage of maturity and has had a significant number of blockbusters, which are attracting investor attention, McCully said. He said biotech had 23 blockbuster drugs, each exceeding sales of $1 billion last year and biotech drugs cornered sales of $43 billion in 2005. The world's largest selling biotech drug in 2005 was Enbrel from Amgen with sales of $3.6 billion, followed by Procrit ($3.4 bn), Procrit ($3.3 bn), Aransep ($3.27 bn), Rituxan ($3.154 and Epogen ($2.45). About the increasing investor attractiveness, McCully said the top-three biotech companies alone raised $7.45 billion in the first nine months of 2006. Amgen raised $5 billion, Gilead Sciences $1.3 billion and MedImmune another $1.15 billion debt.

"This is a good sign for the biotech industry as trickle down effect will ensure that smaller entrepreneurs too get their funds," he added. The AMEX BTK index of Top 30

publicly-traded biotech companies had grown by over 30 percent, compared to 25 percent in 2005 and 11 percent in 2004. However, the overall Nasdaq index covering 231 companies had shown an average increase of only five percent this year.

Michael said the financial markets were in awe of companies with drugs in the last stages of development and not many VCs were interested in companies having drugs in early stages of development. Further, most VCs were looking at late companies

Prof. Gregory Winter, considered the father of monoclonal antibodies (MABs) from the MRC Laboratory of Molecular Biology, UK, and Prof Ian Fraser, selected the Australian of the Year 2006, were among the prominent names who shared their perspectives on the growth path biotechnology.

"This is the largest gathering of biotechnologists in the country, with nearly 1,500 delegates," said the event organizer, AusBiotech's CEO, Dr Anna Lavelle. The 2005 edition in Perth, Western Australia, had about 1,100 delegates. Over 90 exhibitors displayed their wares at a huge exhibition hall at the Sydney convention center overlooking the happening part of Darling Harbor.

Almost every one was optimistic about the future of the biotechnology sector globally, which turned 30 this year. Modern biotech industry's birth is counted from the date of the launch of Genentech, the $6 billion biotech major in San Francisco, in April 1976. At the same time, as the industry struggles to become profitable, weighed down by the huge costs of drug development, there were calls for continued support from the public with funds and enthusiasm to continue on the growth path.

In fact, this was the theme of Dr Fraser's talk while narrating the difficult terrain traversed by him to develop the world's first vaccine against the Human Papilloma Virus (HPV). In his inimitable way, he narrated the long struggle to get financial support to conduct the arduous development process, clinical trials with the limited infrastructure which even a highly developed country like Australia had a decade ago.

"In the US, where the biotech industry is most advanced, at least 44 percent of the average $198 million spent on developing a single biotech product comes from public sources, " Dr Fraser said quoting a recent study while delivering the key note address.After initial product development, it takes an average of $361 million to conduct clinical trials of a biotech product in eight years. In fact, the clinical phase consumes nearly three-thirds of the total product development cost. The risk was the highest at this stage and this cannot go on to become successful without government support, he said. "The governments have to continue to invest in biotech product development because this industry requires great product, excellent infrastructure and immense networking between organizations," Dr Fraser said.

He gave an overview of the development of the HPV virus and pointed out the lack of advance infrastructure required to all the studies in Australia during the development phase. We need to choose a substitute business model for the biopharma industry to continue to maintain and grow its capacity and deliver great products," Dr Fraser emphasized.

About HPV, he pointed out that recent studies indicated that the vaccine was preventing the onset of cervical cancer in 70 percent of the unscreened population. The vaccine, based on virus-like particles, was also showing encouraging signs in controlling genital warts.

There were nearly 350 delegates from outside Australia and a large number of exhibitors from India, China, Taiwan, UK, US, Canada, South Korea, Japan, Singapore and New Zealand. Dr Reddy's from India made a strong presence. The trade development agencies of the UK, Philadelphia, many provinces of Canada, South Korea and Japan were present in a big way.

The state of New South Wales where Sydney is located also made a strong pitch for investments. "This region has the largest collection of biotech and biomedical companies and has set up a $30 million fund to help research efforts," said NSW's director general for regional development, Loftus Harris. He also emphasized with the increasing number of people over 65 in the country, governments were keen to support the development of less costly medicines to keep the health budgets under control.

A highlight of the event was the special award given to Australia's much-admired Gene Technology Regulator, Dr Sue D Meek. Australia enacted a widely admired exclusive Gene Technology Act early this decade and created the professional regulator for this sector. There was also a lot of buzz around the biotech drug Gardasil developed in Australia and licensed to Merck in 2006.

The 2007 edition of AusBiotech will be held in Brisbane.

Narayanan Suresh in Sydney