# Corporate Activity – Mergers and Acquisitions

## Impending mergers and acquisitions

Australian drug development company **Alchemia** has gained >90% of **Meditech** and will proceed to compulsory acquisition. Alchemia is a drug discovery company with a novel carbohydrate platform technology focused on the development of a generic synthetic heparin and on discovering a pipeline of products for oncology, eye disease, antibiotic and pain treatment. The company has a website at www.alchemia.com.au.

Private biopharmaceutical companies **Athenagen** of South San Francisco, CA, and **Zapaq** of Oklahoma City, OK, have signed a letter of intent to merge. The companies both have leading programs focused on neurological diseases, including several proprietary compounds targeting Alzheimer disease. The merger is expected to be completed in Q3. Athenagen is developing small-molecule drugs that act on the nicotinic acetylcholine (nACh) receptor pathway based on technology licensed from Stanford. It currently has three product development programs acting on this pathway: ATG003, a topical antiangiogenesis compound for neovascular AMD; ATG002, a topical (gel) pro-angiogenesis compound for diabetic foot ulcers; and GTS-21, an oral nACh receptor agonist for cognition enhancement. Zapaq is developing therapeutics that target aspartic proteases, a group of enzymes central to a variety of human diseases, including Alzheimer disease. The company's lead compounds are on track to enter clinical trials in 2007. Athenagen has a website at www.athenagen.com.

Australian biopharmaceutical company **CSL** plans to acquire 100% of the issued shares in Australian biotech **Zenyth**. The acquisition is to be implemented by way of a scheme of arrangement between Zenyth and its shareholders. CSL's Chief Scientist, Dr Andrew Cuthbertson commented that the company's R&D strength lies in protein-based biological medicines used to treat serious diseases. Zenyth's portfolio of preclinical R&D projects, while at a relatively early stage, is seen as fitting well with CSL's research in cancer, immunology and inflammation. The companies have websites at www.csl.com.au and www.zenyth.com.au.

Canadian company **Genesis Bioventures** has signed a nonbinding letter of intent to acquire the assets of **Prion Developmental Laboratories** (PDL) of Buffalo Grove, IL. Genesis currently holds around 44% equity interest in PDL and intends to establish the diagnostic business as a wholly owned subsidiary. The company believes this acquisition further ensures PDL's technology reaches customers faster than under the current ownership structure. Genesis has worked closely with PDL in the development of the patented Rapid Prion-Detection Assay tests and was granted exclusive worldwide sales, marketing and distribution agreements from PDL to commercialize the tests in February 2006. The company has a website at www.gnsbio.com.

**Gilead Sciences** of Foster City, CA, has exercised its option to purchase **Corus Pharma** of Seattle, WA, for $US365 million; completion of the transaction is expected in Q3.option. Corus Pharma is focused on the development of specialty products for respiratory and infectious diseases. The companies have websites at www.gilead.com and www.coruspharma.com.

Italian company **Recordati** is to acquire **Jaba Farmacêutica** and the other pharmaceutical businesses belonging to the Grupo Jaba in Portugal; the transaction is valued at approximately €45 million and is expected to close before year-end. Jaba is the third largest Portuguese pharmaceutical group with a significant market share and an extensive product portfolio covering a wide range of therapeutic areas. It includes prescription drugs sold under license as well as proprietary brands, plain generics, and a well known line of OTC products. The agreement allows Recordati to enter the Portuguese market directly and represents a further step in the company's strategy to expand its direct presence in the European pharmaceutical market. The company has a website at www.recordati.com.

## Completed mergers and acquisitions

**Applied Biosystems** of Foster City,CA, has completed its acquisition of **Agencourt Personal Genomics** (APG) of Beverly, MA, for approximately $US120 million in cash. APG's massively parallel fluorescence sequencing by stepwise ligation technology is a novel, extremely high-throughput approach to DNA/RNA analysis. Applied Biosystems expects APG's technology to be complementary to its current platforms and applicable to many genetic analysis applications, including de novo genome sequencing, medical sequencing, high-throughput gene expression, and high-throughput genotyping. Further information is available at www.appliedbiosystems.com.

**Bayer**'s public takeover of **Schering AG** has been completed. Bayer now has control of 92.4% of outstanding Schering shares.

**Bayer Diabetes Care**, a division of **Bayer HealthCare**, has acquired **Metrika**, a private company based in Sunnyvale, CA, that manufactures and markets A1CNow+®, a meter-based diabetes monitoring system that has single-use, disposable test cartridges. A1CNow+ is a pager-sized device for people with diabetes to use both at home and with their healthcare provider for monitoring of HbA1c, the clinically accepted standard measure of blood sugar control.

**Bruker BioSciences** of Billerica, MA, has closed its acquisition of molecular spectroscopy company **Bruker Optics** in a cash and stock transaction worth around $US135 million. Bruker Optics is a leading developer, manufacturer and provider of research, analytical and process analysis instruments and solutions based on infrared and Raman molecular spectroscopy technology. Further information is available at www.bruker-biosciences.com.

The development-stage biotech **CytoDyn** (Santa Fe, NM) has acquired **Advanced Influenza Technologies** (AIT) in a stock transaction. AIT holds the license for a DNA-based influenza vaccine candidate developed at the University of Massachusetts Medical School. The company has a website at www.cytodyn.com.

**Millipore** of Billerica, MA, has completed its acquisition of **Serologicals** of Atlanta, GA; the acquisition will transform Millipore into a life-science industry leader with combined annual revenues of approximately $US1.4 billion, based on 2006 full-year projections. The acquisition will expand Millipore's Bioscience division product portfolio into fast growing markets and facilitate the entry of its Bioprocess division into upstream biopharmaceutical manufacturing. The company has a website at www.Millipore.com.

Danish company **Novozymes** has acquired **Delta Biotechnology** from **Sanofi-Aventis**. Delta will become a wholly owned subsidiary of Novozymes, operating as a self-contained business unit with both its R&D and manufacturing facilities based in Nottingham, UK. The new company will operate under the name Novozymes Delta. Novozymes is a leader in the production of enzymes in a range of micro-organisms and has acquired Delta as part of its strategy to extend its portfolio of products that are used as key ingredients in bio-pharmaceutical products. The companies have websites at www.novozymes.com and www.deltabiotechnology.com.

**PerkinElmer** (Wellesley, MA) has completed its acquisition of **J.N. Macri Technologies**, which holds and licenses global patents related to free β-human chorionic gonadotropin (β-hCG). Free β-hCG is a peptide hormone produced in the early stage of pregnancy that is widely recognized as a critical biomarker for first-trimester prenatal risk assessment. Additionally, PerkinElmer acquired **NTD Laboratories**, a reference laboratory specializing in prenatal risk assessment. The purchase price for both transactions was approximately $US5& million. *"This acquisition represents the next step in our initiative to build a comprehensive screening and diagnostics capability in maternal health,"* said Gregory Summe, chairman and chief executive officer of PerkinElmer. These deals build upon recent agreements signed by the company related to its screening and diagnostics strategies. These included a global licensing agreement to develop assay kits for the ADAM12 biochemical marker, which has broad potential in maternal health screening for fetal chromosomal abnormalities; and the securing of global rights for PP13 (placental protein 13), a prospective biomarker for identifying patients at risk for pre-eclampsia in the first trimester. Further information is available at www.perkinelmer.com

**Predicant Biosciences** of South San Francisco, CA, has acquired **Pathwork Informatics** of San Jose, CA, and named the merged company **Pathwork Diagnostics**. The new company will develop and commercialize innovative genomic diagnostic tests for oncology. Pathwork Diagnostics' first product will be a test to aid in the diagnosis of the origin of secondary and/or unspecified malignant cancers. Further information is available at www.pathworkdx.com.

**Quest Diagnostics** of Teterboro, NJ, has completed its acquisition of **Focus Diagnostics** of Cypress, CA, in a cash transaction valued at approximately $US185 million. Focus Diagnostics is recognized worldwide for its leadership in infectious and immunologic diseases and has established a reputation for being first to introduce new assays to the market, including diagnostic tests for Lyme disease, West Nile virus and SARS. Quest Diagnostics is a leading provider of diagnostic testing, information and services and is a pioneer in developing innovative new diagnostic tests and advanced healthcare information technology solutions. The companies have websites at www.questdiagnostics.com and www.focusdx.com.

**Siemens** of Malvern, PA, has completed its acquisition of **Diagnostic Products** of Los Angeles, CA, marking a significant milestone for Siemens as it enters the *in vitro* diagnostics (IVD) market. This acquisition is just the first step for Siemens – at the end of June the company announced its intent to acquire **Bayer Healthcare**'s Diagnostics Division (subject to regulatory approvals). These two acquisitions will expand Siemens' competencies in the innovative and fast-growing area of molecular medicine from *in vivo* molecular imaging – e.g.

PET imaging (positron emission tomography) – to the *in vitro* field, being of specific importance for the early detection of disease. Once the acquisition of **Bayer Diagnostics** is complete, Siemens will offer solutions in immunodiagnostics, genetic testing, near-patient testing, clinical chemistry, lab automation, hematology (blood cell diagnostics), and beyond. The company has a website at www.siemens.com.

## Other completed transactions

**Discovery Partners International** (DPI) of San Diego, CA, has completed the sale of all of its drug discovery service operations to genomics company **Galapagos** of Leiden, The Netherlands, for $US5.4 million (€4.25 million) in cash. The deal helps Galapagos with its strategy to become a worldwide leader in drug-discovery services, ranging from target discovery all the way through to the delivery of compounds with clinical proof of concept. DPI's drug discovery operations will be merged into **BioFocus**, the drug-discovery services division of Galapagos; the name will be changed to **BioFocus DPI**. More information about Galapagos and BioFocus can be found at www.glpg.com.

**Evotec Technologies** of Frankfurt, Germany, has sold the core of its Single Molecule Detection Technology and transferred or licensed the corresponding intellectual property portfolio to **Olympus** of Tokyo, Japan. This transaction is a further step taken by Evotec Technologies to increasingly focus its business on providing cutting-edge cell-imaging and cell-handling systems for the cell biology growth market. Both companies will work together to best exploit single molecule detection for cellular applications and to ensure the compatibility of Olympus' single molecule detection products with Evotec Technologies' cell biology systems. The companies have websites at www.evotec-technologies.com and www.olympus.co.jp.

India-based **Orchid Chemicals & Pharmaceuticals** has bought out the remaining 26% stake in US-based **Bexel Pharmaceuticals** for $US3 million; Orchid already owned 74% of Bexel. The aim of the transaction is to consolidate all drug discovery activities under a unified structure. Bexel will now function as part of Orchid Research Laboratories – a wholly owned subsidiary established to manage the company's drug discovery work. Bexel has been focusing on drug discovery research in metabolic diseases such as diabetes, obesity and autoimmune diseases, while Orchid has been focusing on inflammation, cancer and anti-infectives.

## New companies

**LTKfarma** is a French biopharmaceutical company focused on the development of cell therapy products derived from modified T-cells in the treatment of leukemia and severe forms of autoimmune pathologies (scleroderma, multiple sclerosis, rheumatoid arthritis). LTKfarma has exclusive rights to use 31 patents in six families following an exclusive license granted in March 2006 by the University of Pierre et Marie Curie (UPMC/ Paris VI) with rights in Europe, the US and Japan. Currently in phase I/II testing, the company's lead product TK54 is a cell therapy product made up of modified T-cells, which express a 'suicide' gene coding for a viral enzyme, the herpes virus thymidine kinase that is able to transform an inactive drug (ganciclovir) into a derivative that is specifically toxic to dividing cells, which then die by 'cellular suicide'.

**Sloning Biotechnology** is a new biotech company located in Puchheim, Germany. The company produces synthetic genes using its novel Slonomics™ technology. Sloning's proprietary technology provides a novel way of producing synthetic gene constructs. Instead of ligating oligonucleotides specifically designed and synthesized for a given gene construct, the company relies on a library of standardized universal double-stranded DNA building blocks that can be combined to any desired sequence by means of a series of standardized reaction steps. The company has a website at www.sloning.de

## Name changes

**Compound Therapeutics** (Waltham, MA), a private biotechnology company focused on development of medicines based on AdNectins™, has changed its name to **Adnexus Therapeutics**. AdNectins are an emerging protein therapeutic class that can be designed to address a broad range of diseases. They are based on human fibronectin, an extracellular protein that is naturally abundant in human serum. AdNectins are designed using the PROfusion™ System, Adnexus' patented discovery engine, to achieve high potency and specificity for a therapeutic target while simultaneously selecting for ideal pharmaceutical product characteristics. Adnexus is in the process of initiating a phase I trial of its lead product candidate Angiocept™ in oncology. The company's new website will be www.adnexustx.com.