
17/01/2007**ApoLife could sell for USD 50m, Abbott or Lilly preferred buyers, says President**

ApoLife, the private, Michigan-based recombinant proteins and functional human antibodies producer, could sell for USD 50m, said President Nalini Motwani.

The company, which is currently awaiting the results of clinical animal trials that will take three to six months, has already been approached and seen initial interest by US-based Eli Lilly, she said. In addition, ApoLife would also like to hear from US-based competitor, Abbott Labs, which recently failed to acquire Glycofi, another target in the therapeutic proteins space, she added. However, she also said ApoLife would prefer R&D contract relationship with Lilly or Abbott.

Glycofi was acquired by Merck for USD 400m in May 2006. Motwani explained that Glycofi previously was partnered with Merck, Lilly and Abbott. However, Merck won the bid in the end, which leaves Lilly and Abbott still wanting to fill that gap in their pipeline.

A spokesperson for Lilly declined to comment on any potential acquisitions or M&A activity. However, in terms of buys, the spokesperson said Lilly has held a long belief that smaller targeted acquisitions make both financial and strategic sense. "Large scale activity, we don't think that creates the appropriate shareholder value. We are different from our peers in that sense, we don't necessarily look for large scale M&A activity but on a small cap scale we continue to look at those types of deals," he said. The spokesperson would not quantify a size, but noted that the company's USD 2.1bn ICOS buy last year was by far on the larger end of that size scale. "That was a specific deal with a specific partner that we were looking at. Other deals will be much smaller," he said. Abbott did not return calls for this article.

Wockhardt, the Indian pharmaceutical, also expressed interest in the company at a biologics conference in Singapore. A senior executive at Ranbaxy also stated that Indian pharma companies would be interested in acquiring that type of technology platform. "We also are open to any investment for a percentage share in the company from Singapore or Indian companies," said ApoLife's Motwani. The company will also be attending BioAsia2007 in Hyderabad, India, in February to meet other prospective companies.

ApoLife will be securing USD 1m in cash from an Indian biogeneric company, to garner enough cash to stay afloat. This would also allow the company to get results for a better sale valuation. "If no cash is on table by February or no contracts, we would sign an India deal which would give us another two months before a final deal is sealed," she explained.

ApoLife provides solution for accelerated development of therapeutic antibodies through its proprietary yeast expression system. ApoLife's process requires one-third the time for production thus lowering the cost of capital investment and has the potential of lowering the cost of final products by up to 50%. ApoLife employs Bakers yeast, which has been used for manufacturing several FDA approved therapeutic products thus giving ApoLife competitive regulatory advantage over companies using other yeast systems. In addition, the cost of antibody production can be reduced, as yeast fermentation process takes 7 days vs 21 days for mammalian cell culture systems.

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