

Regulatory Announcement

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FuturaGene PLC

FuturaGene Plc ('the Company' or 'FuturaGene') Announces the Acquisition of CBD Technologies Inc. ('CBD')

24th November 2006

The board of FuturaGene Plc, which develops environmentally friendly solutions that enable plants to grow in harsh conditions and to stabilise and improve crop yields, today announces the conditional acquisition of CBD, a company focused on the commercialisation of plants which are modified to grow faster, stronger and with greater biomass than native plants.

Highlights

* FuturaGene to purchase CBD for an initial payment of approximately £3.02 million, satisfied by the issue of 4.95 million new ordinary shares of 0.5p each in FuturaGene ('Ordinary Shares') * FuturaGene will issue up to a further 6.67 million new Ordinary Shares if certain conditions and revenue targets are met * CBD's technology, which enables plants to grow faster and improves their fibre properties, is complementary to that of FuturaGene * The combined technologies have the ability to accelerate the growth of plants that are drought resistant and/or salt tolerant * The enlarged group's technologies could reduce crop rotation time and improve stress resistance of crops, enabling them to be cultivated on marginal lands * CBD's initial target market, the plantation forest segment of the broader forestry, paper and pulp market, is estimated to be worth more than \$340 billion per annum * CBD is at an advanced stage of commercialisation of its technology with one of the largest South American forestry, pulp and paper companies. It also has a development and evaluation agreement with a leading forestry, pulp and paper group in Thailand * Dr Stanley Hirsch to continue as CEO of CBD, bringing additional commercial management experience to the group * Gaetan Waucquez, a director of CBD, to join the board of FuturaGene as a non-executive director

Mark Pritchard, FuturaGene's Chairman, said: 'This is a significant deal for FuturaGene. The combination of the two technologies has the potential to develop a range of crops which grow faster with increased biomass in more hostile conditions than native crops. CBD's existing commercialisation strategy mirrors that of FuturaGene and we think the acquisition will play an important part in advancing FuturaGene towards commercial success.'

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Notes to Editors

FuturaGene

FuturaGene is committed to the research and development of environmentally friendly solutions to solve crop production problems.

FuturaGene sponsors research at a consortium of universities to develop knowledge and create intellectual property that is essential to the development of crop species with enhanced agronomic characteristics including tolerance to a variety of environmental stresses such as salt, drought and cold conditions. FuturaGene has established contracts with a number of universities for the exclusive global commercial rights on a suite of utility and provisional patents.

The Group's technology comprises a licensed patented portfolio of genes which enhance stress tolerance in the plant by mediating over-expression of genes present in the plant. FuturaGene has identified genes which confer enhanced tolerance and enable plants to withstand extreme environmental stresses such as cold, drought, fungal pathogens and high salt concentrations.

Information on CBD

CBD is a US corporation focused on the commercialisation of genetically modified plants for improving yields and environmental sustainability in the forestry, paper and agricultural sectors.

Intellectual Property

The CBD agribiotech patent portfolio rests on an umbrella patent position covering a novel modality for the modification of plant cell walls. This position covers the use of any cell wall modifying proteins which produce plants with increased biomass, faster growth rate, higher yield, higher cellulose content, increased digestibility by ruminants or have increased survival rates. To date, cell wall modification has been the only single-gene process which has been demonstrated to increase biomass and improve fibre properties.

CBD has demonstrated the effectiveness of its technology in trees and has transformed both poplar and eucalyptus species. An independent trial conducted using the company's transformed poplar tree demonstrated that the genetically modified trees generated significantly more biomass than the control trees over a two year period. Independent verification by the University of British Columbia determined that the genetically modified wood demonstrated substantially enhanced fibre length and strength characteristics when compared with wood from control trees. These enhanced characteristics translated into increased burst, tear, and tensile strength in finished paper.

CBD has reached various stages of transformation, laboratory testing, or limited field trials with potato, rice and softwoods. Future products that CBD plans to develop and commercialise, through strategic partnerships, include cotton and corn.

Business Model

CBD targets the plantation forest segment of the broader forestry, paper and pulp market, which has been estimated to be worth in excess of \$340 billion per annum. CBD's commercialisation model seeks to establish regional partnerships with leading forestry companies throughout the world.

CBD's contingent, fee-based revenue model will align CBD's interests with those of its clients, resulting in lower risk for customer adoption, and greater

potential future cash flow to CBD as value will be captured near to the end of the product chain.

Prior to completion CBD will dispose of its protein business to a subsidiary of Floridienne SA, a major shareholder in CBD. This activity is not considered central to the enlarged group going forward. The consideration will include the assumption of certain of CBD's liabilities and obligations to pay royalties for the account of former CBD stockholders.

For the year ended 31 December 2005 CBD (including its protein business) incurred a loss before tax of \$1.056 million and had net assets of \$483,000. The disposal of the protein business is not expected to have a material effect on the financial position of CBD.

Commercial Contracts

CBD has a strategic deal in place with Companhia Suzano de Papel e Celulose ('Suzano'), one of the largest integrated forestry, pulp and paper companies in South America. In 2005 Suzano had approximately 172,000 Ha of eucalyptus plantations and its nurseries produced around 32 million seedlings.

CBD has successfully transformed multiple Suzano eucalyptus clones with its genes that have been exported to Brazil for selection trials and commercialisation. A major field trial of over 2,000 trees was initiated in January 2006 in Brazil. Results of the trial are expected in late 2008.

The terms of the agreements with Suzano provide for an additional investment by Suzano if the trialled plants meet certain biomass enhancement milestones and for the consequent establishment of a joint venture between CBD and Suzano. The joint venture will have the exclusive rights for commercialising the CBD technology in eucalyptus in South America. Brazil has a total eucalyptus forest area of more than 3.3 million hectares, providing the joint venture with a major market opportunity. In addition to R&D collaboration, Suzano has made equity investments in CBD of \$2m to date.

In addition, CBD has a development and evaluation agreement with the AA Alliance Group ('AA'), a leading forestry, pulp and paper group in Thailand. AA plants approximately 60 million trees per annum. CBD is currently transforming AA's eucalyptus germplasm to be used in clonal selection trials. Commercial terms are intended to be negotiated at the conclusion of a two year field trial.

Strengths of the Enlarged Group

FuturaGene's and CBD's technology portfolios are complementary. By combining elements of both technology portfolios, it is anticipated that enhanced product offerings will be developed. The ability to accelerate the growth of plants that are drought resistant and/or salt tolerant has a potentially significant economic value. The combination of the enlarged group's technologies could reduce the crop rotation time and improve stress resistance of crops and enable them to be cultivated on marginal lands.

Consideration

The consideration payable by FuturaGene is as follows:

* On completion, the issue of 4.95 million new Ordinary Shares, which will be subject to lock-in arrangements for a period of 12 months following completion and orderly market provisions for a further 12 months thereafter.

* The issue of a maximum of 2.75million new Ordinary Shares if any of the following conditions are met:

(i) the Suzano group proceeds with the additional investment in CBD referred to

above; or (ii) Suzano and CBD enter into a joint venture for the commercialisation of CBD product which CBD's board considers justifies the issue of such shares; or (iii) other commercial arrangements in relation to CBD product are established between Suzano and CBD which CBD's board considers justifies the issue of such shares.

Additionally any revenue accruing to CBD by virtue of CBD's relationship with Suzano in the periods from completion to 31 July 2007 and from 1 August 2007 to 31 July 2008 will result in the issue of new ordinary shares at the rate of one FuturaGene share for every \$1.0909 of revenue, although no Ordinary Shares will be issued in respect of any such period if the revenue generated in respect of that period is less than US\$400,000. Such issue is capped at an aggregate maximum of 2.75 million shares. Any issue of shares under these provisions will operate to reduce the shares issued on satisfaction of the conditions referred to above, and vice versa.

* A further issue of a maximum of 1.1million new ordinary shares in FuturaGene conditional upon revenue (other than Suzano revenue) generated by CBD during the period from completion until 31st December 2007. For each \$1.6364 of revenue generated by CBD, FuturaGene will issue one new ordinary share up to a maximum of 1.1million shares.

In addition, in certain circumstances FuturaGene has agreed to issue up to a maximum of 2,836,604 additional Ordinary Shares to protect the former shareholders of CBD from dilution as a result of certain contingent share issues which FuturaGene may be required to undertake pursuant to the plan of merger relating to the acquisition of FuturaGene Inc. dated 19 May 2004.

Proposed Director and management changes

Following completion of the acquisition, Dr Stanley Hirsch, who has been with CBD since 1995, will join the management team of FuturaGene as CEO of CBD. Dr Hirsch has extensive commercial experience in early stage technology companies and received a D.Phil from Oxford University in cell biology and immunology.

Mr Gaetan Waucquez will join the board of FuturaGene upon completion of the acquisition. Mr Waucquez, aged 40, is a management board member of Floridienne, a Belgian investment holding company quoted on the Euronext exchange and one of the biggest shareholders in CBD. The terms of his appointment include standard provisions in respect of the performance of his duties, restrictions on involvement in competing businesses and confidentiality clauses. Mr Waucquez will not be receiving any fees in respect of his role as a non-executive director. At completion of the transaction, Floridienne will hold approximately 3.87% of the issued share capital of FuturaGene. Save as disclosed below, there is nothing further to disclose in relation to the appointment of Mr Waucquez pursuant to paragraph (g) of schedule two to the AIM rules.

Current Directorships

W.invest S.A. Beluflo S.A. Maison Hoyoit S.A. Foyers réunis S.A. Marnor S.A. Agemar S.A. Chocolat de l'iris S.A (Marcolini) Chocolat du sablon S.A. VMC S.A. Newtree S.A. CBD Technologies Inc

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