

NANOGEN INC
Form 8-K
March 04, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the

Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 3, 2004

NANOGEN, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction)

000-23541
(Commission File Number)

33-0489621
(IRS Employer

of Incorporation)

Identification No.)

10398 Pacific Center Court, San Diego, California
(Address of Principal Executive Offices)

92121
(Zip Code)

Registrant's telephone number, including area code: (858) 410-4600

Item 5. Other Events.

NANOGEN, INC. UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On February 9, 2004, Nanogen, Inc. (Nanogen or the Company) entered into a Combination Agreement (the Combination) with SynX Pharma Inc. (SynX) whereby the Company plans to acquire SynX for approximately Canadian \$16.3 million (approximately U.S.\$12.2 million) in an all-stock transaction by way of a court-approved plan of arrangement. The transaction is subject to the approval of holders of SynX common shares and debentures, court approval and other customary closing conditions. The following unaudited pro forma combined financial statements reflect the impact of the proposed acquisition using the purchase method of accounting. The pro forma adjustments are preliminary and have been prepared to illustrate the estimated effect of the acquisition. Consequently, the amounts reflected in the unaudited pro forma combined financial statements are subject to change, and the final amounts may differ substantially.

SynX's historical financial statements are prepared in accordance with Canadian GAAP, which differs in certain respects from U.S. GAAP. SynX's unaudited consolidated balance sheet as of September 30, 2003, unaudited consolidated statement of operations for the nine months ended September 30, 2003, and statement of operations for the year ended December 31, 2002 have been adjusted to conform to U.S. GAAP and have been translated to U.S. dollars. Reclassifications have been made to the historical presentation of SynX in order to conform to the pro forma combined presentation.

The unaudited pro forma combined balance sheet as of September 30, 2003 gives effect to the proposed SynX acquisition as if it was completed on that date, and was derived from the historical unaudited consolidated balance sheet of SynX as of September 30, 2003, combined with the Company's historical unaudited consolidated balance sheet as of September 30, 2003.

The unaudited pro forma combined statement of operations for the nine months ended September 30, 2003 illustrates the effect of the proposed acquisition of SynX as if it had occurred on January 1, 2003, and was derived from the historical unaudited consolidated statement of operations for SynX for the nine months ended September 30, 2003, combined with the Company's historical unaudited consolidated statement of operations for the nine months ended September 30, 2003.

The unaudited pro forma combined statement of operations for the year ended December 31, 2002 illustrates the effect of the proposed acquisition of SynX as if it had occurred on January 1, 2002, and was derived from the historical audited statement of operations of SynX for the year ended December 31, 2002, combined with the Company's historical audited consolidated statement of operations for the year ended December 31, 2002.

The unaudited pro forma combined financial statements should be read in conjunction with the separate historical audited and unaudited financial statements and notes thereto of SynX and the Company. The historical financial statements for SynX are contained in their annual and quarterly reports filed with the Canadian securities regulatory authorities. These filings can be accessed at www.sedar.com. The historical financial statements for the Company are contained in their Annual Report on Form 10-K for the year ended December 31, 2002 and their Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 filed with the Securities and Exchange Commission.

Pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the proposed acquisition had occurred as of the date or during the periods presented nor is it necessarily indicative of future operating results or financial positions.

NANOGEN, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET

SEPTEMBER 30, 2003

U.S. GAAP - (U.S.\$ in thousands)

	Nanogen September 30, 2003	SynX September 30, 2003 (A)	Pro Forma Adjustments	Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	\$ 12,767	\$ 622	\$ (2,150)(B)	\$ 11,239
Short-term investments	19,787			19,787
Accounts receivable	1,696	984		2,680
Inventory	4,972	86		5,058
Other current assets	1,309	574		1,883
Total current assets	40,531	2,266	(2,150)	40,647
Property and equipment	4,922	4,467		9,389
Long-term investments		537	(537)(H)	
Intangible assets	2,761	1,487	(1,205)(D)	3,043
Goodwill			11,252 (C)	11,252
Restricted cash	14	739		753
Other assets	564			564
Total assets	\$ 48,792	\$ 9,496	\$ 7,360	\$ 65,648
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	\$ 390	\$ 908	\$	\$ 1,298
Accrued liabilities	4,017	1,418	1,077 (E)	6,512
Deferred revenue	914			914
Current portion of capital lease obligations	835	23		858
Total current liabilities	6,156	2,349	1,077	9,582
Debentures		2,550	(2,550)(F)	
Capital lease obligations, less current portion	675	2		677
Other long-term liabilities	3,841	517		4,358
Total long-term liabilities	4,516	3,069	(2,550)	5,035
Minority interest in subsidiary	223			223
Stockholders' equity:				
Common stock	24	26,165	(26,165)(G)	24
Additional paid-in capital	207,336	142	16,398 (G)	223,876
Accumulated other comprehensive income	1,904	720	(720)(G)	1,904
Deferred compensation	(134)		(126)(G)	(260)
Accumulated deficit	(170,311)	(22,949)	19,446 (G)	(173,814)
Treasury stock	(922)			(922)

Edgar Filing: NANOGEN INC - Form 8-K

Total stockholders' equity	37,897	4,078	8,833	50,808
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 48,792	\$ 9,496	\$ 7,360	\$ 65,648
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

See Notes to Unaudited Pro Forma Combined Financial Statements

NANOGEN, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, 2003

U.S. GAAP - (U.S.\$ in thousands, except per share data)

	Nanogen September 30, 2003	SynX September 30, 2003 (I)	Pro Forma Adjustments	Pro Forma
Revenues:				
Product sales	\$ 1,642	\$ 372	\$	\$ 2,014
License fees	46	2,161		2,207
Research services		1,332		1,332
Sponsored research	1,125			1,125
Contract and grant revenue	1,822			1,822
Other revenue		175		175
Total revenues	4,635	4,040		8,675
Costs and expenses:				
Cost of product sales	2,168	165		2,333
Research and development	13,473	4,559		18,032
Selling, general and administrative	11,532	2,881	32(J)	14,445
Impairment of acquired technology rights	1,024			1,024
Litigation and settlement of patent matter	149			149
Total costs and expenses	28,346	7,605	32	35,983
Loss from operations	(23,711)	(3,565)	(32)	(27,308)
Interest income, net	405	49		454
Other income (expense)	(19)	(212)		(231)
Gain/(loss) on sale of investments	(2,790)			(2,790)
Gain/(loss) on sale of fixed assets	(131)			(131)
Minority interest in consolidated subsidiaries	1,594			1,594
Net loss	\$ (24,652)	\$ (3,728)	\$ (32)	\$ (28,412)
Net loss per share - basic and diluted	\$ (1.14)		(K)	\$ (1.23)
Basic and diluted shares outstanding	21,652		1,506(K)	23,158

See Notes to Unaudited Pro Forma Combined Financial Statements

NANOGEN, INC.

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002

U.S. GAAP - (U.S.\$ in thousands, except per share data)

	Nanogen December 31, 2002	SynX December 31, 2002 (L)	Pro Forma Adjustments	Pro Forma
Revenues:				
Product sales	\$ 3,384	\$ 87	\$	\$ 3,471
License fees	10,844	3,794		14,638
Sponsored research	1,355			1,355
Contract and grant revenue	1,596			1,596
Other revenue		81		81
Total revenues	17,179	3,962		21,141
Costs and expenses:				
Cost of product sales	2,466	10		2,476
Research and development				