

TOKYO, Dec 1 (Reuters) - Medium-sized Japanese drug maker Kyorin Pharmaceutical Co. (4560.T: [Quote](#), [Profile](#), [Research](#)) said on Wednesday it had agreed to buy unlisted U.S. biotechnology firm ActivX Biosciences Inc. for \$21 million.

The acquisition will broaden Kyorin's drug discovery networks to the United States from Japan and Europe, it said.

Japanese drug makers, under pressure from higher research and development (R&D) costs and stiff competition at home, are stepping up their effort to widen research collaboration.

Kyorin has been collaborating with ActivX on research since May 2002 and the two have discovered a compound with potential for the treatment of diabetes.

California-based ActivX, established in August 2000, is applying chemical technologies and protein analysis to drug discovery and development.

Kyorin aims to complete the purchase by the end of the year and will make ActivX a fully owned U.S. research unit.

The deal will have limited impact on Kyorin's earnings for the business year to March, it said. Prior to the announcement, shares in Kyorin closed down 0.75 percent at 1,461 yen, compared with a 1.25 percent decline in the drug sector index .