

Article 265

REUTERS **INTERVIEW-Millennium VP says Israel still biotech target.**By **Albert Robinson**

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TEL AVIV, March 20 (Reuters) - Israeli-Palestinian violence has had no effect on U.S. giant Millennium Pharmaceuticals Inc in its search for Israeli biotechnology acquisitions or partnerships, a senior official said on Wednesday.

Yigal Koltin, Millennium's vice-president for international research and development alliances, told Reuters at a biotech conference he was checking several "really promising" Israeli companies.

"The security situation doesn't distract companies like mine in scouting missions for new and interesting technologies," Koltin said. "If you go to any company you see people working hard in their jobs, and that is what interests us."

"There are five or six really promising companies and many other emerging companies that we are watching. Israeli biotech is of interest to Europe and the United States," he added.

Millennium, which looks for and develops breakthrough therapeutic and predictive medicines, is interested in drugs being developed for oncology, inflammation, metabolic conditions like diabetes and obesity, and cardiovascular diseases, he said.

Koltin earlier announced a collaboration agreement with Israel's Compugen Ltd. The firms will co-develop software tools to help predict protein pathways for use in drug discovery and development.

The companies will share the project costs and rights to certain aspects of the technology platform developed. Koltin and Compugen chief executive Mor Amitai declined to discuss how much was involved or when they expected to announce results for the research project.

"The research will look at gene expression profiles and how genes do things they do and things they should not be doing," Koltin said. "The research aims to make the discovery of drugs more efficient by speeding it up and cutting costs."

Compugen merges computational technologies with biology and medicine to enhance drug discovery and development.

ACQUISITIONS SEEN IN 2002

Commenting on Millennium's plans for this year, Koltin said acquisitions could be expected since "mergers and acquisitions is one of our strategies for building the company and making it a fully-integrated pharmaceuticals company. We are a strong company with \$2 billion in the bank.

"We are currently developing 10 drugs, and we predict losses of around \$220 million this year and expect to be cash neutral in 2004."

Millennium reported a loss for 2001 of \$124.9 million, or \$0.57 per share, before acquisition-related charges and debt conversion expenses.

Millennium will invest around \$500 million in research and development this year, Koltin said, compared with \$400.6 million in 2001 and \$268.7 million in 2000.