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Insmmed Incorporated Reports Financial Results for the Second Quarter and First Half of 2005

RICHMOND, Va., Aug 08, 2005 (BUSINESS WIRE) -- Insmmed Incorporated (NASDAQ: INSM), a developer of pharmaceutical products for the treatment of metabolic and endocrine diseases with unmet medical needs, today announced results for the three and six-month period ended June 30, 2005.

Discussion of Revenue and Expense Items

Revenues for the three months ending June 30, 2005 were \$28,000 as compared to \$29,000 for the equivalent period of 2004, and \$85,000 for the first half of 2005 compared to \$90,000 for the first half of 2004.

The net loss for the second quarter ending June 30, 2005 was \$8.5 million or \$0.19 per share, as compared to a net loss of \$9.0 million or \$0.23 per share for the corresponding quarter of 2004. For the six months ending June 30, 2005 the net loss was \$14.3 million or \$0.32 per share as compared to \$13.8 million or \$0.36 per share for the first half of 2004.

The \$0.5 million reduction in the net loss for the second quarter of 2005, as compared to the same quarter of 2004, was mainly due to a combination of lower operating costs of \$2.4 million and an increase in investment income of \$0.2 million, offset by a \$1.8 million increase in interest expense and a \$0.3 million rise in general and administrative expenses. The net operating loss for the six months ending June 30, 2005 was \$0.5 million higher than the corresponding period for 2004 due to increases of \$2.1 million in interest expense and \$0.6 million in general and administration expenses, which were partially offset by a reduction of \$2.0 million in operating expenses and a rise in investment income of \$0.2 million. The reduction in operating expenses were principally due to lower development and manufacturing costs for SomatoKine(R) which were partially offset by increased litigation costs in support of our patent position, while the rise in interest expense and investment revenue arises from the convertible debt offering which closed in March 2005. The higher general and administrative expenses are due to increased registration and filing costs associated with the latest financings and additional external service costs in support of our business.

As of June 30, 2005, the Company had total cash and cash equivalents of \$28.5 million which represents an increase of \$19.2 million from December 31, 2004. This increase is mainly due to the generation of \$32.9 million from financing activities, offset by the use of \$13.7 million in support of our business operations.

Conference Call

The Company will host a conference call on August 8, 2005 at 4:30 p.m. Eastern Time. Company management will conduct the call and will review the financial and operating results for the second quarter of 2005. To participate in the conference call, dial 800-819-9193 (domestic) or 913-981-4911 (international). The call will be webcast live through Insmmed's corporate website: www.insmed.com. A telephonic replay of the call will be available for one week at 888-203-1112 (domestic) or 719-457-0820 (international) Passcode: 8824495 A web replay of the call will be available through the corporate website beginning at 6:00 p.m.

About Insmmed Incorporated

Insmmed Incorporated is a biopharmaceutical company focused on the discovery and development of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs. For further information about Insmmed and SomatoKine(R), please visit the company's corporate website at www.insmed.com.

Statements included within this press release, which are not historical in nature, may constitute forward-looking statements for purposes of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. Although Insmmed believes that such statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations, the forward-looking statements are neither promises nor guarantees and various factors may cause its actual results to differ materially from its expectations. Forward-looking statements include all statements regarding expected financial position, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities for existing or proposed products or services, plans and objectives of management, demand for new pharmaceutical products, market trends in the pharmaceutical business, inflation and various economic and business trends. Such forward-looking statements are subject to numerous risks and uncertainties, including risks that product candidates may fail in clinical trials or may not be successfully marketed, the company may lack financial resources to complete development of product candidates, the company may be unable to raise additional financing necessary to continue current operations, the company may not be able to re-commission our leased manufacturing facility in Boulder, Colorado, and utilize that facility to manufacture the company's product candidates, competing products may be more successful, demand for new pharmaceutical products may decrease and the biopharmaceutical industry may experience negative market trends. For further information with respect to factors that could cause actual results to differ from expectations, reference is made to reports filed by Insmmed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The forward-looking statements made in this release are made only as of the date hereof and Insmmed disclaims any intention or responsibility for updating predictions or financial guidance contained in this release.
