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Insmmed Inc. Reports Financial Results for Fourth Quarter and Twelve Months

RICHMOND, Va., Mar 15, 2007 (BUSINESS WIRE) -- Insmmed Incorporated (NASDAQ: INSM), a biopharmaceutical company focused on the development and commercialization of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs, today announced results for the three and twelve month periods ended December 31, 2006.

Total revenues for the three months ended December 31, 2006 were \$502,000 compared with \$24,000 in the corresponding period of 2005. The net loss for the fourth quarter of 2006 was \$21.4 million or \$0.21 per share, compared to a net loss of \$12.9 million or \$0.27 per share for the fourth quarter of 2005.

Total expenses for the fourth quarter of 2006 were \$21.9 million, compared to \$7.1 million for the corresponding quarter of 2005, due primarily to increases in commercial operations, litigation expenses and a \$7.1 million asset impairment charge resulting from the expensing of certain capital equipment and inventory.

Total revenues for the full year 2006 were \$1.0 million, made up of \$0.4 million from commercial sales, \$0.4 million in cost recovery from the Expanded Access Program and \$0.2 million in royalty. This compares with \$0.1 million in royalties for the full year 2005. The net loss for all of 2006 was \$56.1 million or \$0.59 per share, compared to \$40.9 million and \$0.84 per share for 2005.

Total expenses for the year ended December 31, 2006 were \$55.4 million, compared to \$27.6 million for 2005, due primarily to increased commercial and litigation expenses coupled with the asset impairment charge.

As of December 31, 2006, the Company had total cash and cash equivalents of \$24.1 million, which represents an increase of \$5.3 million from December 31, 2005. This net increase was due to \$52.5 million in net cash provided by financing activities during the year, partially offset by \$47.2 million in net cash used in operating and investing activities during the year. The \$52.5 million in cash from financing activities was generated from a combination of \$42.8 million in net proceeds from the sale of common stock in March 2006, \$9.1 million from the exercise of certain outstanding warrants, \$0.6 million from a reduction in a restricted letter of credit and minor employee option conversions.

Looking ahead, in light of the recent settlement of litigation over patent rights to Insmmed's lead drug candidate, IPLEX, the Company expects to refocus its development efforts in 2007 to concentrate on three areas which it believes offer significant opportunities for IPLEX: HIV associated adipose redistribution syndrome (HARS), Myotonic muscular dystrophy (MDD) And Retinopathy of prematurity (ROP). The Company believes it has sufficient cash on hand to fund operations into the fourth quarter of 2007.

Conference Call

The Company will host a conference call on Thursday, March 15th, 2007 at 4:30 p.m. Eastern Time to discuss the financial results for the fourth quarter and full year of 2006 and provide a business update.

Interested investors can listen to the call over the internet from Insmmed's investor relations website at www.insmed.com or by dialling (877) 407-0782 (domestic) or (201) 689-8567 (international).

A telephonic replay of the call will be available for two weeks at (877)-660-6853 (domestic) or (201) 612-7415 (international). The account code is 286; the conference number is 234775. A web replay of the call will be available for two weeks through our corporate website, in the investor relations segment, beginning at 6:00 p.m.

About Insmmed Incorporated

Insmmed is a biopharmaceutical company focused on the development and commercialization of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs. For more information, please visit 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. Forward-looking statements in this

press release include, but are not limited to, statements regarding planned clinical trial design, our regulatory and business strategies, plans and objectives of management and growth opportunities for existing or proposed products. Such forward-looking statements are subject to numerous risks and uncertainties, including risks that product candidates may fail in the clinic or may not be successfully marketed or manufactured, the company may lack financial resources to complete development of product candidates, the FDA may interpret the results of our studies differently than we have, competing products may be more successful, demand for new pharmaceutical products may decrease, the biopharmaceutical industry may experience negative market trends and other risks detailed from time to time in the company's filings with the Securities and Exchange Commission. As a result of these and other risks and uncertainties, actual results may differ materially from those described in this press release. For further information with respect to factors that could cause actual results to differ from expectations, reference is made to reports filed by the Company 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 Inmed disclaims any intention or responsibility for updating predictions or financial guidance contained in this release.
