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Insmmed Incorporated Reports Financial Results for First Quarter Ended March 31, 2007

RICHMOND, Va., May 10, 2007 (BUSINESS WIRE) -- Insmmed Inc. (Nasdaq:INSM), a biopharmaceutical company focused on the development of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs, today announced results for the three month period ended March 31, 2007.

Total revenues for the three months ended March 31, 2007 were \$1.7 million, which consisted of \$0.7 million in cost recovery from our Expanded Access Program, \$0.5 million in initial license income from our agreement with NAPO Pharmaceuticals, Inc., \$0.4 million from commercial sales of IPLEX(TM), and \$35,000 in royalties. Revenues for the corresponding period in 2006 were \$54,000, all of which were royalties. The net loss for the first quarter of 2007 was \$10.3 million or \$0.10 per share, compared to a net loss of \$13.4 million or \$0.17 per share for the first quarter of 2006.

Total expenses for the first quarter of 2007 were \$12.1 million, compared to \$11.0 million for the corresponding quarter of 2006. The increase in expenses in the first quarter of 2007 as compared to the corresponding period in 2006 was due primarily to severance costs associated with our business restructuring, which were partially offset by reduced litigation expenses. The litigation expenses were recorded in research and development during the first quarter of 2006 and are currently recorded in selling, general and administrative expenses as we had moved from research and development to commercial operations through the first quarter of 2007.

Interest expense for the first quarter of 2007 was \$0.2 million as compared to \$2.8 million in the first quarter of 2006. The decrease in interest expense resulted from lower amortization of the debt discount associated with the March 2005 financing, as an acceleration of the discount took place in the first quarter of 2006 due to a conversion of notes into shares of our common stock.

As of March 31, 2007, we had total cash and cash equivalents of \$12.0 million as compared to \$24.1 million as of December 31, 2006.

On March 5, 2007, we reached a settlement agreement with Tercica Inc. and Genentech Inc. Pursuant to this settlement agreement, we ceased sales and marketing of IPLEX(TM) in the United States and agreed to withdraw our European Marketing Authorization Application for IPLEX(TM). Further, as a result of this settlement agreement, we restructured our business to eliminate our commercial department and downsize our manufacturing facility.

On May 4, 2007, we sold 20,255,367 shares of our common stock and warrants to purchase up to 2,025,536 shares of our common stock. The price to the investors was \$0.90 per unit, which was comprised of one share of our common stock and a warrant to purchase 0.1 shares of our common stock. The units were not issued or certificated and the shares of common stock and warrants were immediately separable and issued separately. The warrants may be exercised between November 3, 2007 and May 3, 2012 and have an exercise price of \$1.10 per share. The offering was made pursuant to our effective shelf registration statement on Form S-3 (Registration No. 333-131535) previously filed with the Securities and Exchange Commission. Net proceeds from the offering are expected to be approximately \$16.9 million.

Conference Call

We will host a conference call on Thursday, May 10, 2007 at 11:00 a.m. Eastern Time to discuss the financial results for the first quarter of 2007, and provide a business update.

Individuals interested in listening to the live conference call may do so by dialing 866-558-6338 toll free within the United States and Canada, or 213-785-2437 for international callers.

A telephonic replay of the call will be available approximately two hours after the call for two weeks at 866-245-6755 from the United States or 416-915-1035 for international callers. The passcode is 270068.

Individuals interested in listening to the conference call via the Internet may do so by visiting our website at www.insmed.com. A replay of the call will be available on our website for 90 days.

About Insmmed Incorporated

Insmmed is a biopharmaceutical company focused on the development of drug candidates for the treatment of metabolic diseases and endocrine disorders with unmet medical needs. For more information, please visit www.insmed.com.

This release contains forward-looking statements which are made pursuant to provisions of Section 21E of the Securities Exchange Act of 1934. Investors are cautioned that such statements in this release, including statements relating to planned clinical trial design, our regulatory and business strategies, plans and objectives of management and growth opportunities for existing or proposed products, constitute forward-looking statements which involve risks and uncertainties that could cause actual results to differ materially from those anticipated by the forward-looking statements. The risks and uncertainties include, without limitation, product candidates may fail in the clinic or may not be successfully marketed or manufactured, we 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 than ours, demand for new pharmaceutical products may decrease, the biopharmaceutical industry may experience negative market trends, and other risks and challenges detailed in the our filings with the United States Securities and Exchange Commission, including our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007. Readers are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this release. We undertake no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances that occur after the date of this release or to reflect the occurrence of unanticipated events.
