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Insmmed Announces Financial Results for Second Quarter and Six-Months Ended June 30, 2009

RICHMOND, Va., Aug 13, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the second quarter and six-months ended June 30, 2009.

Revenues for the second quarter ended June 30, 2009 were \$3.0 million, up from \$2.7 million for the corresponding period in 2008. The increase was primarily attributable to \$272,000 of grant revenue related to the IPLEX(TM) myotonic muscular dystrophy ("MMD") clinical trial recorded in the most recent second quarter.

The net loss for the second quarter of 2009 was \$1.6 million, or \$0.01 per share, compared with a net loss of \$4.7 million, or \$0.04 per share, in the second quarter of 2008. This \$3.1 million decrease was primarily attributable to a \$2.8 million decrease in total expenses, in addition to the \$0.3 million increase in total revenues.

The \$2.8 million total decrease in expenses was due primarily to a \$4.1 million decrease in research and development expenses ("R&D Expenses"), which was partially offset by a \$1.4 million increase in selling, general and administrative expenses ("SG&A Expenses").

The lower R&D expenses reflected the elimination of manufacturing expenses following the sale of our follow-on biologics ("FOB") assets in March 2009. The increase in SG&A expenses was due to a combination of external finance and consulting advisory services associated with the ongoing strategic review, increased personnel costs, primarily related to the separation agreement with Geoffrey Allan, Ph.D., and license fees relating to the March 2007 patent settlement agreement with Genentech Inc. and Tercica Inc.

For the six months ended June 30, 2009, revenues totaled \$5.4 million, up from \$5.1 million in the first six months of 2008. Consistent with second quarter results, the increase was primarily attributable to \$544,000 of grant revenue related to the IPLEX(TM) MMD clinical trial recorded during the most recent six-month period. This was partially offset by a decrease of \$262,000 in cost recovery from the various Expanded Access and Named Patient Programs to treat patients with Amyotrophic Lateral Sclerosis ("ALS"), also known as Lou Gehrig's Disease, in Europe.

Net income for the six months ended June 30, 2009 was \$116.2 million, or \$0.93 per share, compared to a net loss of \$9.5 million, or \$0.08 per share, for the first six months of 2008. This \$125.7 million improvement was primarily due to the \$127.8 million before tax gain on sale of our FOB assets to Merck, a \$3.6 million decrease in R&D expenses and the \$0.3 million rise in total revenues, which were partially offset by a \$3.3 million increase in SG&A expenses and \$2.8 million in income tax expense on the sale of our FOB assets. Year-over-year, R&D expenses fell to \$7.3 million for the first half of 2009 from \$10.9 million, reflecting a decrease in manufacturing expenses following the sale of our FOB assets in March 2009. SG&A expenses increased to \$6.3 million for the first half of 2009 from \$3.0 million a year earlier, due largely to the recognition of stock compensation expense for the restricted stock and restricted stock units that vested on March 31, 2009, and the award of bonuses, together with the increased consulting, personnel and license fees previously mentioned.

Interest income for the first half of 2009 was \$135,000 and was a reduction from the \$375,000 earned in the same period of 2008 due to lower interest rates.

"We remain focused on leveraging our strong balance sheet to grow our business and enhance shareholder value," said Dr. Melvin Sharoky, Insmmed's Chairman. "The entire Board and management team, along with our strategic financial advisers, RBC Capital Markets, are working aggressively to identify the appropriate course of action, and we aim to complete our strategic review of alternatives as quickly as reasonably possible."

As of June 30, 2009, Insmmed had total cash, cash equivalents, short-term investments, and certificate of deposits on hand totaling \$124.9 million, consisting of \$122.8 million in cash and short term investments and \$2.1 million in a certificate of deposit, as compared to \$2.4 million of cash on hand as of December 31, 2008. The \$122.5 million increase in total cash was due to the \$127.8 million in before tax proceeds from the sale of Insmmed's FOB assets to Merck, \$4.1 million from the conversion of warrants and options into common stock and the release of a \$2.1 million previously restricted certificate of deposit, which was partially offset by \$10.6 million utilized to fund operations and \$0.8 million for the partial repayment of the Company's 2005 convertible notes.

Conference Call

To participate in today's 8:30 AM ET live conference call, please dial 866-804-6920 (U.S. callers) or 857-350-1666 (international callers), and provide passcode 11895624. A live webcast of the call will also be available at: <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=2357941>.

Please allow extra time prior to the webcast to register, download and install any necessary audio software.

The webcast will be archived for 30 days, and a telephone replay of the call will be available for seven days, beginning today at 11:30 AM ET at 888-286-8010 (U.S. callers) or 617-801-6888 (international callers), using passcode 53658791.

About Insmed

Insmed Inc. is a biopharmaceutical company with unique protein development experience and a proprietary protein platform aimed at niche markets with unmet medical needs. For more information, please visit <http://www.insmed.com>.

Forward-Looking Statements

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 business strategies, plans and objectives of management and our strategic review process, 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, we may be unsuccessful in identifying or reaching agreement with acquisition or merger candidates, our expenses may be higher than anticipated and other risks and challenges detailed in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2008. 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.
