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Insmmed Announces Financial Results for Third Quarter and Nine-Months Ended September 30, 2009

RICHMOND, Va., Nov 06, 2009 /PRNewswire-FirstCall via COMTEX News Network/ -- Insmmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the third quarter and nine-months ended September 30, 2009.

Revenues for the third quarter ended September 30, 2009 were \$2.5 million, as compared to \$4.1 million for the corresponding period in 2008. The decrease was primarily attributable to \$1.0 million of grant revenue related to the IPLEX(TM) myotonic muscular dystrophy ("MMD") clinical trial recorded in the third quarter of 2008 and a reduction of \$0.5 million in cost recovery from our IPLEX(TM) Expanded Access Program ("EAP") for Amyotrophic Lateral Sclerosis ("ALS") in Europe. The reduction in cost recovery from the EAP is largely due to the determination made by Insmmed in the third quarter that its limited IPLEX(TM) inventory on hand should be conserved for the treatment of existing ALS patients.

The net loss for the third quarter of 2009 was \$150,000; break even on a dollar per share basis, compared with a net loss of \$2.2 million, or \$0.02 per share, in the third quarter of 2008. This \$2.0 million decrease was primarily attributable to a \$2.7 million decrease in total expenses, a \$0.6 million improvement in investment income and a \$0.2 million reduction in interest expense, which was partially offset by the \$1.6 million reduction in total revenues.

The \$2.7 million decrease in total expenses was due primarily to a \$3.8 million decrease in research and development expenses ("R&D Expenses"), which was partially offset by a \$1.1 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, while the higher SG&A expenses were principally due to external finance, legal and consulting advisory services associated with the ongoing strategic review. The improvement in investment returns resulted from the increased amount of cash available for investment, and the lower interest expense was due to the reduction of the debt discount amortization associated with our 2005 convertible notes.

For the nine months ended September 30, 2009, revenues totaled \$7.9 million as compared to \$8.8 million in the first nine months of 2008. Consistent with third quarter results, the decrease was primarily attributable to a year-over-year decrease of \$0.5 million in grant revenue related to the IPLEX(TM) MMD clinical trial, and a reduction of \$0.5 million in cost recovery during the most recent period from our IPLEX(TM) EAP in Europe.

Net income for the nine months ended September 30, 2009 was \$116.0 million, or \$0.92 per share, compared to a net loss of \$11.7 million, or \$0.10 per share, for first nine months of 2008. This \$127.7 million improvement was primarily due to the \$127.8 million before tax gain on sale of our FOB assets to Merck, combined with a \$2.6 million decrease in total expenses, a \$0.4 million improvement in investment returns, a \$0.3 million reduction in interest expense and the absence of a \$0.5 million loss on investments, which was offset by \$2.8 million of income tax expense on the gain on sale and a \$1.0 million reduction in net revenue.

The \$2.6 million decrease in total expenses was due to a \$7.3 million reduction in R&D expenses, which was partially offset by a \$4.7 million increase in SG&A expenses.

The \$7.3 million reduction in R&D expenses was due primarily to a decrease in manufacturing expenses following the sale of our FOB assets in March 2009. The \$4.7 million increase in SG&A expenses was due largely to a combination of 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 finance, legal and consulting fees related to the ongoing strategic review; as previously mentioned. The \$0.5 million reduction in investment loss was due to the write off of the NAPO investment, which occurred in 2008.

"We are continuing our strategic review of alternatives with the assistance of our financial advisors, RBC Capital Markets, and have reviewed a number of high-quality opportunities," said Dr. Melvin Sharoky, Insmmed's Chairman. "We remain focused on leveraging our strong balance sheet to grow our business and enhance shareholder value."

As of September 30, 2009, Insmmed had total cash, cash equivalents, short-term investments, and certificate of deposits on hand totaling \$124.1 million, consisting of \$122.0 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 \$121.7 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, the release of a \$2.1 million previously restricted certificate of deposit and \$0.5 million from securities, which was partially offset by \$11.8 million utilized to fund operations and \$1.0 million for the partial repayment of the Company's 2005 convertible notes.

Conference Call

To participate in today's 8:30 AM ET conference call, please dial 800-573-4754 (U.S. callers) or 617-224-4325 (international), and provide passcode 14720373. A live webcast of the call will also be available at:

<http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=2498647>.

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 at 11:30 AM ET today at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 92577797.

About Insmmed

Insmmed 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.
