



[Home](#) / [Investors](#) / [News Releases](#)

# Insmmed Announces Financial Results for Second Quarter and Six-Months Ended June 30, 2010

RICHMOND, Va., Aug 04, 2010 /PRNewswire via COMTEX News Network/ -- Insmmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the second quarter and six-months ended June 30, 2010.

Total revenues for the second quarter ended June 30, 2010 were \$1.9 million, as compared to \$3.0 million for the corresponding period in 2009. The \$1.2 million decline in revenue was due to a combination of \$0.9 million in lower cost recovery in the most recent quarter from our Expanded Access Program ("EAP") for IPLEX(TM) in the treatment of Amyotrophic Lateral Sclerosis ("ALS") in Italy, the receipt of \$0.3 million in grant revenue for the Myotonic Muscular Dystrophy ("MMD") trial in the second quarter of 2009 and \$30,000 in lower royalty income. The reduced EAP revenue resulted from the Company's decision in 2009 to cease patient enrollment in order to preserve inventory for existing patients, while the lower royalty was due to the expiration of a long-standing TGF-beta royalty.

Net loss for the second quarter of 2010 was \$0.4 million; break even on a per share basis, compared with a net loss of \$1.6 million, or \$0.01 per share, reported in the second quarter of 2009. The \$1.2 million change in net loss was due to an overall reduction of \$1.6 million in operating expenses, a \$0.4 million improvement in investment income and a \$0.4 million reduction in interest expense, which was partially offset by the \$1.2 million reduction in revenues noted above.

The \$1.6 million reduction in total expenses resulted from a \$0.6 million reduction in research and development expenses ("R&D expenses") and a \$1.0 million decline in selling, general and administrative expenses ("SG&A Expenses"). The lower R&D expenses resulted largely from reduced licensing fees, patent costs and external consulting costs, while the reduced SG&A expenses were principally due to lower external finance advisory fees, combined with separation costs incurred in the second quarter of 2009 associated with the departure of our former CEO due to health reasons.

Investment income for the 2010 second quarter was \$0.5 million. This was an increase of \$0.4 million over the corresponding quarter of 2009 due to increased returns resulting from improved market conditions. There was no interest expense for the second quarter of 2010 as compared to \$0.4 million for the same quarter in 2009 due to the elimination of the 2005 convertible notes, which were fully repaid in March 2010.

Total revenues for the six-months ended June 30, 2010 were \$3.8 million, as compared to \$5.4 million for the corresponding period in 2009. The \$1.6 million decline in revenue was due to the same factors which impacted our second quarter 2010 revenues; with a \$1.0 decline in EAP cost recovery, the receipt of \$0.5 million in grant revenue for the MMD trial in the first half of 2009 and \$56,000 in lower income from the

expired TGF-beta royalty.

Net loss for the first half of 2010 was \$0.3 million; break even on a per share basis, compared with net income of \$116.2 million, or \$0.93 per share, reported in the first half of 2009. The \$116.5 million change was primarily due to the \$125.0 million after tax gain on sale of our follow on biologics ("FOB") assets to Merck in March 2009, together with the \$1.6 million reduction in revenues noted above, which were partially offset by an overall reduction of \$8.7 million in operating expenses, an \$0.8 million improvement in investment income and a \$0.6 million reduction in interest expense.

The \$8.7 million reduction in total expenses resulted from a \$5.8 million reduction in R&D expenses and a \$2.9 million decline in SG&A expenses. The lower R&D expenses reflected the elimination of manufacturing expenses following the sale of our FOB assets in March 2009, while the reduced SG&A expenses were principally due to lower personnel costs associated with the asset sale to Merck which were partially offset by the costs associated with the former CEO separation agreement during the first half of 2009.

Investment income for the first half of 2010 was \$0.9 million. This was an increase of \$0.8 million over the corresponding period of 2009, and was due to improved returns and a significantly higher cash balance invested for the full six-months of 2010. The reduction in interest expense for the first half of 2010 as compared to the same period in 2009 was entirely due to the elimination of the 2005 convertible notes, which were fully repaid in March 2010.

As of June 30, 2010, the Company had total cash, cash equivalents and short-term investments on hand of \$126.9 million, comprised of \$113.5 million in short-term investments, \$11.3 million in cash and cash equivalents and \$2.1 million in a certificate of deposit. This compares to \$124.3 million as of December 31, 2009. The \$2.6 million increase in cash, cash equivalents and short-term investments was due primarily to the receipt of a \$2.0 million income tax refund and a \$0.6 million improvement in unrealized gain on investments, as the net cash produced from operating activities of \$0.2 million was fully offset by the \$0.2 million final payment of our 2005 convertible notes.

#### Conference Call

To participate in today's live 8:30 AM ET conference call, please dial 866-783-2141 (U.S. callers) or 857-350-1600 (international), and provide passcode 25517370. A live webcast of the call will also be available at: <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=3220391>. 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 on August 4th, at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 15200240.

#### 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, 2009. 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

---