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# Insmed Announces Financial Results for Third Quarter and Nine-Months Ended September 30, 2010

RICHMOND, Va., Nov. 3, 2010 [/PRNewswire-FirstCall/](#) -- Insmed Inc. (Nasdaq: INSM), a biopharmaceutical company, today reported results for the third quarter and nine-months ended September 30, 2010.

Total revenues for the third quarter ended September 30, 2010 were \$1.8 million, as compared to \$2.5 million for the corresponding period in 2009. The \$0.7 million decline in revenue was entirely due to lower cost recovery in the most recent quarter from our IPLEX™ Expanded Access Program ("EAP") in Italy for the treatment of Amyotrophic Lateral Sclerosis ("ALS"). In 2009, the Company ceased patient enrollment in the EAP in order to preserve inventory for existing patients.

Net loss for the third quarter of 2010 was \$0.3 million, break even on a per share basis, compared with a net loss of \$0.1 million, also break even on a per share basis, reported in the third quarter of 2009. The \$0.2 million change in net loss was primarily due to the \$0.7 million decrease in revenues, noted above, and a \$0.3 million decrease in investment income, which were largely offset by an overall reduction of \$0.8 million in operating expenses.

The \$0.8 million decrease in total expenses resulted from a \$0.3 million reduction in research and development expenses ("R&D expenses") and a \$0.5 million decline in selling, general and administrative expenses ("SG&A expenses"). The lower R&D expenses resulted largely from the elimination of IPLEX™ fill-finish costs which we incurred in the third quarter of 2009, while the reduced SG&A expenses were principally due to lower external market research and consultancy fees associated with our ongoing strategic review process.

Investment income for the 2010 third quarter was \$345,000, as compared to \$682,000 for the same period in 2009; as overall market returns declined in the current quarter versus the corresponding period in 2009.

Total revenues for the nine-months ended September 30, 2010 were \$5.6 million, as compared to \$7.9 million for the corresponding period in 2009. The \$2.3 million decline in revenue was due to a combination of a \$1.7 million decline in EAP cost recovery, the receipt, during the first nine months of 2009, of \$0.5 million in grant revenue for our exploratory Phase 2 IPLEX™ trial in patients with myotonic muscular dystrophy and \$0.1 million in lower income from an expired TGF-beta royalty.

Net loss for the first nine-months of 2010 was \$0.6 million, break even on a per share basis, compared with net income of \$116.0 million, or \$0.92 per share, reported in the same period of 2009. The \$116.6 million change in net loss 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 \$2.3 million reduction in revenues noted above, which were partially offset by an overall reduction of \$9.5 million in operating expenses, a \$0.5 million improvement in investment income and a \$0.7 million reduction in interest expense.

The \$9.5 million decrease in total expenses resulted from a \$6.2 million reduction in R&D expenses and a \$3.3 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 also associated with the asset sale to Merck.

Investment income for the first nine-months of 2010 was \$1.3 million. This was an increase of \$0.5 million over the corresponding period of 2009, and was due to improved investment returns during the period and a significantly higher cash balance invested for the full nine-months of 2010. The reduction in interest expense for the first nine-months of 2010 as compared 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 September 30, 2010, the Company had total cash, cash equivalents and short-term investments on hand of \$126.4 million, comprised of \$114.6 million in short-term investments, \$9.7 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 \$2.1 million increase in cash, cash equivalents and short-term investments was due primarily to the receipt of a \$2.0 million income tax refund in 2010 and a \$1.1 million improvement in unrealized gain on investments, which was partially offset by \$0.8 million of net cash used in operating activities and the \$0.2 million final payment on our 2005 convertible notes.

## Conference Call

To participate in today's live 8:30 AM ET conference call, please dial 866-356-4281 (U.S. callers) or 617-597-5395 (international), and provide passcode 61751565. A live webcast of the call will also be available at <http://phx.corporate-ir.net/playerlink.zhtml?c=122332&s=wm&e=3461146>. 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 November 3rd, at 888-286-8010 (U.S. callers) or 617-801-6888 (international), using passcode 28300679.

## 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, 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.



