Idera Pharmaceuticals Reports Second Quarter 2008 Financial Results

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IMO-3100 Selected as Lead Toll-Like Receptor Antagonist Candidate

in Autoimmune Disease Indications

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Aug. 4, 2008--Idera Pharmaceuticals, Inc. (Nasdaq: IDRA), a biopharmaceutical company focused on developing therapeutics targeting Toll-Like Receptors (TLR), today reported financial results for the second quarter and six months ended June 30, 2008.

"We continue to build on our chemistry-based drug discovery platform for designing TLR-targeted compounds. We have selected IMO-3100 as a lead TLR antagonist candidate for applications in autoimmune diseases, thereby expanding the breadth of our development pipeline," said Sudhir Agrawal, D. Phil., Chief Executive Officer and Chief Scientific Officer. "We are working with members of our recently formed Autoimmune Disease Scientific Advisory Board to define the development strategy, including the initial clinical indication for IMO-3100."

"We ended the second quarter with $59.5 million in cash, cash equivalents and investments which allowed us to advance our programs while maintaining our strong financial position," commented Lou Arcudi, Chief Financial Officer. "Revenue recognized primarily from our three collaborations during the second quarter was $7.9 million, with revenue for the six-month period totaling $12.6 million."

Second Quarter and Six Month 2008 Results

Net income for the three months ended June 30, 2008 was $1.3 million, or $0.05 per diluted share, compared to a net loss of $3.0 million, or $0.14 per diluted share, for the same period in 2007. For the six-month period, the Company's net loss was $0.8 million, or $0.04 per diluted share, compared to a net loss of $5.5 million, or $0.26 per diluted share, for the same period in 2007.

Total revenues for the three months ended June 30, 2008 were $7.9 million compared to $1.9 million for the same period in 2007. For the six-month period, revenues totaled $12.6 million compared to $3.8 million for the same period in 2007. The increase in revenue in both periods primarily reflects license fees and reimbursed expenses recognized under the Company's collaboration agreement with Merck KGaA that became effective February 4, 2008. The increase was also attributable to a milestone payment and reimbursed expenses recognized under the Company's collaboration agreement with Merck & Co., Inc.

Research and development expenses for the three months ended June 30, 2008 totaled $3.8 million compared to $3.0 million for the same period in 2007. For the six-month period, R&D expenses totaled $8.3 million compared to $5.8 million for the same period in 2007. The increase in R&D expenses in both periods was primarily due to increased costs associated with non-clinical safety studies and a phase 1 clinical study of IMO-2125, increased clinical costs associated with IMO-2055, a portion of which are reimbursed under the Company's collaboration agreement with Merck KGaA, and increased research expenses under the Company's agreement with Merck & Co., which also are reimbursed.

General and administrative expenses for the three months ended June 30, 2008 were $3.2 million compared to $2.4 million for the same period in 2007. For the six-month period, G&A expenses totaled $5.6 million compared to $4.3 million for the same period in 2007. The increase in G&A expense for both periods primarily reflects higher stock compensation expense, a performance-based bonus accrual, and costs associated with strategic corporate business initiatives.

At June 30, 2008, cash, cash equivalents and investments totaled approximately $59.5 million compared to $23.7 million at December 31, 2007. The Company expects that based upon its current business plan, its current capital resources will be sufficient to fund operations through at least March 31, 2010.

Recent Highlights

Idera's Drug Development Programs

Infectious diseases: IMO-2125 in Chronic Hepatitis C Virus Infection

The Company's phase 1 trial evaluating IMO-2125, a TLR9 agonist, for the treatment of patients with chronic hepatitis C virus infection is ongoing. The Company expects to have interim data from this trial during the first half of 2009.

Autoimmune diseases: TLR antagonists

The Company selected IMO-3100, a novel TLR antagonist, as a lead drug candidate for preclinical development in autoimmune diseases. The Company designed and created IMO-3100 using its chemistry-based drug discovery platform. The Company expects to define a development strategy for IMO-3100 in autoimmune diseases and to determine the initial clinical indication to pursue with input from members of its Autoimmune Disease Scientific Advisory Board.

In June 2008, the Company established an Autoimmune Disease Scientific Advisory Board to advise the Company on the development of TLR antagonist candidates for autoimmune diseases. Members of the board are clinicians and researchers with extensive experience in the field of autoimmune diseases and biomarkers. Members of the Board are:

- Mary K. Crow, M.D., Hospital for Special Surgery
- Richard Furie, M.D., North Shore Long Island Jewish Health System

- Doug T. Golenbock, M.D., University of Massachusetts Medical School
- Bevra H. Hahn, M.D., UCLA David Geffen School of Medicine
- Andrew D. Luster, M.D., Ph.D., Massachusetts General Hospital
- Ann Marshak Rothstein, Ph.D., Boston University School of Medicine
- David Pisetsky, M.D., Duke University Medical Center
- Vibeke Strand, M.D., FACP, FACR, Stanford University School of Medicine
- Michael Weinblatt, M.D., Brigham and Women's Hospital

In June 2008, the Company presented two studies evaluating its TLR antagonist candidates at the Federation of Clinical Immunology Societies (FOCIS) 2008 Annual Meeting.

- In study # OR.53, entitled "Prevention and Treatment of Ovalbumin-induced Inflammation in Mice with Toll-like Receptor Antagonists", results suggest that TLR antagonists may have potential in the treatment of lung inflammatory diseases.
- In study # Su.50, entitled "A Toll-like Receptor Antagonist Prevents Development of IL-23-induced Psoriasis-like Dermal Changes in Mice", data showed that mice treated with a TLR antagonist experienced dose-dependent reductions in markers of IL-23-induced psoriasis, including epidermal hyperplasia, inflammatory cell infiltration, and IL-6 induction in dermal tissues, compared to mice treated with IL-23 alone. These results suggest a potential role for TLR antagonists in the treatment of psoriasis.

Oncology: TLR7 and TLR8 agonists

Using its chemistry-based drug discovery platform, the Company has designed and created RNA-based compounds that act as agonists of TLR7 and TLR8.

In June 2008, the Company made a presentation entitled "Oligoribonucleotides Containing Arabinonucleosides Act as Potent Agonists of Toll-like Receptors 7 and 8" at the FOCIS 2008 Annual Meeting. The results of the study suggest that Stabilized Immune Modulatory RNA (SIMRA) compounds containing arabinonucleoside substitutions act as agonists of TLR7 and TLR8.

Partnered Drug Development Programs

Cancer Treatment: In collaboration with Merck KGaA

In December 2007, the Company entered into a worldwide licensing and collaboration agreement with Merck KGaA of Darmstadt, Germany, for the research, development, and commercialization of Idera's TLR9 agonists for the treatment of cancer, excluding cancer vaccines.

In February 2008, the agreement with Merck KGaA received clearance under the Hart-Scott-Rodino (HSR) Antitrust Improvements Act. With the grant of HSR clearance, the agreement became effective, and the Company received an upfront licensing fee of approximately $40.0 million from Merck KGaA.

Vaccine Adjuvants: In collaboration with Merck & Co., Inc.

In December 2006, the Company and Merck & Co. entered into an exclusive license and research collaboration agreement to research, develop and commercialize vaccine products containing the Company's agonist compounds targeting TLRs 7, 8, and 9 in the fields of oncology, infectious diseases and Alzheimer's disease.

In April 2008, researchers from Merck & Co. presented preclinical data in an oral presentation entitled "TLR9 agonists enhance the efficacy of cancer vaccines" (Abstract 4994) during the Developmental Immunotherapy Session at the American Association for Cancer Research.

In May 2008, the Company announced that, under this collaboration, a preclinical milestone was achieved with one of its novel TLR9 agonists used as an adjuvant in cancer vaccines. As a result, the Company received a milestone payment from Merck & Co.

Asthma and Allergies: In collaboration with Novartis International Pharmaceutical, Ltd.

In June 2005, the Company and Novartis announced they had entered into research collaboration and license agreements involving the application of TLR9 agonists to treat asthma and allergies.

In March 2008, the Company agreed to extend the research collaboration until December 31, 2008. The extension is anticipated to allow for the advancement of QAX935, a novel agonist of TLR9 identified in the collaboration, into human clinical trials prior to the end of the research collaboration term.

About Idera Pharmaceuticals, Inc.

Idera Pharmaceuticals develops drug candidates to treat infectious diseases, autoimmune diseases, cancer, and respiratory diseases, and for use as vaccine adjuvants. Our proprietary drug candidates are designed to modulate specific Toll-like Receptors, which are a family of immune system receptors that direct immune system responses. Our pioneering DNA and RNA chemistry expertise enables us to create drug candidates for internal development and generates opportunities for multiple collaborative alliances. For more information, visit www.iderapharma.com.

Idera Forward Looking Statements

This press release contains forward-looking statements concerning Idera Pharmaceuticals, Inc. that involve a number of risks and uncertainties. For this purpose, any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the foregoing, the words "believes," "anticipates," "plans," "expects," "estimates," "intends," "should," "could," "will," "may," and similar expressions are intended to identify forward-looking statements. There are a number of important factors that could cause Idera's actual results to differ materially from those indicated by such forward-looking statements, including whether results obtained in early clinical studies or in preclinical studies such as the studies referred to above will be indicative of results obtained in future clinical trials or warrant additional trials; whether products based on Idera's technology will advance into or through the clinical trial process on a timely basis or at all and receive approval from the United States Food and Drug Administration or equivalent foreign regulatory agencies; whether, if the Company's products receive approval, they will be successfully distributed and marketed; whether the Company's collaborations with Novartis, Merck & Co., and Merck KGaA will be successful; whether the patents and patent applications owned or licensed by the Company will protect the Company's technology and prevent others from infringing it; whether Idera's cash resources will be sufficient to fund the Company's operations; and such other important factors as are set forth under the caption "Risk Factors" in Idera's Quarterly Report on Form 10-Q filed on August 1, 2008, which important factors are incorporated herein by reference. Idera disclaims any intention or obligation to update any forward-looking statements.

Idera Pharmaceuticals, Inc.
Condensed Statements of Operations
(Unaudited)

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Revenue	$ 7,865	$ 1,949	$12,637	$ 3,778
Operating Expenses				
Research & Development	3,752	2,990	8,286	5,809
General & Administrative	3,232	2,383	5,648	4,336
Total Operating Expenses	6,984	5,373	13,934	10,145
Income (Loss) from Operations	881	(3,424)	(1,297)	(6,367)
Other, net	405	416	462	832
Income (Loss) Before Income Taxes	1,286	(3,008)	(835)	(5,535)
Income Tax Benefit	50	-	-	-
Net Income (Loss)	$ 1,336	$(3,008)	$ (835)	$(5,535)
Basic Income (Loss) per Share	$ 0.06	$ (0.14)	$ (0.04)	$ (0.26)
Diluted Income (Loss) per Share	$ 0.05	$ (0.14)	$ (0.04)	$ (0.26)
Shares Used in Computing Basic Income (Loss) per Share	22,481	21,254	22,190	21,023
Shares Used in Computing Diluted (Income) Loss Per Share	25,507	21,254	22,190	21,023

Idera Pharmaceuticals, Inc.
Balance Sheet Data
(Unaudited)

(In thousands)	June 30, 2008	December 31, 2007
Cash, Cash Equivalents And Investments	$59,505	$23,743
Receivables & Other Assets	4,208	3,971
Total Assets	$63,713	$27,714
Accounts Payable and Accrued Liabilities	$3,150	$3,067
Deferred Revenue	45,656	15,785
Notes Payable	-	1,143
Total Stockholders' Equity	14,907	7,719
Total Liabilities & Stockholders' Equity	$63,713	$27,714

CONTACT: Idera Pharmaceuticals, Inc.
Kelly Luethje, 617-679-5519
kluethje@iderapharma.com
or
MacDougall Biomedical Communications
Chris Erdman, 781-235-3060
cerdman@macbiocom.com

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