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Achillion Reports 2007 Second Quarter Financial Results

NEW HAVEN, Conn., Aug 8, 2007 (PrimeNewswire via COMTEX News Network) --

Achillion Pharmaceuticals, Inc. (Nasdaq:ACHN), a leader in the discovery and development of small molecule drugs to combat the most challenging infectious diseases, today reported financial results for the quarter and six months ended June 30, 2007.

For the six months ended June 30, 2007, the Company's net loss was $15.3 million, compared to a net loss of $9.2 million for the six months ended June 30, 2006. For the second quarter of 2007, the Company reported a net loss of $7.7 million, compared to a net loss of $3.8 million in the second quarter of 2006. Cash and cash equivalents and marketable securities at June 30, 2007 were $48.5 million.

"We have continued to make significant progress across all our pipeline programs, and anticipate achieving a number of important goals during the second half of this year," said Michael Kishbauch, President and CEO of Achillion. "We expect to report top-line results from our two Phase 2 trials with elvucitabine in the treatment of HIV patients. In the HCV NS4A antagonist program, which we partnered with Gilead Sciences, we continue to advance ACH-1095 as a potential clinical candidate. We also plan to advance ACH-702, our novel-target compound for combating bacterial infections, such that we can file an IND and initiate human clinical trials within the next several months."

Six month results

For the six months ended June 30, 2007, the Company reported a net loss attributable to common stockholders of $15.3 million, compared to a net loss attributed to common stockholders of $11.5 million in the same period in 2006. Total revenues were $2.7 million for the six months ended June 30, 2007, compared to $4.3 million for the six months ended June 30, 2006. Revenues consisted of amounts earned under a collaboration agreement with Gilead Sciences to develop compounds for use in treating chronic hepatitis C. The decrease in revenues from 2006 to 2007 was the result of extending the period of Achillion's effort under the collaboration after Gilead and Achillion elected in February 2007 to focus future development efforts on a next-generation compound. Revenue is recognized over the lengthened period of the collaboration.

For the six months ended June 30, 2007, research and development expenses totaled $16.1 million, compared to $11.0 million during the same period in 2006. The increase in research and development expenses from 2006 to 2007 was primarily a result of an increase in development costs related to the Company's three development programs in HIV, HCV and bacterial infections.

General and administrative expenses were $3.3 million for the six months ended June 30, 2007, compared to $2.3 million in the same period in 2006. The increase in general and administrative expenses from 2006 to 2007 was primarily a result of an increase in personnel costs, professional fees, and non-cash stock based compensation required with the Company's adoption of FAS 123R. Non-cash stock compensation expense totaled $0.8 million for the six months ended June 30, 2007, and is included in both research and development and general and administrative expenses.

Second quarter results

The Company reported a net loss attributable to common stockholders of $7.7 million for the three months ended June 30, 2007, compared to a net loss attributable to common stockholders of $5.1 million for the three months ended June 30, 2006. Total revenues were $1.2 million for the second quarter of 2007, compared to $2.2 million in revenue for the second quarter of 2006.

Research and development expenses were $7.7 million in the second quarter of 2007, compared to $4.9 million for the same period of 2006. Research and development expenses increased primarily as the result of increased Phase 2 trial costs of elvucitabine, continued preclinical advancement of ACH-702, as well as the internal costs associated with advancement of other research and development programs to identify additional drug candidates.

For the three months ended June 30, 2007, general and administrative expenses totaled $1.7 million, compared to $1.1 for the same period in 2006. The increase in general and administrative expenses was primarily a result of an increase in

personnel costs, professional fees, and non-cash stock based compensation required with the Company's adoption of FAS 123R.

Conference Call

The Company will host a conference call to discuss the results at 4:30 PM ET on August 8, 2007. The call may be joined via telephone by dialing 800-811-8845 or 913-981-4905 (for international participants) at least 5 minutes prior to the start of the call. An audio replay will be available through August 13, 2007 by dialing (719) 457-0820 or (888) 203-1112 (international) and using the conference confirmation code 4396186.

A live audio webcast of the call will also be available on the "Investor Relations" section of the company's website, http://www.achillion.com. An archived audio webcast will be available on the Achillion website approximately two hours after the event and will be archived for three months.

About Achillion

Achillion is an innovative pharmaceutical company dedicated to bringing important new treatments to patients with infectious disease. The company's proven discovery and development teams have advanced multiple product candidates with novel mechanisms of action. Achillion is focused on solutions for the most challenging problems in infectious disease -- HIV, hepatitis and resistant bacterial infections. For more information on Achillion Pharmaceuticals, please visit the company's web site at www.achillion.com or call Achillion at 1-203-624-7000.

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that are subject to risks, uncertainties and other factors, including statements with respect to completion and success of Achillion's preclinical studies, clinical trials and regulatory filings for its drug candidates, and Achillion's cash projections for 2007. Among the factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: unexpected regulatory actions or delays; uncertainties relating to results of clinical trials, including additional data relating to ongoing clinical trials; Achillion's ability to obtain additional funding required to conduct its research, development and commercialization activities and Achillion's dependence on its collaboration with Gilead Sciences. These and other risks are described in the reports filed by Achillion with the U.S. Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2006, filed March 29, 2007.

All forward-looking statements reflect Achillion's expectations only as of the date of this release and should not be relied upon as reflecting the parties' views, expectations or beliefs at any date subsequent to the date of this release. Achillion anticipates that subsequent events and developments may cause these views, expectations and beliefs to change. However, while Achillion may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so.

ACHILLION PHARMACEUTICALS INC. (ACHN)

Statements of Operations
(Unaudited, in thousands, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenue	$ 1,195	$ 2,167	$ 2,745	$ 4,318
Operating expenses:				
Research and development	7,719	4,854	16,085	11,039
General and administrative	1,723	1,096	3,271	2,316

Total operating expenses	9,442	5,950	19,356	13,355
Loss from operations	(8,247)	(3,783)	(16,611)	(9,037)
Other income (expense):				
Interest income	666	195	1,424	267
Interest expense	(242)	(257)	(506)	(446)
Tax benefit	170	25	371	50
Total other income (expense), net	594	(37)	1,289	(129)
Net loss	(7,653)	(3,820)	(15,322)	(9,166)
Preferred stock dividends and accretion	--	(1,258)	--	(2,286)
Net loss attributable to common stockholders	$(7,653)	$(5,078)	$(15,322)	$(11,452)
Net loss attributable to common stockholders per share - basic and diluted	$ (0.49)	$ (9.92)	$ (0.99)	$ (22.41)
Weighted average shares outstanding - basic and diluted	15,556	512	15,548	511

Balance Sheets
(Unaudited, in thousands)

	June 30, 2007	December 31, 2006
Cash and cash equivalents and marketable securities	$ 48,455	$ 62,566
Working capital	36,015	53,190
Total assets	52,152	67,146
Long-term liabilities	5,081	8,102
Total liabilities	18,892	19,776
Total stockholders' (deficit) equity	33,260	47,370

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