

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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CANCER GENETICS, INC

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): May 15, 2013

CANCER GENETICS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35817
(Commission
File Number)

04-3462475
(IRS Employer
Identification No.)

201 Route 17 North 2nd Floor, Rutherford, New Jersey
(Address of Principal Executive Offices)

07070
(Zip Code)

Registrant's telephone number, including area code (201) 528-9200

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition.

On May 15, 2013, Cancer Genetics, Inc. (the “Registrant”) issued a press release regarding financial results for the fiscal quarter ended March 31, 2013. A copy of the press release is being furnished as Exhibit 99.1 to this report.

The information in this report is being furnished pursuant to Item 2.02 of Form 8-K. In accordance with General Instruction B.2 of Form 8-K, the information in this report, including Exhibit 99.1, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such a filing.

Forward-Looking Statements

This report, including Exhibit 99.1 furnished herewith, contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements typically are identified by use of terms such as “may,” “will,” “should,” “plan,” “expect,” “anticipate,” “estimate” and similar words, and the opposites of such words, although some forward-looking statements are expressed differently. Forward-looking statements involve known and unknown risks and uncertainties that exist in the Registrant’s operations and business environment, which may be beyond the Registrant’s control, and which may cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. For example, forward-looking statements include, without limitation: statements regarding prospects for additional customers; market forecasts; projections of earnings, revenues, synergies, accretion or other financial information; and plans, strategies and objectives of management for future operations. The risks and uncertainties referred to above include, but are not limited to, risks detailed from time to time in the Registrant’s filings with the Securities and Exchange Commission, including its Quarterly Report on Form 10-Q for the quarter ended March 31, 2013. These risks could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Registrant. Forward-looking statements represent the judgment of management of the Registrant regarding future events. Although the Registrant believes that the expectations reflected in such forward-looking statements are reasonable at the time that they are made, the Registrant can give no assurance that such expectations will prove to be correct. Unless otherwise required by applicable law, the Registrant assumes no obligation to update any forward-looking statements, and expressly disclaims any obligation to do so, whether as a result of new information, future events or otherwise.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

As described above, the following exhibit is furnished as part of this report:

Exhibit 99.1 - Press release, dated May 15, 2013.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CANCER GENETICS, INC.

By: /s/ Elizabeth A. Czerepak

Name: Elizabeth A. Czerepak

Title: Chief Financial Officer

Date: May 15, 2013

EXHIBIT INDEX

Exhibit Number	Description
99.1	Press release, dated May 15, 2013.

Cancer Genetics Announces First Quarter 2013 Financial Results and Significant Business and Portfolio Progress

First quarter revenue increased 46% YoY

Clinical test volume increased 19% YoY

Institutional client base grows to 42% of revenues

DNA-Probe product manufacturing moved to India, reducing cost of goods

RUTHERFORD, NJ, May 15, 2013 /Business Wire/ – Cancer Genetics, Inc. (OTCQB: CGIX) (“CGI” or the “Company”) is an emerging leader in the diagnosis and disease management for the most complex and difficult-to-treat cancers, including hematologic, urogenital, and gynecological malignancies. CGI’s focused portfolio of IP-protected and clinically validated genomic tests, CAP- and CLIA-certified reference laboratory, and suite of unique service offerings are ideally positioned to serve the needs of clinicians, pathologists and laboratories across the entire ecosystem of cancer diagnosis and treatment. CGI today reported financial results for the quarter ended March 31, 2013.

Revenue for the first quarter of 2013 increased 46% to \$1.2 million, compared with \$835,000 in the first quarter of 2012.

Clinical test volume increased 19% to 1,911 tests in the first quarter, compared with 1,610 tests in the first quarter of 2012.

Average revenue per test increased 23% to \$615, from \$502 in the first quarter of 2012, driven by an increase in direct bill revenue.

DNA-probe sales by the Company’s wholly-owned subsidiary, CGI Italia, increased 193% to \$44,000 for the first quarter of 2013, from \$15,000 for the same period of 2012.

Gross profit increased to \$149,000 in the first quarter, from \$12,000 for the same period of 2012, while gross margin improved to 12% compared to 1% in the first quarter of 2012 and 9% for the full year 2012.

Adjusted for a one-time write off of \$618,000 in IPO-related costs, operating expenses were unchanged at \$1.8 million in the first quarter, compared to the same period of 2012. R&D expense remained relatively flat at \$491,000, compared to \$524,000 in the first quarter of 2012. Sales and marketing expense increased 16% to \$396,000 in the first quarter, from \$340,000 in the year-ago period.

Adjusted for the one-time write off in IPO-related costs, loss from operations in the first quarter was \$1.7 million, compared to \$1.8 million in the same period of 2012.

Net income for the first quarter was \$2.4 million, or \$1.75 per share, compared to a net loss of \$1.1 million, or (\$0.81) per share, in the first quarter of 2012. This increase in income was primarily the result of income related to a \$5.3 million decrease in the fair value of derivative

warrant liability, plus an income tax benefit of \$664,000 from the sale of certain net operating losses (“NOLs”) in the state of New Jersey. These gains were partially offset by the increase in operating loss and an increase in interest expense. Interest expense increased from \$865,000 in the first quarter of 2012 to \$1.3 million in the first quarter of 2013. As of the Company’s initial public offering in April, \$9.6 million of debt was converted to equity, which is expected to significantly decrease interest expense going forward.

In April, CGI completed a 690,000 share equity offering, including the 90,000 share overallotment option, for which the Company received gross proceeds of \$6.9 million. After deducting transaction fees and offering-related expenses not previously paid, CGI netted approximately \$5.0 million. Prior to the offering, as of March 31, cash-on-hand was \$217,000, compared to \$820,000 at December 31, 2012. Cash used in operations in the first quarter was \$560,000, compared to \$3.2 million cash used in the first quarter of 2012. The reduction in cash usage was the result of \$664,000 received in the first quarter of 2013 from the sale of certain state tax NOLs, plus the non-recurrence of \$2.1 million in one-time payments that were made in the first quarter of 2012.

Panna Sharma, President and CEO of CGI, commented, “We made significant progress during this past quarter, and it places us in a great position for 2013. The growth in clinical volumes has been due to both new relationships with community hospitals and biotechnology companies using our proprietary programs and from existing customers expanding the range of oncology-focused biomarker testing CGI is providing them. We see this past quarter, which was completed prior to our IPO, as a good foundation for further growth in 2013 as we continue our investment in sales professionals, marketing and brand awareness.”

Mr. Sharma continued, “The recent launches of our microarrays in our hematological and urogenital franchises, namely our DLBCL and kidney cancer tests, clearly demonstrate our ability to effectively innovate and develop the genomic products that will help drive improved diagnosis, deeper insights about outcome, and better therapeutic decision making. Our relationship with Gilead, which was announced in March, clearly highlights the value and future growth that our proprietary products can generate for our company. We expect further launches in 2013 that will increase our portfolio of commercially available genomic tests and drive additional value for community hospitals, biopharma companies and patients.”

“We have a deep knowledge base in these underserved cancers; this, coupled with our approach to commercialization, will be a cornerstone for our joint venture with Mayo Clinic in next-generation sequencing. We believe our investors will be able to participate in both a high-growth genomics company serving the market today, and participate in the long-term upside of proprietary programs that are positioned to change the nature of oncology diagnosis and management in the future.”

Recent Business Highlights:

Selected by Gilead Sciences to provide molecular profiling and clinical trial testing for all national and international trials for chronic lymphocytic leukemia (CLL), which will include the proprietary MatBA-CLL array.

Successfully completed migration of DNA-Probe manufacturing to India in order to reduce cost, increase capacity and improve operational flexibility.

Launched unique genomic microarrays for lymphoma (MatBA[®]-DLBCL) in February 2013 and kidney cancer (UroGenRA[™]-Renal) in April 2013 that have been approved by both CLIA and New York State.

Expanded clinical sales force into Midwestern United States and Texas.

Established distribution partnership with Nikon Instruments for sale of CGI' s DNA-Probe portfolio into Italy and Europe as a key component of their cytogenetic fluorescent microscope equipment offering.

Meetings & Presentations

Presenting at UBS Global Healthcare Conference on May 22 at 12:30 p.m. ET

Presenting at Marcum MicroCap Conference on May 30

Attending the ASCO Annual Meeting from May 31-June 4

Moderating the BioNJ Diagnostics & Personalized Medicine Panel on June 6 at the Annual BioNJ Personalized Medicine Innovation Summit

Conference Call Details:

CGI will hold a conference call on Thursday, May 16, 2013, at 9:00 a.m. Eastern time to discuss its results for the first quarter ended March 31, 2013. To participate in the call, please dial (877) 941-1428, or (480) 629-9665 for international calls, approximately 10 minutes prior to the scheduled start time. Interested parties can also listen via a live Internet webcast, which can be found via the Company' s website at <http://ir.stockpr.com/cancergenetics/events>, or alternately at <http://ViaVid.net>.

A replay of the call will be available for two weeks from 5:00 p.m. ET on May 16, 2013, until 11:59 p.m. ET on May 30, 2013. The number for the replay is (877) 870-5176, or (858) 384-5517 for international calls; the passcode for the replay is 4619856. In addition, a recording of the call will be available via the Company' s website at <http://www.cancergenetics.com>.

About Cancer Genetics

Cancer Genetics, Inc. (CGI) is an emerging leader in DNA-based cancer diagnostics and services some of the most prestigious medical institutions in the world. Our tests target cancers that are difficult to diagnose and predict treatment outcomes. These cancers include hematological, urogenital and HPV-associated cancers. We also provide a comprehensive range of non-proprietary oncology-focused tests and laboratory services.

CGI' s cutting-edge proprietary tests and state-of-the-art reference laboratory provide critical genomic information to healthcare professionals as well as biopharma and biotech. Our state-of-the-art reference lab is focused entirely on maintaining clinical excellence and is both CLIA certified and CAP accredited and has licensure from several states including New York State.

Founded in 1999 by world-renowned cytogeneticist Dr. R.S.K. Chaganti, the Company has been built on a foundation of world-class scientific knowledge and IP in solid and blood-borne cancers, and has established strong research collaborations with major cancer centers such as Memorial Sloan-Kettering, The Cleveland Clinic and the National Cancer Institute. For further information, please see www.cancergenetics.com.

Forward Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements pertaining to future financial and/or operating results, future growth in research, technology, clinical development and potential opportunities for Cancer Genetics, Inc. products and services, along with other statements about the future expectations, beliefs, goals, plans, or prospects expressed by management constitute forward-looking statements. Any statements that are not historical fact (including, but not limited to, statements that contain words such as “will,” “believes,” “plans,” “anticipates,” “expects,” “estimates”) should also be considered to be forward-looking statements. Forward-looking statements involve risks and uncertainties, including, without limitation, risks inherent in the development and/or commercialization of potential products, uncertainty in the results of clinical trials or regulatory approvals, need and ability to obtain future capital, and maintenance of intellectual property rights and other risks discussed in the Company’s Form 10-Q for the quarter ended March 31, 2013 and other filings with the Securities and Exchange Commission. These forward-looking statements speak only as of the date hereof. Cancer Genetics disclaims any obligation to update these forward-looking statements.

Contact:

Investor Relations

RedChip Companies, Inc.

Jon Cunningham, 800-733-2447, ext. 107

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Consolidated Balance Sheets
(Unaudited)

	March 31, 2013 (Unaudited)	December 31, 2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$216,872	\$819,906
Accounts receivable, net of allowance for doubtful accounts of \$36,000	1,124,893	850,545
Other current assets	598,631	489,278
Total current assets	<u>1,940,396</u>	<u>2,159,729</u>
FIXED ASSETS, net of accumulated depreciation	<u>899,049</u>	<u>964,923</u>
OTHER ASSETS		
Security deposits	1,564	1,564
Restricted cash	250,000	250,000
Loan guarantee and financing fees, net of accumulated amortization of 2013 \$1,334,610; 2012 \$929,498	1,516,631	1,907,502
Patents	329,309	324,764
Deferred initial public offering costs	2,473,763	3,343,289
	<u>4,571,267</u>	<u>5,827,119</u>
Total Assets	<u>\$7,410,712</u>	<u>\$8,951,771</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$4,885,145	\$4,578,761
Obligations under capital leases, current portion	20,464	17,158
Deferred revenue	676,327	468,010
Notes payable, current portion	4,530,640	3,836,567
Line of credit	2,989,577	2,871,200
Total current liabilities	<u>13,102,153</u>	<u>11,771,696</u>
Obligations under capital leases	-	7,490
Deferred rent payable	165,920	164,298
Notes payable, long-term	2,148,494	2,440,683
Line of credit	6,000,000	6,000,000
Warrant liability	7,518,000	12,549,000
Total liabilities	<u>28,934,567</u>	<u>32,933,167</u>
STOCKHOLDERS' DEFICIT		
Series A Preferred Stock, authorized 588,000 shares \$0.0001 par value (converted to common stock on April 10, 2013), 587,691 shares issued and outstanding	59	59
Series B Preferred Stock, authorized 2,000,000 shares \$0.0001 par value (converted to common stock on April 10, 2013), 1,821,600 shares issued and outstanding	182	182
Common stock, authorized 100,000,000 and 24,000,000 shares, respectively, \$0.0001 par value, 1,349,936 shares issued and outstanding	135	135
Additional paid-in capital	25,067,388	24,970,255
Treasury stock	-	(17,442)
Accumulated deficit	(46,591,619)	(48,934,585)
Total Stockholders' Deficit	<u>(21,523,855)</u>	<u>(23,981,396)</u>
Total Liabilities and Stockholders' Deficit	<u>\$7,410,712</u>	<u>\$8,951,771</u>

Consolidated Statements of Operations
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Revenue	\$1,218,667	\$834,752
Cost of revenues	1,070,020	823,052
Gross profit	148,647	11,700
Operating expenses:		
Research and development	490,577	523,511
General and administrative	1,570,629	936,157
Sales and marketing	396,554	339,568
Total operating expenses	2,457,760	1,799,236
Loss from operations	(2,309,113)	(1,787,536)
Other income (expense):		
Interest expense	(1,293,985)	(864,981)
Interest income	606	-
Change in fair value of warrant liability	5,299,000	1,580,000
Total other income (expense)	4,005,621	715,019
Income (loss) before income taxes	1,696,508	(1,072,517)
Income tax provision (benefit)	(663,900)	-
Net income (loss)	\$2,360,408	\$(1,072,517)
Basic net income (loss) per share	\$1.75	\$(0.81)
Diluted net loss per share	\$(2.18)	\$(1.85)
Basic Weighted Average Shares Outstanding	1,349,936	1,329,279
Diluted Weighted Average Shares Outstanding	1,349,936	1,433,182

Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$2,360,408	\$(1,072,517)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	77,783	82,963
Amortization	3,807	3,807
Provision for bad debts	-	48,931
Equity-based consulting and compensation expenses	97,133	276,867
Change in fair value of warrant liability	(5,299,000)	(1,580,000)
Amortization of loan guarantee and financing fees	407,871	244,336
Accretion of discount on debt	538,911	404,150
Deferred rent	1,622	1,997
Deferred initial public offering costs expensed	617,706	-
Change in working capital components:		
Accounts receivable	(274,348)	(110,000)
Other current assets	10,647	(152,969)
Accounts payable, accrued expenses and deferred revenue	897,521	(1,350,859)
Net cash (used in) operating activities	<u>(559,939)</u>	<u>(3,203,294)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(11,909)	(7,677)
Patent costs	(8,352)	(43,201)
Increase in restricted cash	-	(50,000)
Net cash (used in) investing activities	<u>(20,261)</u>	<u>(100,878)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(4,184)	(10,569)
Payment of equity issuance costs	-	(688,969)
Proceeds from warrant exercises	-	619,980
Proceeds from borrowings on notes payable	-	3,000,000
Principal payments on notes payable	(18,650)	-
Net cash provided by (used in) financing activities	<u>(22,834)</u>	<u>2,920,442</u>
Net (decrease) in cash and cash equivalents	<u>(603,034)</u>	<u>(383,730)</u>
CASH AND CASH EQUIVALENTS		
Beginning	819,906	2,417,256
Ending	<u>\$216,872</u>	<u>\$2,033,526</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash paid for interest	\$128,215	\$241,987
SUPPLEMENTAL DISCLOSURE OF NONCASH		
INVESTING AND FINANCING ACTIVITIES		
Warrants issued for financing fees	\$47,000	\$-
Warrants issued with debt	-	940,000
Warrants issued for debt guarantee fee	-	1,061,000
Accrued IPO costs	601,430	-
Payment of accrued IPO costs	-	162,878
IPO costs discounted	733,250	-

IPO costs reclassified to accounts receivable	120,000	
Accrued expenses reclassified as derivative warrant liability	221,000	-
Accrued expenses recorded as financing fees	-	147,000
Retirement of treasury stock	17,442	-

**RECONCILIATION OF GAAP OPERATING EXPENSES TO NON-GAAP
ADJUSTED OPERATING EXPENSES**

	For the Three Months Ended	
	March 31,	
	2013	2012
Operating Expenses	2,458	1,799
<i>Adjustments to Operating Expense</i>		
One-Time Write Off of IPO Costs	618	-
Adjusted Operating Expenses	1,840	1,799

The non-GAAP metric above is not a substitute for GAAP but is viewed as useful by management this quarter because of its recent IPO.

**RECONCILIATION OF GAAP LOSS FROM OPERATIONS TO NON-GAAP
ADJUSTED LOSS FROM OPERATIONS**

	For the Three Months Ended	
	March 31,	
	2013	2012
Loss from Operations	(2,309)	(1,788)
<i>Adjustments to Loss from Operations</i>		
One-Time Write Off of IPO Costs	618	-
Adjusted Loss from Operations	(1,691)	(1,788)

The non-GAAP metric above is not a substitute for GAAP but is viewed as useful by management this quarter because of its recent IPO.

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