

Biocept (BIOC : US\$6.04)

Biocept sinks 17.3% in second quarter, underperforming 86% of the market

Biocept Inc, NASDAQ's 78th largest medical company by market cap, sank US\$1.26 (or 17.3%) in the quarter ended June 30 to close at US\$6.04. This loss means the stock has underperformed 86% of NASDAQ-listed stocks in quarter ended June 30. The volume in the quarter was 1.0 times the average trading of 28,357 shares. Compared with the NASDAQ-100 Index which rose 191.1 points (or 5.2%), this represents a relative price change of -22.5%. In the second quarter the market cap declined US\$7.9 million.

Introduction

We are currently bearish on this stock, both in the short-term based on technical indicators, as well as in the long-term based on fundamental metrics

What makes us most bearish on the stock is the following:

- In the last three months the number of falls outnumbered rises 32:28 or 1.14:1.

However, there are some reasons why some in the market are more bullish on the stock:

- Its Moving Average Convergence Divergence indicators are rising, with its 12-day EMA higher than its 26-day EMA.

Stock Summary

Sector	Medical
Market Cap	US\$26.9 million
Shares Outstanding	4,449,594
ISIN	US09072V1052
Relative Strength (3 mo)	14

Financial Summary

Year ended	Dec 2013	Dec 2012	Dec 2011
Sales (USDm)	0.1	0.1	-
Pretax (USDm)	(9.2)	(12.3)	(13.6)
Net (USDm)	(9.2)	(12.3)	(13.6)

MCap: A Historical Perspective

	Share Price (USD)	Market Cap (\$)
Last	6.0	26.9 million

Analysis

Bullish Signals

- In the last 19 trading sessions there has been a net rise of 28.24%; the stock has advanced twelve times and the biggest one day rise was 21.8% on Jun 18.
- The Moving Average Convergence Divergence (MACD) indicator of 12-day Exponential Moving Average (EMA) of 6.25 minus the 26-day EMA of 5.82 is positive suggesting a bullish signal.
- In the NASDAQ Short Selling market of 2430 stocks, short selling as a % of issued shares ranked 2078th and within the bottom quartile of stocks. This means it was lower than market average of 0.43%, a bullish indicator.

Other Bullish Signals:

% Growth Y.O.Y, Revenue & Net Profit



Bullish Indicators and Rank in Market:

Description	Value	Rank In Market
Volatility %	1.2	In Top Quartile

Bearish Signals

- The price is at a premium of 1.4% to the 1-month volume weighted average price (VWP) of US\$5.96. Given that this premium has been under 1.4% seventy times and over 1.4% twenty times in the last year, the downside:upside probability is estimated at 70:20 or 3.5:1.
- The current short volume is 1.0 times its own historical average of 0.01%.

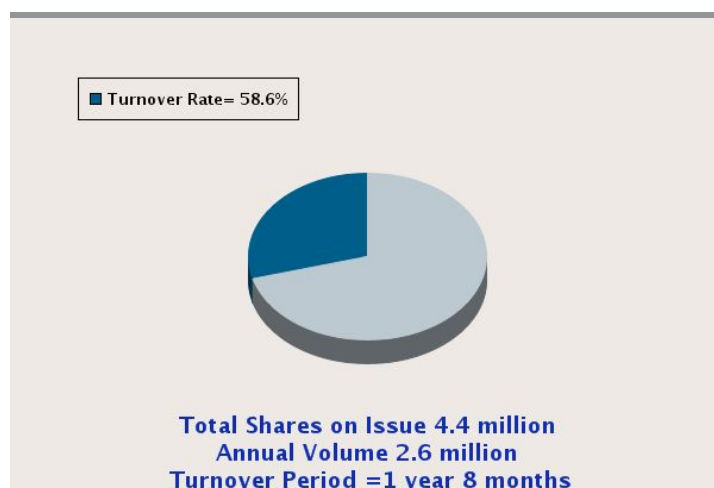
Other Bearish Signals:

The stock has a score of merely 1 out of 9 set by Joseph Piotroski [pass mark ≥ 5]:
Improvement in current ratio from 0 to 0.1.

Bearish Indicators and Rank in Market:

Description	Value	Rank In Market
Turnover in Quarter	US\$10 million	In Bottom Quartile
MCap	US\$26.9 million	In Bottom 5%
Price/MAP50	0.57	In Bottom 5%
Annual Revenue	US\$130,000	In Bottom 1%

Turnover Rate & Turnover Period



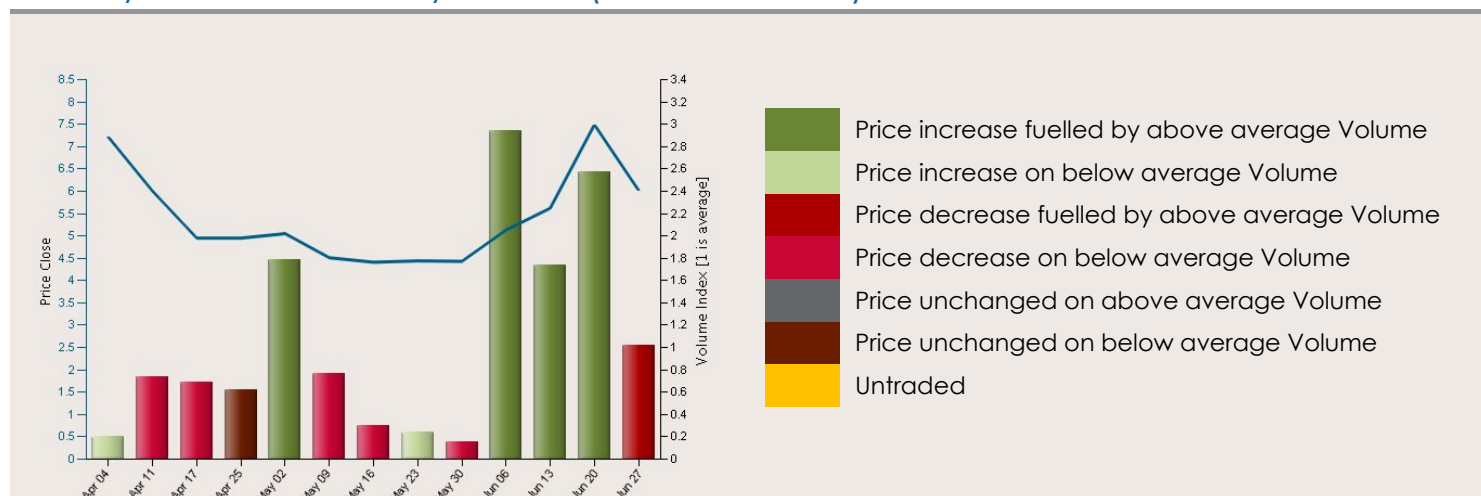
Trailing 3 months

Turnover	US\$10 million
Volume	1,744,189
Volume Index (1 is avg)	1.0

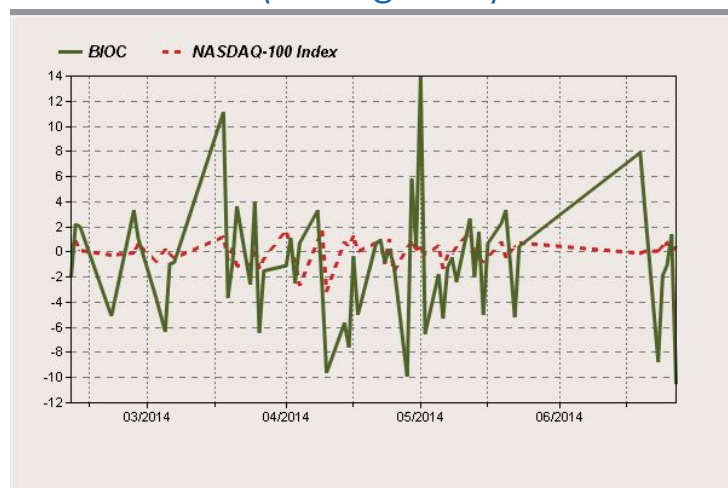
Price Volume Trend: Trailing Quarter



Weekly Price Volume Dynamics (Last 12 Weeks)



Stock v Index (Trailing Year)



Peer Group Analysis

Sector sorting

Name	Last Price	Relative strength (6-months)	MCap (Millions)	PV \$1000 (1 yr)	Revenue (Millions)	Net Profit (Millions)	Total Assets (Millions)
Atossa Genetics	1.68	9	41	349	0	-11	12
Chembio Diagnostics	3.46	67	32	715	29	-0	24
ProPhase Labs	1.69	58	28	1,024	24	-1	17
Biocept	6.04	-	27	-	0	-9	1
Telik	1.45	77	7	1,090	-	-4	3

Recent Analyst Recommendations

Date	Brokerage	Action	Past Rating	Current Rating	Prev Target	Price Target
03-Jun-2014	Aegis	Initiated Coverage	-	Buy	-	16
01-May-2014	Feltl & Co.	Initiated Coverage	-	Strong-Buy	-	-

Company Overview

Activities

Biocept Inc is a commercial-stage cancer diagnostics company that focuses on developing and commercializing proprietary circulating tumor cell and circulating tumor DNA tests.

Further details can be found at
www.biocept.com.

Regulatory Announcements

To view Recent Company Headlines, [click here](#)

June 02: Biocept Expands Breast Cancer Offering

April 28: Biocept Launches Clinical Research Services for Biomarker Detection in Circulating Tumor DNA

March 24: Biocept Appoints Commercialization Leader to Implement Global Diagnostic Sales Program

March 05: Biocept, Inc. to Present at the 26th Annual ROTH Conference

February 10: Biocept, Inc. Announces Closing of Initial Public Offering

Issued Capital

Based on 4,449,594 issued equity shares the market capitalisation is US\$26.9 million. It is NASDAQ's 79th largest Medical company by assets.

Board and Management

Michael W. Nall **CEO & President & Director**

Mr. Michael W. Nall is President, Chief Executive Officer, Director of Biocept Inc. Mr. Nall has over 25 years of healthcare sales and marketing experience, most recently serving at Clariant Diagnostic Services, Inc. in positions of increasing responsibility from 2002 through August 2013, with his last position being General Manager, North American Sales and Marketing. While at Clariant, Mr. Nall was also responsible for leading the team assimilating Clariant into GE Healthcare after Clariant was acquired in 2010. From 1988 until joining Clariant, Mr. Nall served in the diagnostic and medical device industries in various commercial leadership roles for companies including Impath, American Cyanamid, Maquet Surgical, Strato Medical, Horizon Medical Products and Columbia Vital Systems. Mr. Nall received a Bachelor of Science degree in Business Administration from Central Missouri State University (now known as the University of Central Missouri).

William G. Kachioff **CFO**

Mr. William G. Kachioff is Chief Financial Officer, Senior Vice President - Finance of Biocept Inc. Mr. Kachioff, who joined us as Senior Vice President and Chief Financial Officer in August 2011, is experienced in corporate finance, investor relations, corporate governance and manufacturing accounting and systems. He has over twenty years of experience in the life science industry, having most recently served as Vice President and Chief Financial Officer at Althea Technologies, Inc., a pharmaceutical contract manufacturer, from 2009 to 2011. From 2007 to 2009 he was a CFO Partner with Tatum LLC, a national Executive Services firm, where he served a variety of life science industry clients in senior financial management roles. From 2002 to 2005, Mr. Kachioff was Chief Financial Officer at Microslet, a publicly traded biotechnology company developing cell transplant therapies for insulin dependent diabetes. From 1999 to 2001, he was Director of Finance at Cutera where he helped prepare the company for the commercial launch of its first product and its initial public offering. Mr. Kachioff has also served in a variety of financial management roles at Coulter Pharmaceutical, Vivus and Abbott Laboratories. He began his professional career as an auditor with Deloitte LLP. Mr. Kachioff has a B.S. in Management from the University at Buffalo, State University of New York with concentrations in Accounting and Information Systems. He is a member of the American Institute of Certified Public Accountants and the Association of Bioscience Financial Officers.

M. Faye Wilson **Independent Director**

Ms. M. Faye Wilson is Independent Director of Biocept Inc. Ms. Wilson has been a principal of Wilson Boyles & Co., LLC, a business management and strategic planning consulting firm, since 2003. Ms. Wilson is also a member of the board of directors of BioMed Realty Trust, Inc., a real estate investment trust. She served on the board of directors of Farmers Insurance Group of Companies from 1992 through 1998 and the board of directors of The Home Depot, Inc. from 1991 through 2001. Ms. Wilson was also a senior officer of Home Depot from 1998 through 2002. From 1992 until 1998, Ms. Wilson served in several senior management roles at Bank of America Corporation including Chairman of Security Pacific Financial Services and Executive Vice President and Chief Credit Officer for Bank of America's National Consumer Banking Group. She earned her Master's Degrees in International Relations and Business Administration from the University of Southern California and an undergraduate degree from Duke University.

Board and Management (continued)

Lyle J. Arnold **Senior Vice President**

Mr. Lyle J. Arnold, Ph. D., is Senior Vice President, Chief Scientific Officer of Biocept Inc. Dr. Arnold joined us as Senior Vice President and Chief Scientific Officer in 2011. Before then, he consulted for us from May 2010 to April 2011. He is a biotechnology executive, entrepreneur, and developer of innovative technologies covering therapeutics, molecular diagnostics, and genomics. Dr. Arnold also serves as President of Aegea Biotechnologies, Inc., which he founded in 2010 to acquire, develop, and commercialize next generation nucleic acid technologies. Previously he was Vice President, Research at Gen-Probe Incorporated from September 2003 to October 2009. During the time between departing from Gen-Probe and joining us, Dr. Arnold worked as a consultant for various entities through Lyle Arnold Consulting LLC, and started Aegea Biotechnologies in February 2010. Dr. Arnold is an inventor or co-inventor on 39 issued U.S. patents and more than 140 issued and pending patents worldwide. He is the principal inventor of the chemiluminescent Hybridization Protection Assay (HPA) and associated technologies, core to Gen-Probe assays that have generated more than \$5 billion in product revenue. In addition, he has authored more than 50 scientific publications. Dr. Arnold serves on the board of directors of Asuragen, a rapidly emerging biotechnology company in Austin, Texas, as well as on the board of Aegea. He received a B.S. in Chemistry from the University of California at Los Angeles and a Ph.D. in Chemistry/Biochemistry from the University of California at San Diego.

Financial Results (Quarterly)

31 March, 2014

INCOME STATEMENT

Currency in USD	2014-03-31	2013-03-31	Change %
Revenues	28,275	35,154	Down 19.6
Cost of revenues	658,315	547,251	Up 20.3
Gross profit/(loss)	-630,040	-512,097	Deterioration 23.0
Operating expenses			
Research and development expenses	1,008,929	710,206	Up 42.1
General and administrative expenses	1,876,912	451,157	Up 316.0
Sales and marketing expenses	11,142	96,404	Down 88.4
Loss from operations	-3,527,023	-1,769,864	Deterioration 99.3
Other income/(expense)			
Interest expense, net	1,394,444	467,564	Up 198.2
Change in fair value of warrant liability	-206,404	317,993	Deterioration
Other income/(expense)		5,739	
Total other income/(expense)	-1,600,848	155,310	Deterioration
Loss before income taxes	-5,127,871	-1,925,174	Deterioration 166.4
Income tax expense		800	
Net loss & comprehensive loss	-5,127,871	-1,925,974	Deterioration 166.2
Weighted average shares outstanding used in computing net loss per share attributable to common shareholders:			
Basic	2,617,275	180,540	Up 1,349.7
Diluted	2,617,275	180,540	Up 1,349.7
Net loss per common share:			
Basic	-196.0c	-1,067.0c	Reduced 81.6
Diluted	-196.0c	-1,067.0c	Reduced 81.6

BALANCE SHEET

Currency in USD	2014-03-31	2013-12-31	Change %
Current assets:			
Cash and cash equivalents	10,417,277	69,178	Up 14,958.7
Accounts receivable	26,000	9,200	Up 182.6
Inventories, net	96,904	92,823	Up 4.4
Prepaid expenses and other current assets	447,596	799,131	Down 44.0
Total current assets	10,987,777	970,332	Up 1,032.4
Fixed assets, net	301,231	358,887	Down 16.1
Other noncurrent assets	500	500	Steady
Total assets	11,289,508	1,329,719	Up 749.0

Financial Results (Quarterly) (continued)

31 March, 2014

Current liabilities:			
Accounts payable	952,096	1,540,618	Down 38.2
Accrued liabilities	480,559	2,242,058	Down 78.6
Line of credit		1,981,000	
Notes payable		5,200,599	
Warrant liability	6,538	2,140,532	Down 99.7
Supplier financings	20,457	218,925	Down 90.7
Total current liabilities	1,459,650	13,323,732	Down 89.0
Deferred rent	473,080	462,001	Up 2.4
Total liabilities	1,932,730	13,785,733	Down 86.0
Commitments and contingencies			
Shareholders' equity/(deficit):			
Series A convertible preferred stock, 0.0001 par value, 100,000,000 authorized; 69,421,047 issued and outstanding at December 31, 2013; 5,000,000 shares authorized; no shares issued and outstanding at March 31, 2014; liquidation preference of 41,652,628 at December 31, 2013.		6,942	
Common stock, 0.0001 par value, 53,000,000 authorized; 185,550 issued and outstanding at December 31, 2013; 40,000,000 authorized; 4,449,594 issued and outstanding at March 31, 2014.	445	19	Up 2,242.1
Additional paidin capital	136,905,180	109,958,001	Up 24.5
Accumulated deficit	127,548,847	122,420,976	Up 4.2
Total shareholders' equity/(deficit)	9,356,778	12,456,014	Down 24.9
Total liabilities and shareholders' equity/(deficit)	11,289,508	1,329,719	Up 749.0

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