

Due Diligence Report: Quietly Making Headway; BGMD moves 71% in the Green over 5 Days

Summary

BG Medicine, Inc., incorporated on February 9, 2000, is a commercial-stage company that is focused on the development and delivery of diagnostic solutions to aid in the clinical management of heart failure and related disorders. The Company's BGM Galectin-3 Test is an in vitro diagnostic device that quantitatively measures galectin-3 levels in blood plasma or serum for use as an aid in assessing the prognosis of chronic heart failure. The BGM Galectin-3 Test is cleared by the United States Food and Drug Administration (the FDA), is CE-marked and is available as a blood test in the United States and the European Union (EU). The Company is focused on preparing for the anticipated United States market introduction of galectin-3 automated testing by its automated diagnostic instrument manufacturing partners by providing support to clinical research studies that seek to affirm the potential clinical utility and impact of galectin-3 testing in heart failure and related disorders, by expanding its BGM Galectin-3 Test's indication for use and by continuing to support and promote the publication of the results of clinical research studies. The Company's CardioSCORE test is a multi-analyte biomarker-based blood test that is designed as an aid in the assessment of near-term risk for significant atherothrombotic cardiovascular events, such as heart attack and ischemic stroke. The CardioSCORE test is a proprietary in vitro diagnostic multi-analyte assay in which the levels of multiple biomarkers are measured in blood and the results are mathematically integrated to yield a single numerical score that is predictive of an individual's near-term atherothrombotic cardiovascular risk.

BG Medicine, Inc. has a current market capitalization of \$7.19 M with 8.74 M outstanding shares. Its daily average volume traded is 79,945 shares.

Key Indicators (Q2 2015)

Shares Outstanding	8.74 M
Revenue (FY 2014)	0.51 M
Gross Profit	0.33 M
Net Loss (basic/diluted)	-2.03 M
Cash and Short-term Inv	0.18 M
Total Debt	Nil

Performance (6 months)



Recent News and Analysis:

Most recently, the Company announced that trading in the Company's common stock will be suspended on NASDAQ effective with the open of business on Wednesday, September 16, 2015, due to the Company's continuing non-compliance with the stockholders' equity requirement set forth in NASDAQ Listing Rule 5550(b) as of September 10, 2015. The Company's common stock began trading on the OTC Market's OTCQB market tier effective with the open of business on September 16, 2015. Analysts are relatively quiet with respect to the recent price surge. Bouncing off a bottom in mid-September; the share price has appreciated over 71% in the past month since starting to trade on the OTC exchange. It is believed that this recent price surge is due to the positive Q2 results the company released in August and a favorable market environment in the healthcare space. The company provided the following highlights regarding Q2 2015:

- The first FDA-cleared automated assay for galectin-3 was made available in July for purchase in the U.S.
- In conjunction with the U.S. market introduction by Abbott of the first automated assay for galectin-3, data affirming the clinical and analytical performance of automated galectin-3 testing were presented at the American Association of Clinical Chemistry Annual Meeting
- Twenty-three presentations relating to the utility of galectin-3 testing in heart failure and related disorders were delivered at the European Society of Cardiology Heart Failure meeting in Spain
- Continued reduction of fixed costs and infrastructure provides additional resources to support development and commercialization of automated testing for galectin-3
- The Company raised \$5.0 million through the issuance of equity securities
- The Company paid off its secured term loan and is now debt free

In addition, the CEO of BGMD said that the Company's go-forward growth in revenues will depend on the timing and extent to which our automated partners are successful in gaining adoption of their automated tests for galectin-3. BGMD will support the commercialization efforts of their automated partners by promoting the utility of galectin-3 as a biomarker and, in parallel, they will continue to extend their cash runway through the prudent and disciplined management of their resources.

Conclusions:

BGMD reported net loss for the second quarter of 2015 of \$2.0 million, a 6% improvement from the \$2.2 million net loss reported in the second quarter of 2014, on total revenues of \$505 thousand in the second quarter of 2015 versus total revenues of \$799 thousand in the second quarter of 2014. Operating expenses for the second quarter of 2014 declined by 29% from the prior year quarter. Net loss per share in the second quarter of 2015 was \$0.23 as compared to \$0.26 in 2014. Operating cash burn decreased by \$1.8 million, a 68% decrease, to \$827 thousand compared to \$2.6 million in 2014. The Company's primary focus in the first half of 2015 has been to ensure that the Company has adequate resources to provide support to the development, market introduction and market expansion of automated testing for galectin-3. The company was able to raise capital, reduce operating expenses and cash burn, and the Company has paid off their term loan and are now debt free. Going forward, the trends appear favorable.

Sources:

1. <http://www.reuters.com/finance/stocks/companyProfile?rpc=66&symbol=BGMD.PK>
2. <http://stockcharts.com/h-sc/ui?s=BGMD&p=D&b=5&g=0&id=p69593738496>
3. <http://www.google.ca/finance?q=OTCMKTS%3ABGMD&fstype=ii&hl=en&gl=ca&ei=P1I5VtGFLcOAJAGktqgl>
4. <https://ca.finance.yahoo.com/q?s=BGMD&q1=1>
5. <http://investor.bg-medicine.com/releasedetail.cfm?ReleaseID=927785>
6. <http://www.techsonian.com/traders-alert-mtn-group-ltd-adrmtnoy-siemens-ag-adrsiegy-bg-medicine-inc-bgmd-ekso-bionics-holdingekso/12612264/>
7. <http://investor.bg-medicine.com>

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