GeneNews Announces Q1-2015 Financial Results

- More than 39,500 tests were processed by the Company’s joint-venture, Innovative Diagnostic Laboratory, LLP (“IDL”) in the quarter.
- Completed the transfer of vital functions such as marketing, human resources, reimbursement and finance in-house at IDL to complement lab operations.
- Appointed veteran medical/diagnostic industry reimbursement executive, Karl Florence, to senior management team.

TORONTO, CANADA (May 14, 2015): GeneNews Limited (TSX:GEN) (“GeneNews” or the “Company”) today reported operational and financial results for the three-month period ended March 31, 2015. All dollar amounts are expressed in Canadian currency unless otherwise indicated and results are reported in accordance with International Financial Reporting Standards.

With a successful limited scale launch of IDL’s operations in the fourth quarter of 2013, full scale up activities began in Q1-2014, including growing IDL’s lab capacity, increasing the size and scope of its sales organization and expanding the menu of novel, proprietary tests offered by it throughout the United States. For the second half of 2014, and continuing in the first quarter of 2015, the primary focus shifted to the refinement of IDL’s organizational structure, sales territory re-alignment and adding an additional third party specialty servicer to strengthen private payer reimbursement efforts. Also beginning in the fourth quarter of 2014, GeneNews began to take a proactive role in bringing a number of functions, such as lab operations, human resources, finance, marketing and reimbursement in house directly at IDL, transitioning these responsibilities from Health Diagnostic Laboratory, Inc. (“HDL”).

“HDL’s contributions in getting IDL’s Richmond, Virginia lab fully established and operational were important to the early success of the joint-venture,” commented GeneNews’ Executive Chairman, James Howard-Tripp. “As we now shift all of our focus toward continuing to build the business, we are excited to take a greater leadership role in driving IDL’s success. Indeed, it is our intent to increase our ownership interest in IDL beyond current levels if and when that opportunity should arise.”

“Total test volumes were 39,500 in Q1-2015, up approximately 150% from 15,800 in the first quarter of 2014,” continued Mr. Howard-Tripp. “While that year-over-year performance was strong, the aforementioned transition has taken longer than planned and we were not able to capture the full benefit from the changes we started to make at the end of last year.”

“Now, with vital functions successfully brought in-house, we remain committed to expanding IDL’s sales effort and are very excited about the growth opportunity we see ahead of us,” commented Mr. Howard-Tripp. “Moving forward, our key objectives are:

- Re-establishing growth trends of existing tests;
- Adding additional novel, proprietary tests to our offering menu; and
• Continuing to improve revenue collections.

Revenues earned by IDL for the three-month period ended March 31, 2015 were approximately $3.3 million (US$2.7 million) with costs incurred of approximately $6.5 million (US$5.3 million), resulting in a loss of approximately $3.2 million (US$2.5 million). As GeneNews currently has joint control of IDL with its American partners, the Company accounts for its interest in IDL using the equity method. As such, GeneNews reflects its share of the total revenues less total expenses in its consolidated statements of loss and comprehensive loss, which was $1.1 million.

IDL estimates that approximately 70% of the patients that have elected to have the ColonSentry® test are covered by private insurers with the remainder of patients undergoing the test covered by Medicare. Unlike the other IDL tests, ColonSentry® has not yet been approved for coverage by Medicare. As a relatively new entity, IDL does not yet have a history of collections of invoiced test revenue and recognizes revenue only upon receipt of payment from its customers.

In Q1-2015, IDL appointed Karl Florence to its senior management team. Mr. Florence’s mandate is to develop and execute a comprehensive reimbursement strategy for IDL, and in so doing, significantly improve its revenue collections.

“While we have implemented a number of changes to improve collections, there remains a great deal of work to do on that front,” said Mr. Howard-Tripp. “Karl has only been with us for a short time, but he has already made some progress and has proven himself to be ideally suited to successfully lead those efforts.”

For the three months ended March 31, 2015, GeneNews’ total revenues were approximately $791,000 as compared to $202,000 in the same period in 2014. The net loss for the first quarter of 2015 was approximately $1.5 million, or $0.02 loss per common share, as compared to a net loss of approximately $1.8 million, or $0.04 loss per common share, for Q1-2014.

As of March 31, 2015, GeneNews had approximately $3.3 million in cash and cash equivalents.

“Taking a "multi-view" approach to the diagnosis and treatment of cancer, IDL continues to assemble a robust menu of advanced cancer assays offered by it in the United States,” said Mr. Howard-Tripp. “Final preparations are being made to launch the sphingotest® breast cancer risk prediction assays and we are in discussions with respect to in-licensing additional technologies this year. As always, we look forward to updating our stakeholders as we progress.”

The Company’s financial statements and management’s discussion and analysis are available on www.sedar.com.

About GeneNews

GeneNews is focused on developing and commercializing proprietary molecular diagnostic tests for the early detection of diseases and personalized health management, with a primary focus on cancer-related indications. The Company’s lead product, ColonSentry®, is the world’s first blood test to assess an individual’s current risk for colorectal cancer. In 2013, GeneNews created a U.S. joint venture, Innovative Diagnostic Laboratory, LLP ("IDL"), that it is committed to help become a leader in
molecular diagnostics and personalized medicine, serving as a strong commercialization outlet for advanced cancer tests. Taking a multi-view approach to the diagnosis and treatment of cancer, IDL is working to assemble, through a combination of internal pipeline development, third-party licenses and potential acquisitions, a robust menu of novel, proprietary tests to be offered by it throughout the United States. GeneNews' common shares trade on the Toronto Stock Exchange under the symbol 'GEN'. More information on GeneNews and IDL can be found at www.GeneNews.com and www.MyInnovativeLab.com, respectively.

Forward-Looking Statements

This press release contains forward-looking statements identified by words such as “expects”, “will” and similar expressions, which reflect the Company's current expectations regarding future events, including the launch of ColonSentry® test across the United States and the assembling of a robust menu of other advanced cancer tests to be offered by IDL. The forward-looking statements involve risks and uncertainties, including market reaction to the launch of the ColonSentry® test into new regions, that could cause the Company’s actual events to differ materially from those projected herein. Investors should consult the Company’s ongoing quarterly filings and annual reports for additional information on risks and uncertainties relating to these forward-looking statements. The reader is cautioned not to rely on these forward-looking statements. The Company disclaims any obligation to update these forward-looking statements, except as required by law.

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