

Scancell Holdings (SCLP.PLUS) - year-end results and move to AIM listing

SCLP.PLUS
Comment by Objective Capital , Jul 15, 2010

Scancell reported its year-end results for the fiscal year ended April 30, 2010. The Company reported a net loss of £1.7 million, or 9.4 pence per share, and ended the year with cash and cash equivalents of £2.8 million. The cost of sales, at £1.1 million, primarily consisted of manufacturing costs and expenses associated with the initiation of the SCIB1 clinical trial. Also highlighted within the fiscal year was the successful completion of an underwritten Open Offer, raising £2.54 million and providing the Company with the capital, together with anticipated future revenue from licensing deals or otherwise, to complete the Phase I/IIa trials now in progress.

Scancell also announced earlier this week that an effort is underway to list the company on the AIM market of the London Stock Exchange. Notification to shareholders has taken place and the Company expects to have its shares listed and trading on AIM on the morning of 30 July 2010.

Finally, in the operational update that accompanied the year-end results, the Company noted that its first patient had been treated with the SCIB1 vaccine on 10 June 2010. Early results from Part 1 of the study will not be available until 2011.

Objective's view:

Although costs reported in the year-end results exceeded our projections, we do not have concerns about the longer term budget for Scancell. While costs are important and will continue to be monitored closely, the key focal point for investors will be the attainment of operational milestones and, by that measure, the Company has excelled. With a strong balance sheet, adequate funding and a clinical programme on track and on time with a growing list of research partners, Scancell has delivered on its promise to date.

The challenge, going forward, will be to keep the momentum and keep driving the clinical programme forward. We have learned that two of the three UK hospital centres involved in the trials have not yet begun recruiting patients, with bureaucratic delays at fault. While these early delays are not expected to disrupt the longer term schedule of the trial, they do still underline the challenges that can arise when a complex coordination of efforts is required.

The bottom line is that Scancell has graduated to a clinical-stage Company and done so in impressive fashion. As a result, the timing is now right to seek listing on the AIM market of the London Stock Exchange. With this transition, we would expect to see the Company attain considerably more visibility and sponsorship in the marketplace. The word is getting out that Scancell has a technology with real potential and, with the share price now above the flotation price, the momentum appears to be building.