

6 FINANCIAL INFORMATION**6.1 FINANCIAL HIGHLIGHTS****6.1.1 Income Statements**

Our summarised income statements for the past three (3) FYE 31 May 2007 ("FYE 2007") to FYE 31 May 2009 ("FYE 2009") and the ten (10)-month FPE 31 March 2010 ("FPE 2010") as well as the comparative unaudited ten (10)-month FPE 31 March 2009 are set out below.

	←----- Restated * ----->			Unaudited	Audited
	←----- FYE 31 May ----->			Ten (10)	Ten (10) month
	2007	2008	2009	month FPE	FPE
	RM	RM	RM	31 March	31 March 2010
				2009 #	
				RM	RM
Revenue	2,012,726	6,188,878	17,055,994	11,922,704	14,300,176
Interest income	-	-	73,005	37,808	170,209
Employee benefits expense	(360,997)	(709,049)	(1,144,552)	(889,310)	(1,618,192)
Depreciation and amortisation	(362,886)	(499,176)	(712,561)	(325,832)	(690,039)
Technical fees	(175,000)	(670,000)	(850,000)	(850,000)	-
License fees	(187,320)	-	-	-	-
Exclusive license fees	(104,167)	(250,000)	(250,000)	(208,333)	(208,333)
System maintenance cost	(144,000)	(432,000)	(564,300)	(470,250)	(1,003,125)
Management fees	(361,532)	(500,103)	(628,468)	(478,468)	(811,855)
Other expenses	(282,263)	(1,312,671)	(952,609)	(808,381)	(824,480)
Profit from operations	34,561	1,815,879	12,026,509	7,929,938	9,314,361
Finance costs	(29,054)	(31,048)	(4,319)	(3,930)	(1,244)
PBT	5,507	1,784,831	12,022,190	7,926,008	9,313,117
Income tax expense	-	-	(18,251)	(9,452)	(32,778)
PAT attributable to equity holders of the Company	5,507	1,784,831	12,003,939	7,916,556	9,280,339
Earnings before interest, depreciation, taxation and amortisation	397,447	2,315,055	12,666,065	8,217,962	9,834,191
Weighted average number of ordinary shares in issue during the year / period	77,000,480	77,000,480	77,000,480	77,000,480	77,000,480
Net EPS (sen)	0.01	2.32	15.59	10.28	12.05
PBT margin (%)	0.27	28.84	70.49	66.48	65.13
PAT margin (%)	0.27	28.84	70.38	66.40	64.90

Notes:-

* Restated based on audited accounts for the relevant years. Please refer to Section 4 of the Accountants' Report in Section 12 of this Prospectus for details of the adjustments.

For comparative purposes only.

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Basis of Preparation

The relevant financial period for the purpose of this report ("Relevant Financial Period") is FYE 2007, FYE 2008, FYE 2009, and FPE 2010.

Our financial statements for FYE 2007 and FYE 2008 have been prepared in compliance with applicable Private Entity Reporting Standards ("PERS") in Malaysia. Our financial statements for the FYE 2009 and FPE 2010 had been prepared in compliance with applicable Financial Reporting Standards ("FRS") in Malaysia. The transition from PERS to FRS did not materially affect our Company's reported financial position, financial performance and cash flows as at the date of transition.

At the date of the Report, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by our Company:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs (revised)

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate

Amendments to FRS 2: Shared-based Payment – Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives

Amendments to FRSs "Improvements to FRSs (2009)"

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Shared-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS 138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

Effective for financial periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 7: Improving Disclosures about Financial Instruments

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The new FRSs, Amendments to FRSs and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 101 (revised).

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements.

The Company has reviewed the estimated useful life of its intangible asset and is of the opinion that a life span of 10 years is more reflective of the economic useful life of its intangible asset. As a result, the amortisation charge on the intangible asset of the Company for the current financial period has increased by RM187,578.

Our auditors have reported our financial statements above without any audit qualification for the financial years/periods under review.

Please refer to Section 12 of this Prospectus for further information.

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6 FINANCIAL INFORMATION (Cont'd)**6.1.2 Proforma Balance Sheets / Statements of Assets and Liabilities**

The proforma balance sheets as set out below are provided for illustrative purposes only to show the effects on our audited balance sheets as at FPE 2010 had the IPO been completed on that date.

Proforma I: After Public Issue and Offer for Sale

Proforma II: After Proforma I and utilisation of proceeds

	Audited as at 31 March 2010	Proforma I	Proforma II
	RM	RM	RM
ASSETS			
NON-CURRENT ASSETS			
Plant and equipment	764,881	764,881	7,664,881
Intangible asset	5,600,547	5,600,547	5,600,547
	<u>6,365,428</u>	<u>6,365,428</u>	<u>13,265,428</u>
CURRENT ASSETS			
Trade and other receivables	1,969,836	1,969,836	1,969,836
Due from ultimate holding company *	51,236	51,236	416,236
Cash and bank balances	12,319,615	30,787,615	20,397,615
	<u>14,340,687</u>	<u>32,808,687</u>	<u>22,783,687</u>
TOTAL ASSETS	<u>20,706,115</u>	<u>39,174,115</u>	<u>36,049,115</u>
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			
Share capital	7,700,048	9,410,048	9,410,048
Share premium	1,174,968	17,932,988	14,807,988
Retained earnings	5,840,237	5,840,237	5,840,237
TOTAL EQUITY	<u>14,715,273</u>	<u>33,183,273</u>	<u>30,058,273</u>
CURRENT LIABILITIES			
Other payables	5,366,221	5,366,221	5,366,221
Hire purchase payable	8,854	8,854	8,854
Due to immediate holding company	253,912	253,912	253,912
Due to ultimate holding company	361,855	361,855	361,855
TOTAL LIABILITIES	<u>5,990,842</u>	<u>5,990,842</u>	<u>5,990,842</u>
TOTAL EQUITY AND LIABILITIES	<u>20,706,115</u>	<u>39,174,115</u>	<u>36,049,115</u>
No. of ordinary shares of RM0.10 each	77,000,480	94,100,480	94,100,480
Net assets per ordinary share (sen)	19.1	35.3	31.9
Net tangible assets per ordinary share (sen)	11.8	29.3	26.0

Note:-

- * As at the date of this Prospectus, the amount due from ultimate holding company of RM51,236 has been fully paid. The balance of RM365,000 out of RM416,236 as set out in Proforma II represents the proportionate share of the estimated listing expenses to be borne by the ultimate holding company i.e the Offeror, pursuant to the Offer for Sale.

The proforma balance sheets of our Company, for which our Directors are solely responsible, have been prepared solely for illustrative purposes only and are consistent with the accounting policies adopted in the preparation of our interim audited financial statements as at 31 March 2010 which have been prepared in

6 FINANCIAL INFORMATION (Cont'd)

accordance with applicable FRS and after making such adjustments that are appropriate for the preparation of the proforma balance sheets. The details of the adjustments have been set out in the Proforma Balance Sheets as set out in Section 13 of this Prospectus.

6.1.3 Cash Flow Statements

The cash flow statements for the FPE 31 March 2010 are as follows.

	Audited FPE 31 March 2010 RM
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	9,313,117
Adjustments for:-	
Amortisation of intangible asset	509,140
Depreciation of plant and equipment	180,899
Interest expense	962
Operating profit before working capital changes	10,004,118
Increase in receivables	(920,464)
Decrease in payables	(1,751,507)
Changes in related company balances	2,912,591
Cash generated from operations	10,244,738
Taxes paid	(51,029)
Interest paid	(962)
Net cash generated from operating activities	10,192,747
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of plant and equipment *	(462,828)
Net cash used in investing activities	(462,828)
CASH FLOWS FROM FINANCING ACTIVITIES	
Repayment of hire purchase	(28,858)
Dividends paid	(10,000,000)
Net cash used in financing activities	(10,028,858)
Net Decrease in Cash and Cash Equivalents	(298,939)
Cash and Cash Equivalents at the beginning of the financial period	12,618,554
Cash and Cash Equivalents at the end of the financial period	12,319,615

Note:

* Purchase of plant and equipment was by way of cash.

For the purpose of the cash flow statements, cash and cash equivalents comprise of fixed deposits with licensed banks and cash and bank balances.

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6.2 CAPITALISATION AND INDEBTEDNESS

The following table summarises our Company's cash and cash equivalents, capitalisation and indebtedness:-

- (i) as at 31 March 2010 based on our latest available audited financial statements; and
- (ii) as adjusted for the net proceeds arising from the issue of the Issue Shares pursuant to our IPO and the utilisation of proceeds as set out in Section 2.7 of this Prospectus.

	Audited As at 31 March 2010 RM'000	After the IPO and Utilisation of Proceeds RM'000
	<u> </u>	<u> </u>
Cash and cash equivalents	12,320	20,398
Indebtedness		
Short term borrowings	9	9
Total	<u>9</u>	<u>9</u>
Secured borrowings	9	9
Total	<u>9</u>	<u>9</u>
Capitalisation		
Total shareholders' equity	14,715	30,058
Total capitalisation	<u>14,715</u>	<u>30,058</u>
Total capitalisation and indebtedness	<u><u>14,724</u></u>	<u><u>30,067</u></u>

The above borrowings are for hire purchase of a motor vehicle, which is secured and guaranteed. There are no indirect and contingent liabilities as at 31 March 2010.

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6.3 MANAGEMENT'S DISCUSSION AND ANALYSIS ON FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of our past financial performances and results of operations should be read in conjunction with the financial information and the related notes thereon for the past three (3) FYE 2007, FYE 2008 and FYE 2009 and the audited ten (10)-month FPE 31 March 2010 as well as unaudited ten (10)-month FPE 31 March 2009.

This discussion and analysis contain data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 3 of this Prospectus.

6.3.1 Overview

Currently, the revenue model for our services is as follows:-

(i) Genomics Data Access Services

Revenue generated for this category is pursuant to the commissioning by BiotechCorp to provide bioinformatics application services online for a period of five (5) years. This online bioinformatics resource has been made available for free to the public to enhance the research, development and commercialisation activities and capabilities for the Malaysian biotechnology community, especially universities and research institutes, and to promote Malaysia's bioinformatics capabilities on a worldwide basis. The total revenue to be earned is RM24.0 million over a period of five (5) years, or a monthly revenue of RM400,000 from 1 January 2007 to 31 December 2011.

(ii) Contract Genomics Services

Revenue from our Contract Genomics Services category is recognised in the income statement upon the performance of services. Where the outcome of the transactions cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

During the early stages of a transaction, it is often the case that the outcome of the transaction cannot be estimated reliably. Nevertheless, it may be probable that the enterprise will recover the transaction costs incurred. Therefore, revenue is recognised only to the extent of costs incurred that are expected to be recoverable. As the outcome of the transaction cannot be estimated reliably, no profit is recognised.

There have been no instances where we were unable to estimate the outcome of our transactions reliably.

Moving forward with our Genomics Data Access Services, we expect to develop proprietary databanks and offer these via our portal to users on a subscription based model. These proprietary databanks will also offer new opportunities to conduct research both internally for the generation of IP and for the provision of contract research services to interested customers.

In addition, our planned purchase of sequencing equipment will allow us to offer a third revenue category, i.e. sequencing services. The development of our proprietary databanks is conditional upon the purchase of sequencing equipment as it is more

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commercially viable to undertake the proprietary databanks only when sequencing equipments are in-house. With this sequencing equipment, we will be able to offer the full breadth of wet-lab and computational services in-house, i.e. from DNA extraction and sequencing through to assembly, annotation and analysis. The benefits of having the sequencing equipment in-house are two-fold; firstly, by allowing us to offer more to our customers who may have previously only sent us sequencing data generated elsewhere, and; secondly, to lower the production cost of developing our proprietary databanks which will require the sequencing of biological samples collected.

Revenue**FYE 31 May 2007**

For FYE 2007, our revenue increased by approximately RM1.92 million or 2,078.96% to RM2.01 million as compared to revenue recorded in the previous financial year of approximately RM0.09 million. About RM2.00 million or 99.35% of revenue was for Genomics Data Access Services that was recognised as earned for the five (5)-month period commencing 1 January 2007. The remaining RM0.01 million was for Contract Genomics Services with Australian Genome Research Facility Ltd relating to work undertaken on a marsupial genome.

FYE 31 May 2008

For FYE 2008, we achieved revenue amounting to RM6.19 million. This was an increase of approximately RM4.18 million or 207.49% as compared to the revenue of RM2.01 million for the previous financial year. In this financial year, approximately RM4.80 million or 77.56% of total revenue was recognised as earned for Genomics Data Access Services. During the FYE 2008, the remaining revenue of RM1.39 million came from Contract Genomics Services. The revenue recorded was pursuant to three (3) projects undertaken which were outsourced to us by Synamatix i.e. the oil palm genome for Sime, a bacterial genome and a yeast genome for Universiti Kebangsaan Malaysia and for a cancer genome for Brigham and Women's Hospital, a teaching affiliate of Harvard Medical School.

FYE 31 May 2009

For FYE 2009, our revenue increased by approximately RM10.87 million or 175.59% as compared to the previous financial year of RM6.19 million which was mainly due to the increase in revenue contribution from our Contract Genomics Services, specifically work undertaken by us for Synamatix pursuant to the oil palm genome project with Sime. Similar to FYE 2008, revenue earned for Genomics Data Access Services amounted to RM4.80 million or 28.14% of total revenue.

10-month FPE 31 March 2010

For FPE 2010, we recorded revenue of approximately RM14.3 million. Approximately 72.03% of revenue contribution was from our Contract Genomics Services where a significant portion of 71.81% of revenue was due to the final assembly and annotation of the oil palm genome and a cancer genome project.

In this ten (10)-month period, RM4.00 million for Genomics Data Access Services was recognised.

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PBT

FYE 31 May 2007

For FYE 2007, the PBT of RM5,507 was higher compared to LBT for the FYE 2006 of RM0.94 million with a PBT margin of 0.27%. This was due to the RM1.92 million or 2,078.96% increase in revenue while in comparison, underlying marketing, operating and finance costs only increased by 95.19%. As FYE 2006 was the first year of meaningful operation, we were still at the initial phase of raising awareness and due to this we incurred LBT of RM0.94 million.

The lease amount of approximately RM0.22 million in FYE 2007 was due to our entrance into a lease transaction with HP Facilities Services (Malaysia) Sdn Bhd on 28 May 2005 for the lease of equipment, software and services for an initial term of 36 months and monthly rent of approximately RM0.02 million. The lease was fully repaid during FYE 2008. The deferred income of RM6.00 million was attributable to BiotechCorp.

FYE 31 May 2008

For FYE 2008, PBT increased in line with the increase in revenues from RM5,507 in FYE 2007 to RM1.78 million. The PBT margin also increased from 0.27% in FYE 2007 to 28.84% in FYE 2008 mainly due to the increase in revenue outpacing the increase in expenses.

Our main expense for this period was staff cost incurred amounting to RM0.71 million, an increase of approximately 96.41% from a FYE 2007 headcount of 7 to 12 in the FYE 2008. There is also an increase in other expenses of approximately RM1.03 million as compared to FYE 2007 largely attributable to sequencing cost, marketing and distribution, training and collaboration amounting to approximately RM0.60 million, RM0.25 million and RM0.12 million respectively. This was mainly due to sequencing costs of RM0.60 million being incurred for the first time in FYE 2008 whilst no such costs were incurred in FYE 2007. During this period, we had continued with our Eminent Speaker Series which was first held in March 2007 thus incurring a full years' expense as compared to FYE 2007, developed educational content on our website and provided hands-on training programmes around the country.

The Eminent Speaker Series is normally held once every quarter where the speaker will be chosen by us to talk about any relevant topic at that point in time i.e. topic on H1N1 which was held on 13 August 2009. There is also no formal arrangement with the scientists which participate in the Eminent Speaker Series and us.

In FYE 2008, the deferred income of RM5.20 million was attributable to BiotechCorp.

FYE 31 May 2009

For FYE 2009, we recorded PBT of approximately RM12.02 million which is an increase of 573.58% compared to PBT achieved of approximately RM1.78 million in the preceding year. The higher PBT margin of approximately 70.49% in FYE 2009 was mainly due to the higher margins chargeable for large Contract Genomics Services projects, specifically the oil palm genome.

Staff costs amounted to RM1.14 million which represents an increase of approximately 61.42% due to the increase in our staff salaries and bonuses of approximately 65.40% as compared to FYE 2008. Our Company's headcount also increased from 12 in the FYE 2008 to 14 in FYE 2009. There is also an increase in technical fees, system maintenance cost and management fees to approximately RM0.85 million, RM0.56 million and RM0.63 million respectively and a decrease of other expenses to approximately RM0.95 million for FYE 2009.

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The technical fees paid to Synamatix was pursuant to the Technical Management Agreement that was entered into between Synamatix and us, pursuant to a project and was completed in FYE 31 May 2009. Please refer to Section 10.1(b) of this Prospectus for further information on the nature and scope of services.

The system maintenance cost includes both fixed costs and variable costs. Fixed costs refers to a fixed percentage of 12% of the list price of the license programs installed, based on the quantum of compute resources in support of the licensed programs from time to time. Compute resources refers to variable costs which is specifically proportional to the number of CPUs and RAM provided by MGRC for running the licensed programs of CPUs and RAM.

In FYE 2009, the deferred income was attributable to BiotechCorp and Synamatix of RM4.40 million and RM2.67 million respectively.

10-month FPE 31 March 2010

For the 10-month FPE 2010, we achieved PBT of RM9.31 million, being an increase of RM1.39 million or 17.50% compared to the corresponding 10-month period of the preceding year ending 31 March 2009. The improvement in PBT was driven by Contract Genomics Services projects we undertook in this period. However, PBT margin of 65.13% in FPE 2010 was slightly lower than the 66.48% recorded in the corresponding period of the preceding year due to staff cost/employee benefit and depreciation of assets.

Staff costs amounted to RM1.62 million which represents an increase of approximately 81.96% as compared to FPE 31 March 2009 due to annual increments and accrual of staff bonuses. There is also an increase in system maintenance cost, management fees and other expenses to approximately RM1.00 million, RM0.81 million and RM0.82 million respectively. The increase in system maintenance cost payable to Synamatix is due to the increase in the number of SynaBASE software licenses installed pursuant to the oil palm genome project. In FPE 2010, the deferred income of RM4.40 million was attributable to BiotechCorp.

Effective Tax Rate

The Malaysian statutory tax rates and the effective tax rates for our Company during the financial years / periods under review are set out as follows:-

	<----- Restated * ----->			Unaudited Ten (10) month FPE 31 March 2009 # RM'000	Audited Ten (10) month FPE 31 March 2010 RM'000
	<----- FYE 31 May ----->				
	2007 RM'000	2008 RM'000	2009 RM'000		
PBT	6	1,785	12,022	7,926	9,313
Income tax expense	-	-	(18)	(9)	(33)
PAT	6	1,785	12,004	7,917	9,280
Effective tax rate (%)	-	-	0.15	0.11	0.35
Malaysian statutory tax rate (%)	27.00	26.00	25.00	25.00	25.00

Notes:-

* Restated based on audited accounts for the relevant years. Please refer to Section 4 of the Accountants' Report in Section 12 of this Prospectus for details of the adjustments

For comparative purposes only.

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As a BioNexus Status Company, we were approved by the MoF for exemption from the payment of income tax in relation to our business with regard to the Qualifying Activities for a period of ten (10) years commencing from 23 July 2007 pursuant to the Income Tax (Exemption) (No 17) Order 2007.

Accordingly, we have a low effective tax rate. For the FYE 31 May 2009 and ten (10) month FPE 31 March 2010, the tax as set out above are taxes on interest income, which are not tax exempt.

6.3.2 Factors and Trends Affecting Future Financial Condition and Results

We are principally engaged in the business of providing bioinformatics services through Genomics Data Access Services via our portal, and Contract Genomics Services involving a full range of sequencing, assembly and analysis services. Our bioinformatics services are available globally, notwithstanding that a major portion of our revenue is currently derived locally. As such, we are susceptible to the developments and impetus of the local and global bioinformatics industry.

We expect our financial position and performance to remain sustainable subject to securing of projects in our pipelines, characterized by a larger number of projects, albeit of smaller value on a per project basis than what we have historically seen. Notwithstanding the falling trend in contract value, the demand for our services is expected to increase in the coming years, which is consistent with the industry outlook of the IMR. In addition, we also expect the contribution of new revenue stream from sequencing services and proprietary databanks to further sustain our profitability save for factors as further discussed in Section 3.1(b) of this Prospectus. Nonetheless, we are optimistic that our track record together with the existing relationship with various customers will enable us to secure repeat projects in the future.

The availability of funds and allocation of budget including whether or not government places importance on bioinformatics could also affect our Company's performance. Biotechnology funds and allocations are available from the Government of Malaysia through the Malaysia Plan budget allocations (i.e., Eighth Malaysia Plan, Ninth Malaysia Plan and Tenth Malaysia Plan) as well as from private and Government-owned venture capital companies in Malaysia. Furthermore, various other external factors which are out of the control of management including the global economic and financial conditions could also affect our Company's performance.

Malaysia plans to establish itself as a biotechnology hub and this is clearly spelled out in the National Biotechnology Policy that was launched in 2005. Malaysia's plans for its biotechnology sector remain ambitious. By 2020 the Malaysian Government envisages that the biotechnology sector will employ up to 160,000 people and will contribute to 5% of Malaysia's gross domestic product. The biotechnology industry in Malaysia is expected to grow by revenue at an average rate of 15% per year (CAGR). Healthcare revenue will experience the highest growth with CAGR of 20%, followed by agriculture 15% and industrial 10%. By the year 2013 the industry is expected to generate RM45 billion in revenue. *(Source: IMR by Frost & Sullivan)*

Knowledge

The limited availability of skilled personnel in this field is not only apparent in Malaysia, but internationally. We are fortunate as currently we are able to seek renowned scientists for advice in the genomics field through the Eminent Speaker Series and will continue to forge working and/or collaborative relationships with them. Notwithstanding, we will continuously find suitably qualified personnel for key scientific positions.

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Currently, we do not depend on external scientists for advice for our business. There is also no formal arrangement between the scientists which participate in the Eminent Speaker Series and us. The Eminent Speaker Series is normally held once every quarter where the speaker will be chosen by us to talk about any relevant topic at that point in time.

Resources

The current capacity of our data centre is expected to be sufficient for the foreseeable future. However, we expect that an anticipated surge in future projects will require us to expand our computer resources and human capital. Proceeds from the IPO are expected to be able to supplement our increased working capital requirements to take on more projects.

We will continue to ensure that the credit terms between our suppliers and customers are adhered to so as to ensure that our working capital requirements and supplies are not held back due to late payment by customers. Currently, as set out in Section 6.4.6 of this Prospectus, both receivables and payables turnover is quite low.

6.3.2.1 Prospects of Our Company

We currently provide analysis services to companies in the healthcare and agricultural biotechnology sectors.

Our prospects in healthcare and agricultural biotechnology are directly related to the volume of sequencing being conducted today and that may be conducted in the future. However, sequencing does not provide an analysis of what the sequence data means or how it can be used in various applications (such as personalised medicine in healthcare, crop improvement in agricultural biotechnology, and biofuel in industrial biotechnology). Thus significant prospects are expected to exist for us in the analysis of the volumes of genomic sequence data being generated and to be generated for such applications.

Healthcare

Genomic data is presenting a more detailed picture of human health than has existed prior to the sequencing and assembly of the first human genome at the start of the 21st century. This has opened the door to personalised medicine, which is built on the systematic use of each individual's genomic data to select or optimize their medical treatments. Considering that the study of each person's genome can generate upwards of 90 gigabytes of genomic data, and the percentage of the global population that will eventually have their genome sequenced, the amount of data that will need to be analysed is staggering. Even today, as the volume of genomic data being generated far exceeds the supply of analysis, the pending deluge of human genome data is expected to generate many years worth of analysis for us.

Agricultural Biotechnology

As genomics has presented a closer look at human health, it has also provided a higher resolution look at plant physiology. With many plant genomes equivalent or larger in size than the human genome, and with our reliance on such a wide range of plants for food, fuel, and medicine, genomics is expected to play an increasingly important role in the pursuit of crop improvement. Increasing pressure on food supplies, the demand for cleaner fuels, and more effective plant-derived medicines, is also expected to increase the demand for plant genome sequencing and analysis. Unlike the human genome, however, which is relatively easy (today) to assemble given

6 FINANCIAL INFORMATION (Cont'd)

the availability of a reference genome, most plant genomes do not have reference genomes and hence require de-novo assembly, the expertise for which is limited. The sheer number of plants yet to be sequenced and analysed and our experience in de-novo assembly as well as analysis is expected to sustain demand for our services into the future.

With strong growth anticipated for the bioinformatics analysis industry, our outlook is promising. The CAGR for the bioinformatics industry globally is anticipated to be about 21.4% in the period 2009 to 2014, while the bioinformatics analysis industry is expected to grow at an even higher CAGR of 24.9% during the same period, driven significantly by the large amounts of sequenced data produced by the next-generation sequencing machines over the last three to four years, and the continued growth of such data with the anticipated launch of third generation sequencing machines in 2010 to 2011.

We are primed, as a first mover in Asia, to capitalize on the opportunities in bioinformatics analysis. With our stable of established clients and our ability to offer cost competitive quality analysis, we are in a position to emerge as an important player in the global bioinformatics industry (*Source: IMR by Frost & Sullivan*).

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6 FINANCIAL INFORMATION (Cont'd)

6.3.3 Segmental Analysis

The following is the segmental analysis of our results for the past three (3) FYE 31 May 2007, 2008 and 2009, and the ten (10)-month FPE 31 March 2010. The segmental results are provided for illustrative purposes only.

(a) Analysis of Revenue by Services

Revenue	Restated * FYE 31 May						Audited FPE 31 March 2010	
	2007		2008		2009		RM'000	%
	RM'000	%	RM'000	%	RM'000	%		
Genomics Data Access Services	2,000	99.35	4,800	77.56	4,800	28.14	4,000	27.97
Contract Genomics Services	13	0.65	1,389	22.44	12,256	71.86	10,300	72.03
Total	2,013	100.0	6,189	100.0	17,056	100.0	14,300	100.0

Note:-

* Restated based on audited accounts for the relevant years. Please refer to Section 4 of the Accountants' Report in Section 12 of this Prospectus for details of the adjustments

For FYE 2007 and FYE 2008, contribution from our Genomics Data Access Services category accounts for the majority of our revenue. It is expected that the amount of contribution will remain relatively constant in the short term as our portal services under commission by BiotechCorp only expires on 31 December 2011.

It should be noted that since FYE 2009, our revenue has been substantially contributed by our Contracts Genomics Services. The current pipeline of potential projects for this segment indicates this trend may continue moving forward. Our focus has historically been in the agriculture, healthcare and industrial sector mostly because genomic data is coming from these sectors. Accordingly, we expect these focus areas to continue in the future.

The value of each project undertaken is determined on a case by case basis by our Managing Director predominantly on a cost plus approach i.e. the premium attached varies depending on, inter-alia, the affordability of the client, our eagerness in securing the project, prevailing market or industry conditions and the level of complexity of the work involved. The project value also takes into consideration the quantum of sequencing involved and complexity of the bioinformatics analysis requirement.

(b) Analysis of Revenue by Geographical Location

Revenue	Restated * FYE 31 May						Audited FPE 31 March 2010	
	2007		2008		2009		RM'000	%
	RM'000	%	RM'000	%	RM'000	%		
Malaysia	2,000	99.35	6,023	97.32	17,023	99.81	13,277	92.85
Australia	13	0.65	-	-	18	0.10	-	-
United States	-	-	166	2.68	15	0.09	1,023	7.15
Total	2,013	100.0	6,189	100.0	17,056	100.0	14,300	100.0

6 FINANCIAL INFORMATION (Cont'd)

Note:-

- * *Restated based on audited accounts for the relevant years. Please refer to Section 4 of the Accountants' Report in Section 12 of this Prospectus for details of the adjustments*

Our revenue has traditionally been derived from Malaysia. We expect contributions from United States will remain relatively consistent in relation to the recurring nature of business revenue. Going forward, whilst we expect Malaysia to remain our major contributing market, we foresee increased contribution from foreign markets.

6.3.4 Significant Factors Affecting Our Profits

Set out below are the significant factors affecting our profits:-

(i) Risk factors as disclosed in Section 3 of this Prospectus:-

- Availability of Skilled Personnel;
- Risk of New Revenue Stream;
- Dependency on Software Programs and System;
- Ability to Compete Effectively and Future Performance is Dependent on the Continuing Availability of Key Management Employees;
- Dependency on Limited Customer Base;
- Risk of fluctuation in Revenue;
- Changes in or loss of our BioNexus Status; and
- Rapid Changes in Technology.

Please refer Section 3 of this Prospectus for further information.

(ii) Market analysis and growth forecast

The historical market size of the global bioinformatics industry in 2000 grew from USD2.8 billion to USD16.7 billion in 2008, at a CAGR of 25.2%. The market was valued at an estimated USD19.0 billion in 2009 and is expected to grow to about USD50.1 billion by 2014, with a CAGR of 21.4% between 2009 and 2014.

Please refer to Section 5 of this Prospectus for further information.

(iii) Future capital expenditure requirements

As mentioned in Section 2.7 of this Prospectus, part of our IPO proceeds have been earmarked for the acquisition of sequencing equipment. As new generations of sequencing machines promise higher throughput at lower cost, we must be mindful of the capital expenditure required for each machine and its expected useful life.

6.3.5 Material Changes in Sales/ Revenue

A discussion on the reasons on the material changes in our revenue for the past three (3) FYE 31 May 2007, 2008 and 2009, and the ten (10)-month FPE 31 March 2010 is as set out in Section 6.3.1 of this Prospectus.

6 FINANCIAL INFORMATION (Cont'd)

6.3.6 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices

There is no material impact of foreign exchange, interest rates and commodity prices on our historical profits for the past three (3) FYE 31 May 2007, 2008 and 2009 and the ten (10)-month FPE 31 March 2010.

Our customers are currently located in three (3) countries, namely Malaysia, Australia, and United States. As over 90% of our revenue to date is generated from Malaysia and accordingly denominated in RM over the last three (3) years, we are not materially exposed to foreign exchange fluctuation.

As at 31 March 2010, the total outstanding bank borrowings in the form of hire purchase financing amounted to approximately RM8,854. As such, there is no material impact on the exposure of interest rate to our Company.

6.3.7 Impact of Inflation

There is no material impact of inflation on our historical profits for the past three (3) FYE 31 May 2007, 2008 and 2009, and the ten (10)-month FPE 31 March 2010.

6.3.8 Government/ Economic/ Fiscal/ Monetary Policies

Risks relating to government, economic, fiscal and monetary policies or factors, which may materially affect our operations, are as set out in Section 3 of this Prospectus.

There is no government, economic, fiscal and monetary policies or factors that have materially impacted our historical profits for the past three (3) FYE 31 May 2007, 2008 and 2009, and the ten (10)-month FPE 31 March 2010.

While the Malaysian Government allocates funding for the biotechnology sector in general, it does not allocate funding to the bioinformatics industry specifically nor to any other branch of research in biotechnology. All companies in the biotechnology industry are eligible to apply for this funding. Companies that are approved with BioNexus Status by BiotechCorp, such as MGRC, would be better positioned when applying for funds because their BioNexus Status designates them as a pre-qualified biotechnology company recognized by the Malaysian Government. The availability of this funding to the biotechnology industry potentially increases demand for MGRC's products and services as companies carrying out research activities may need results generated from bioinformatics analysis (*Source: IMR by Frost & Sullivan*).

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6 FINANCIAL INFORMATION (Cont'd)

6.4 LIQUIDITY AND CAPITAL RESOURCES**6.4.1 Working Capital**

We have been financing our operations through cash generated from operations and equity.

Our Directors are of the opinion that after taking into account our cash flow position and proceeds from the Public Issue, we will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

6.4.2 Cash Flow

A summary of our cash flow for the FYE 2009 and the ten (10)-month FPE 31 March 2010 as well as comparative period ten (10)-month FPE 31 March 2009 is as follows:-

	Audited FYE 31 May 2009 RM'000	Unaudited FPE 31 March 2009 * RM'000	Audited FPE 31 March 2010 RM'000
Net Cash From Operating Activities	12,405	4,983	10,193
Net Cash From Investing Activities	(6,654)	(60)	(463)
Net Cash From Financing Activities	(34)	(26)	(10,029)
Net Increase / (decrease) in cash and cash equivalents	5,717	4,897	(299)
Cash and cash equivalents at the beginning of the financial year / period	6,901	6,901	12,618
Cash and cash equivalents at the end of the financial year / period	12,618	11,798	12,319

Note:

* For comparative purposes only.

(a) Net Cash from Operating Activities

For the FYE 2009, our net cash flow from operating activities of RM12.41 million was attributable to PBT of RM12.02 million and adjusted for non-cash items of RM0.71 million from depreciation of plant and equipment and amortisation of intangible assets as well as changes in working capital of RM0.33 million.

For the FPE 2010, our net cash flow from operating activities of RM10.19 million was mainly attributable to PBT of RM9.31 million and adjusted for, among others, non-cash items of RM0.69 million from depreciation of plant and equipment and amortisation of intangible assets as well as changes in working capital of RM0.24 million.

(b) Net Cash from Investing Activities

During the FYE 2009, the net cash outflow was mainly due to purchases of computer software licenses, which amounts to approximately RM6.43 million or 96.65% of the total net cash flow for investing activities.

6 FINANCIAL INFORMATION (Cont'd)

During the FPE 2010, the net cash outflow was mainly due to the purchase of plant and equipment for our projects. Please refer to Section 4.6.4 of this Prospectus for further details.

(c) Net Cash from Financing Activities

For the FYE 2009, the net cash outflow was due to repayment of hire purchase facilities. There were no additional external funds received during the financial year.

For the FPE 2010, the net cash outflow was mainly due to dividends payment amounting to RM10.0 million. There were no additional external funds received during the financial period.

6.4.3 Borrowings

As at 31 March 2010, the total outstanding bank borrowings in the form of hire purchase financing amounted to approximately RM8,854. The borrowings can be analysed further as follows:-

Borrowings	Amount RM
<u>Short term (Due within 12 months)</u>	
Hire purchase creditor	8,854
Total interest-bearing borrowings	8,854
Gearing ratio as at 31 March 2010 ⁽¹⁾	0.001
Gearing ratio after IPO ⁽²⁾	Negligible

All of our outstanding bank borrowings are denominated in RM.

Notes:-

⁽¹⁾ Based on the audited shareholders' funds as at 31 March 2010 of RM14.72 million.

⁽²⁾ Based on the proforma shareholders' funds as at 31 March 2010 of RM30.06 million upon completion of the IPO and after the utilisation of proceeds as set out in Section 2.7 of this Prospectus.

We have no further borrowings for the period after 31 March 2010 up till the Latest Practicable Date of this Prospectus.

We have not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the past FYE 31 May 2009 and FPE 31 March 2010 thereof until the Latest Practicable Date of this Prospectus.

6.4.4 Breach of Terms and Conditions or Covenants Associated with Credit Arrangement / Bank Loan

To the best of our Directors' knowledge, as at the Latest Practicable Date, we are not in breach of any terms and conditions or covenants associated with credit arrangement or bank loan, which can materially affect our financial position and results or business operations, or the investments by holders of securities in our Company.

6 FINANCIAL INFORMATION (Cont'd)

6.4.5 Treasury Policies and Objectives

We have been financing our operations largely through cash generated internally from our operations and equity.

Our short-term bank borrowings comprise of hire purchase borrowings. The interest rates for our short-term bank borrowings are at 2.45% per annum.

To date, we conduct our operations mainly in RM, and to a much lesser extent in AUD and USD. In view that our operations in foreign markets are not substantial, we are currently not materially exposed to foreign exchange fluctuation risks. However, as we foresee increasing contribution from foreign markets, our exposure to foreign currencies and exchange fluctuation may increase. As a result, our management will review the situation and may consider hedging activities should the need arise.

Save as disclosed in Section 6.4.3 of this Prospectus, there are no further borrowings and financial instruments existing as at the Latest Practicable Date.

We have not entered into any interest rate swap to hedge against the fluctuation of interest rates.

6.4.6 Key Financial Ratios

The table below sets out our key financial ratios for the past three (3) FYE 31 May 2007, 2008 and 2009 and the ten (10)-month FPE 31 March 2010 which have been prepared for illustrative purposes only based on our audited financial statements:-

	FYE 31 May			Ten (10)-month FPE 31 March 2010 ^
	2007	2008	2009	
Trade receivables turnover ratio (days) ⁽¹⁾	-	-	193*	1*
Trade payables turnover ratio (days) ⁽²⁾	-	-	-	66 #
Inventories turnover ratio	N/A	N/A	N/A	N/A

Notes:-

^ Computed based on annualised basis

* Trade receivables include amount due from Synamatix which are trade in nature

Trade payables include amount due to Neuramatix and Synamatix which are trade in nature

N/A Not applicable.

⁽¹⁾ Trade receivable turnover ratio = $\frac{\text{Trade Receivables}}{\text{Revenue}} \times 365 \text{ days}$

⁽²⁾ Trade payables turnover ratio = $\frac{\text{Trade Payables}}{\text{Purchases}} \times 365 \text{ days}$

Trade Receivables Turnover

The normal credit period given to our trade debtors is up to 90 days. Other credit terms are assessed and approved on a case-by-case basis after taking into consideration, inter-alia, the background and credit-worthiness of the customer, their payment history and our relationship with them.

The amount due from Synamatix is for the Contract Genomics Services for the oil palm genome project. In light of the outsourcing arrangement with Synamatix, they

6 FINANCIAL INFORMATION (Cont'd)

had made payment to us only after they themselves were paid by the end customer in FYE 31 December 2009. We do not expect this arrangement to recur in the future as we are currently tendering for projects with prospective clients directly.

Trade Payables Turnover

The normal credit terms granted to us by our trade suppliers is up to 90 days. Our trade payables turnover period has been consistently within the normal credit.

Inventories Turnover

We do not have any inventory. Therefore, the inventory turnover ratio is not applicable to us.

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6 FINANCIAL INFORMATION (Cont'd)

6.5 TREND INFORMATION

Based on the analysis of our revenue and profitability and the overview of our operations for the past three (3) FYE 31 May 2009 and the ten (10)-month FPE 31 March 2010, our Board opines as follows:-

- (i) We expect our financial position and performance to remain sustainable subject to successful securing of projects in our pipelines. In addition, we expect to recognise RM8.40 million from 1 April 2010 through to 31 December 2011 for the provision of our Genomics Data Access Services.
- (ii) The demand for our services is expected to increase in the coming years, which is consistent with the industry outlook of the IMR. Furthermore, we are optimistic that our excellent track record together with our existing relationship with various customers will enable us to secure repeat projects in the future. For example, our relationship with Brigham and Women's Hospital, a teaching affiliate of Harvard Medical School, has been in existence since 2006.
- (iii) Our liquidity is expected to improve further subsequent to our IPO given that the injection of additional funds will enable us to carry out our future plans as stated in Section 7 of this Prospectus.

In addition to the above and barring any unforeseen circumstances, our Board is not aware of any circumstances which would result in a significant decline in our revenue and profit margins.

As at the Latest Practicable Date, to the best of our knowledge and belief, our conditions and operations have not been and are not expected to be affected by any of the following:-

- (a) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Company's financial performance, position and operations other than those disclosed in this section, Sections 3, 4 and 5 of this Prospectus;
- (b) material commitment for capital expenditure;
- (c) unusual, infrequent events or transactions or any significant economic changes that have resulted in a material impact on our revenue and/or profits, save for those that have been disclosed in this section, Sections 3 and 4 of this Prospectus;
- (d) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our liquidity and capital resources, other than those disclosed in this section, Sections 3, 4 and 5 of this Prospectus; and
- (e) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Sections 3 and 5 of this Prospectus.

Our Board is optimistic about our future prospects after taking into account the outlook of the bioinformatics industry as set out in Section 5 of this Prospectus, our competitive advantages as set out in Section 4.9 of this Prospectus and our commitment to implement our future plans and strategies as set out in Section 7 of this Prospectus.

6 FINANCIAL INFORMATION (Cont'd)

6.6 MATERIAL LITIGATION, MATERIAL CONTINGENT LIABILITIES AND MATERIAL CAPITAL COMMITMENT

(a) Material Litigation

As at the Latest Practicable Date, we are not engaged, whether as plaintiff or defendant, in any legal action, proceedings, arbitration or prosecution for any criminal offence, which has a material effect on our financial performance and position and our Board has no knowledge of any proceedings pending or threatened against us or any facts likely to give rise to any proceedings which might materially affect our position and business.

(b) Material Contingent Liabilities

There are no material contingent liabilities incurred by us, which upon becoming enforceable may have a material impact on our Company as at the Latest Practicable Date.

(c) Material Commitment

Save for the sequencing equipment proposed to be acquired utilising part of the listing proceeds, there are no other material commitments for capital expenditure incurred or known to be incurred by us which may have a substantial impact on our results or our financial position as at the Latest Practicable Date.

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7 FUTURE PLANS AND STRATEGIES

The following is a summary of our business strategies which form part of our future plans prepared for the purpose of inclusion in this Prospectus. In line with our vision to better serve and value our customers, the summary of our business strategies and plans to improve our standing as a global bioinformatics player are as follows:-

7.1 Bring Sequencing Services In-House

The DNA sequencing space is evolving rapidly due to the:

- (i) massive reductions in the cost and time required to sequence and generate data;
- (ii) increasing number of applications resulting from DNA sequencing; and
- (iii) introduction of faster and cheaper sequencing machines.

Currently, we carry out our data sequencing off-site with our sequencing partners.

In order to maximize our revenues from this sequencing boom, we intend to extend our contract services to include on-site sequencing by purchasing a sequencing machine. This will allow us to both reduce our operating costs, which currently require external sequencing, yet increase the speed with which we generate our sequenced data.

It will also allow us to sequence and develop proprietary databanks on genomes in high-priority areas. It is expected that during 2010 a number of vendors will offer new models of sequencing machines. It is our intention to be at the forefront of companies offering services based on the latest sequencing equipment, which will be more cost effective in producing sequencing data than that of previous models.

Please refer to Section 2.7 of this Prospectus for estimated cost and time savings expected from bringing sequencing services in-house.

7.2 Developing our Proprietary Genome Databanks

We plan to develop proprietary databanks of genomic data that we can offer to clients. These databanks will give researchers from various industries the opportunity to conduct genomic research without going through the lengthy process and cost of sequencing and assembling such data for analysis. Depending upon the size and complexity of a genome, the generation of sequence data may take months or over a year to complete.

Genome databanks populated with ready-to-analyse, multiple sequenced genomes will allow scientists to start their research immediately. These repositories of mine-able genomic information will also enable scientists to study many genomes, as opposed to only being able to study one or the few genomes they would otherwise have needed to sequence and assemble.

Customers may choose to access the databanks to conduct their own research or use our Contract Genomics Services in combination with genomic data from our databanks.

To build the databanks, we intend to carry out all the necessary R&D. This will include the sourcing and selection of the biological samples that will then need to be sequenced and assembled or mapped before the resulting genomic sequence data can be made available. We plan to select genomes that may be of interest to clients looking for healthcare, agricultural and industrial applications, including scientists conducting research in drug development, nutraceuticals, cosmeceuticals, food crops, biofuels, and uses in the oil and gas industry.

7 FUTURE PLANS AND STRATEGIES (Cont'd)

7.3 Expand Analysis Services

We intend to customize our existing pipelines services to introduce new features to handle increasing data volumes from new DNA sequencing machines to ensure our continued competitiveness, and to integrate and streamline our pipelines to improve the performance of our data processing. "Customizing" existing pipelines refers to changes and enhancements made to the application tools of the existing pipelines depending on what is required from the customer. We have the ability to customize the existing pipelines in-house. Customization is required for both new DNA sequencing machines and any project undertaken by us that requires enhancements, or modifications to, an existing pipeline, based on customer requirements. These could also be used to justify additional project costs to the customer and hence provide increased revenue.

Additionally, we will include new services frequently used in DNA sequencing applications such as:

- (i) association of mutations to known disease and trait databases;
- (ii) data presentation in our enhanced genome viewer and browser and improvement of existing reports to allow researchers better visualization of complex variations (e.g., structural variations and alterations) in their genomes; and
- (iii) additional downstream tertiary analysis i.e. subsequent and more detailed analysis of results and/or output initially generated, based on new research areas as identified from customers, journals and research papers.

7.4 Expand Computer Resources

Computer resources required for our computational pipeline services will be expanded, if necessary, based on the growth of our contract services business. Our plan to expand computer resources will be determined on an as is needed basis. Based on the allocation earmarked for computer hardware as disclosed in Section 2.7 of this Prospectus, we are expecting to utilize RM900,000 of the listing proceeds for this expansion.

With all these service improvements, we are confident that we will provide a significant and attractive proposition to our clients as a one-stop bioinformatics centre.

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8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES

8.1 INFORMATION ON PROMOTERS / SUBSTANTIAL SHAREHOLDERS

8.1.1 Shareholdings in MGRC

The shareholdings of our Promoters before and after the IPO based on their shareholdings as at the Latest Practicable Date are as follows:-

Promoters	Country of Incorporation/ Nationality	Designation	Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Synamatix	Malaysia	-	60,516,070 ⁽¹⁾	78.59	-	-	60,516,070 ⁽¹⁾	64.31	-	-
Neuramatix	Malaysia	-	6,813,450	8.85	60,516,070 ⁽²⁾	78.59	4,813,450	5.12	60,516,070 ⁽²⁾	64.31
Robert George Hercus @ Abdul Karim Hercus	Australian	Managing Director	-	-	67,329,520 ⁽³⁾	87.44	80,000 ⁽⁵⁾	0.09	65,329,520 ⁽³⁾	69.43
Munirah binti Haji Abdul Hamid	Malaysian	Executive Director	-	-	67,329,520 ⁽⁴⁾	87.44	100,000 ⁽⁵⁾	0.11	65,329,520 ⁽⁴⁾	69.43

Notes:-

⁽¹⁾ Synamatix had on 29 January 2010 entered into the relevant agreements with the employees of MGRC and Synamatix in relation to the sale of its 539,400 MGRC Shares. Synamatix had also on 10 February 2010 entered into the relevant agreements with selected investors in relation to the sale of its 5,945,000 MGRC Shares. The completion of both the agreements is conditional upon (i) approval by Bursa Securities for the listing of our shares and (ii) registration of this Prospectus with the SC (whichever is later).

⁽²⁾ Deemed interested under Section 6A of the Act by virtue of its substantial interest in Synamatix.

⁽³⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽⁴⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.

⁽⁵⁾ Pursuant to pink form allocations

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

The shareholdings of our substantial shareholders before and after the IPO based on their shareholdings as at the Latest Practicable Date are as follows:-

Substantial shareholders	Country of Incorporation/ Nationality	Designation	Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Synamatix	Malaysia	N/A	60,516,070 ⁽⁴⁾	78.59	-	-	60,516,070 ⁽⁴⁾	64.31	-	-
Neuramatix	Malaysia	N/A	6,813,450	8.85	60,516,070 ⁽¹⁾	78.59	4,813,450	5.12	60,516,070 ⁽¹⁾	64.31
Encipta Ltd	Labuan	N/A	851,679	1.11	67,329,520 ⁽²⁾	87.44	851,679	0.91	65,329,520 ⁽²⁾	69.43
Continuum Capital Sdn Bhd	Malaysia	N/A	-	-	68,181,199 ⁽³⁾	88.55	-	-	66,181,199 ⁽³⁾	70.34
Pulau Tiga Ventures Sdn Bhd	Malaysia	N/A	-	-	68,181,199 ⁽³⁾	88.55	-	-	66,181,199 ⁽³⁾	70.34
Khazanah Nasional Berhad	Malaysia	N/A	-	-	68,181,199 ⁽³⁾	88.55	-	-	66,181,199 ⁽³⁾	70.34
Robert George Hercus @ Abdul Karim Hercus	Australian	Managing Director	-	-	67,329,520 ⁽⁵⁾	87.44	80,000 ⁽⁷⁾	0.09	65,329,520 ⁽⁵⁾	69.43
Munirah binti Haji Abdul Hamid	Malaysian	Executive Director	-	-	67,329,520 ⁽⁶⁾	87.44	100,000 ⁽⁷⁾	0.11	65,329,520 ⁽⁶⁾	69.43

Notes:-

⁽¹⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Synamatix.

⁽²⁾ Deemed interested through Synamatix and Neuramatix pursuant to Section 6A of the Companies Act 1965. It has a direct and deemed equity interest of 15.05% in Neuramatix.

⁽³⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by Continuum Capital Sdn Bhd, of which Pulau Tiga Ventures Sdn Bhd has a 100% direct equity interest. Pulau Tiga Ventures Sdn Bhd is 100% owned by Khazanah Nasional Berhad.

⁽⁴⁾ Synamatix had on 29 January 2010 entered into the relevant agreements with the employees of MGRC and Synamatix in relation to the sale of its 539,400 MGRC Shares. Synamatix had also on 10 February 2010 entered into the relevant agreements with selected investors in relation to the sale of its 5,945,000 MGRC Shares. The completion of both the agreements is conditional upon (i) approval by Bursa Securities for the listing of our shares and (ii) registration of this Prospectus with the SC (whichever is later).

⁽⁵⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽⁶⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.

⁽⁷⁾ Pursuant to pink form allocations

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.1.2 Profile of Promoters

Under the terms of a shareholders agreement between certain Promoters i.e. Robert George Hercus @ Abdul Karim Hercus, Munirah binti Haji Abdul Hamid and Neuramatix, and shareholders of Neuramatix, Synamatix and Linguamatix Sdn Bhd, any disposal by Synamatix of MGRC Shares or any issue of new MGRC Shares which would result in Synamatix holding less than 51% of the total issued and paid up capital of our Company must be tabled for consideration by the shareholders of Synamatix and can only be resolved by a simple majority of votes which must include the affirmative vote of Neuramatix. Save as indicated above, there are currently no other arrangements or policies which allow a person(s) or corporation(s) within our Promoters, whether directly or indirectly, as well as jointly or severally, to be able to exercise control over our Company, save for the control specified to them by their own individual shareholdings.

The particulars of the Promoters of our Company as at the Latest Practicable Date are as follows:-

(i) Synamatix

Synamatix was incorporated as a private limited company under the Act in Malaysia on 7 February 2001. Synamatix is principally engaged in the development, sale and support of bioinformatics systems and related applications and solutions for data generation, data management, and data leveraging. Synamatix carries out research and development related to bioinformatics software. As at the date of this Prospectus, Synamatix does not have any other subsidiaries other than MGRC.

The current directors of Synamatix are:-

- Robert George Hercus @ Abdul Karim Hercus;
- Munirah binti Haji Abdul Hamid;
- Ahmad Fauzi bin Ali;
- Mohamed Radzif bin Mohamed Shamsudin; and
- Mohd Nizar bin Ali.

Synamatix's shareholders as at the Latest Practicable Date are as follows:-

Name	Country of Incorporation/ Nationality	No. of ordinary shares of RM1.00 each			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Neuramatix	Malaysia	2,933,334	68.13	-	-
Robert George Hercus @ Abdul Karim Hercus	Australian	-	-	2,933,334	68.13 ⁽¹⁾
Munirah binti Haji Abdul Hamid	Malaysian	-	-	2,933,334	68.13 ⁽¹⁾
Inertia AIF Sdn Bhd	Malaysia	574,695	13.35	-	-
Nor Azah Bte Adnan	Malaysian	-	-	574,695	13.35 ⁽²⁾
Singularity Ventures Sdn Bhd	Malaysia	430,521	10.00	-	-
Ahmad Fauzi bin Ali	Malaysian	-	-	430,521	10.00 ⁽³⁾
Encipta Ltd	Malaysia	366,666	8.52	2,933,334	68.13 ⁽¹⁾

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Name	Country of Incorporation/ Nationality	No. of ordinary shares of RM1.00 each			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Continuum Capital Sdn Bhd	Malaysia	-	-	3,300,000	76.65 ⁽⁴⁾
Pulau Tiga Ventures Sdn Bhd	Malaysia	-	-	3,300,000	76.65 ⁽⁴⁾
Khazanah Nasional Berhad	Malaysia	-	-	3,300,000	76.65 ⁽⁴⁾
Total		4,305,216	100.00	-	-

Notes:-

- (1) Deemed interest under Section 6A of the Act by virtue of his/her/its substantial interest in Neuramatix.
- (2) Deemed interest under Section 6A of the Act by virtue of her substantial interest in Inertia AIF Sdn Bhd.
- (3) Deemed interest under Section 6A of the Act by virtue of his substantial interest in Singularity Ventures Sdn Bhd.
- (4) Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by Continuum Capital Sdn Bhd, of which Pulau Tiga Ventures Sdn Bhd has a 100% direct equity interest. Pulau Tiga Ventures Sdn Bhd is 100% owned by Khazanah Nasional Berhad.

(ii) Neuramatix

Neuramatix was incorporated as a private limited company under the Act in Malaysia on 26 January 2002. Neuramatix is principally engaged in research for developing intelligent systems. As at the date of this Prospectus, other than its shareholdings in Synamatix and MGRC as set out in Section 8.1.2(i) and Section 8.1.1 respectively, Neuramatix owns 63% of Linguamatix Sdn Bhd ("Linguamatix") which in turn owns 100% of Citcat Sdn Bhd ("Citcat"). Linguamatix is engaged in the development, sale and support of high-throughput machine translation systems whilst Citcat is engaged in providing translation, search, retrieval and sharing of information in various languages through the Internet using fixed and mobile platforms.

The current directors of Neuramatix are:-

- Robert George Hercus @ Abdul Karim Hercus;
- Munirah binti Haji Abdul Hamid;
- Adlan Hercus;
- Tsuyoshi Shiraishi;
- Dato' Rahmah binti Abdul Hamid (alternate to Tsuyoshi Shiraishi); and
- Mohd Nizar bin Ali.

Neuramatix's shareholders as at the Latest Practicable Date are as follows:-

Name	Country of Incorporation/ Nationality	No. of ordinary shares of RM1.00 each			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Munirah binti Haji Abdul Hamid	Malaysian	1,643,845	46.55	-	-
Robert George Hercus @ Abdul Karim Hercus	Australian	548,182	15.52	-	-
Encipta Ltd	Malaysia	531,391	15.05	-	-

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Name	Country of Incorporation/ Nationality	No. of ordinary shares of RM1.00 each			
		Direct		Indirect	
		No. of shares	%	No. of shares	%
Continuum Capital Sdn Bhd	Malaysia	-	-	531,391	15.05 ⁽¹⁾
Pulau Tiga Ventures Sdn Bhd	Malaysia	-	-	531,391	15.05 ⁽¹⁾
Khazanah Nasional Berhad	Malaysia	-	-	531,391	15.05 ⁽¹⁾
Inertia AIF Sdn Bhd	Malaysia	453,385	12.84	-	-
Nor Azah Bte Adnan	Malaysian	-	-	453,385	12.84 ⁽²⁾
Tsuyoshi Shiraishi	Japanese	235,520	6.67	-	-
Dato' Rahmah binti Abdul Hamid	Malaysian	100,937	2.86	-	-
Singularity Ventures Sdn Bhd	Malaysia	17,655	0.50	-	-
Ahmad Fauzi bin Ali	Malaysian	-	-	17,655	0.50 ⁽³⁾
Adlan Hercus	Malaysian	353	0.01	-	-
Total		3,531,268	100.00	-	-

Notes:-

- (1) Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by Continuum Capital Sdn Bhd, of which Pulau Tiga Ventures Sdn Bhd has a 100% direct equity interest. Pulau Tiga Ventures Sdn Bhd is 100% owned by Khazanah Nasional Berhad.
- (2) Deemed interest under Section 6A of the Act by virtue of her substantial interest in Inertia AIF Sdn Bhd.
- (3) Deemed interest under Section 6A of the Act by virtue of his substantial interest in Singularity Ventures Sdn Bhd.

(iii) Munirah binti Haji Abdul Hamid

Please refer to Section 8.2.1 of this Prospectus for details of Munirah binti Haji Abdul Hamid's profile.

(iv) Robert George Hercus @ Abdul Karim Hercus

Please refer to Section 8.2.1 of this Prospectus for details of Robert George Hercus @ Abdul Karim Hercus' profile.

8.1.3 Profile of Substantial Shareholders

The particulars of the substantial shareholders of MGRC as at the Latest Practicable Date are as follows:-

(i) Synamatix

Please refer to Section 8.1.2(i) of this Prospectus for details of Synamatix's profile.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

(ii) Neuramatix

Please refer to Section 8.1.2(ii) of this Prospectus for details of Neuramatix's profile.

(iii) Encipta Ltd

Encipta Ltd (Company No.: LL02689) was incorporated in Labuan as a private limited company under the Offshore Companies Act 1990 in Malaysia on 8 December 2000. Encipta Ltd is principally engaged in the business of venture capital and/or investment holding company.

The current directors of Encipta Ltd are:-

- Mohd Nizar Bin Ali; and
- Tengku Mohd Fahmi Bin Tengku Hamzah.

Encipta Ltd's shareholders as at the Latest Practicable Date are as follows:-

Name	Country of Incorporation	No. of ordinary shares of USD1.00 each			
		Direct No. of shares	%	Indirect No. of shares	%
Continuum Capital Sdn Bhd	Malaysia	1,000	100.00	-	-
Pulau Tiga Ventures Sdn Bhd	Malaysia	-	-	1,000*	100.00
Khazanah Nasional Berhad	Malaysia	-	-	1,000**	100.00
Total		1,000	100.00	-	-

Notes:-

* Deemed interest under Section 6A of the Act by virtue of its substantial interest in Continuum Capital Sdn Bhd of which Pulau Tiga Ventures Sdn Bhd has a 100% direct equity interest.

** Deemed interest under Section 6A of the Act by virtue of its substantial interest in Pulau Tiga Ventures Sdn Bhd of which Khazanah Nasional Berhad has a 100% direct equity interest.

(iv) Continuum Capital Sdn Bhd

Continuum Capital Sdn Bhd (Company No.: 816359-V) was incorporated as a private limited company under the Act in Malaysia on 6 May 2008. Continuum Capital Sdn Bhd is an investment fund company principally engaged in promotion of and investment in companies in and outside Malaysia with the objective of achieving capital appreciation primarily through disposal of such investments. Continuum Capital Sdn Bhd is managed by FirstFloor Capital Sdn Bhd, a venture capital management corporation registered with the Securities Commission.

The current directors of Continuum Capital Sdn Bhd are:-

- Mohd Shahazwan bin Mohd Harris; and
- Stephanie Saw Ai Lin.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Continuum Capital Sdn Bhd's shareholders as at the Latest Practicable Date are as follows:-

Name	Country of Incorporation	Type of shares	No. of shares of RM1.00 each			
			Direct No. of shares	%	Indirect No. of shares	%
Pulau Tiga Ventures Sdn Bhd	Malaysia	Ordinary	2	100.00	-	-
		Preference	70,000	100.00	-	-
Khazanah Nasional Berhad	Malaysia	Ordinary	-	-	2*	100.00
		Preference	-	-	70,000 *	100.00

Note:-

* Deemed interest under Section 6A of the Act by virtue of its substantial interest in Pulau Tiga Ventures Sdn Bhd of which Khazanah Nasional Berhad has a 100% direct equity interest.

(v) Pulau Tiga Ventures Sdn Bhd

Pulau Tiga Ventures Sdn Bhd (Company No.: 782541-A) was incorporated as a private limited company under the Act in Malaysia on 27 July 2007. Pulau Tiga Ventures Sdn Bhd is principally an investment holding company.

The current directors of Pulau Tiga Ventures Sdn Bhd are:-

- Lim Fung Ee; and
- Stephanie Saw Ai Lin.

Khazanah Nasional Berhad holds 100.00% direct equity interest in Pulau Tiga Ventures Sdn Bhd

(v) Munirah binti Haji Abdul Hamid

Please refer to Section 8.2.1 of this Prospectus for details of Munirah binti Haji Abdul Hamid's profile.

(vi) Robert George Hercus @ Abdul Karim Hercus

Please refer to Section 8.2.1 of this Prospectus for details of Robert George Hercus @ Abdul Karim Hercus' profile.

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8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.1.4 Changes in Promoters and Substantial Shareholders

The changes in the shareholdings of our Promoters in our Company for the past three (3) years preceding the Latest Practicable Date are as follows:-

Promoters	As at 31 December 2007				As at 31 December 2008			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%
Synamatix	1,100,000	76.20	-	-	1,925,012	100.00	-	-
Neuramatix	-	-	1,100,000 ⁽¹⁾	76.20	-	-	1,925,012 ⁽¹⁾	100.00
Robert George Hercus @ Abdul Karim Hercus	-	-	1,100,000 ⁽²⁾	76.20	-	-	1,925,012 ⁽²⁾	100.00
Munirah binti Haji Abdul Hamid	-	-	1,100,000 ⁽³⁾	76.20	-	-	1,925,012 ⁽³⁾	100.00

Notes:-

⁽¹⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Synamatix.

⁽²⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽³⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Promoters	As at 31 December 2009				As at the Latest Practicable Date			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of Shares	%	No. of Shares	%
Synamatix	1,925,012	100.00	-	-	60,516,070 ⁽²⁾	78.59	-	-
Neuramatix	-	-	1,925,012 ⁽¹⁾	100.00	6,813,450	8.85	60,516,070 ⁽¹⁾	78.59
Robert George Hercus @ Abdul Karim Hercus	-	-	1,925,012 ⁽³⁾	100.00	-	-	67,329,520 ⁽³⁾	87.44
Munirah binti Haji Abdul Hamid	-	-	1,925,012 ⁽⁴⁾	100.00	-	-	67,329,520 ⁽⁴⁾	87.44

Notes:-

⁽¹⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Synamatix.

⁽²⁾ Synamatix had on 29 January 2010 entered into the relevant agreements with the employees of MGRC and Synamatix in relation to the sale of its 539,400 MGRC Shares. Synamatix had also on 10 February 2010 entered into the relevant agreements with selected investors in relation to the sale of its 5,945,000 MGRC Shares. The completion of both the agreements is conditional upon (i) approval by Bursa Securities for the listing of our shares and (ii) registration of this Prospectus with the SC (whichever is later).

⁽³⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽⁴⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

The changes in the shareholdings of our substantial shareholders in our Company for the past three (3) years preceding the Latest Practicable Date are as follows:-

Substantial shareholders	As at 31 December 2007				As at 31 December 2008			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of Shares	%	No. of Shares	%
Synamatix	1,100,000	76.20	-	-	1,925,012	100.00	-	-
Momentum STI Sdn Bhd	343,759	23.80	-	-	-	-	-	-
Firstfloor Capital Sdn Bhd	-	-	343,759 ⁽⁶⁾	23.80	-	-	-	-
Mayban Venture Capital Company Sdn Bhd	-	-	343,759 ⁽⁶⁾	23.80	-	-	-	-
Neuramatix	-	-	1,100,000 ⁽¹⁾	76.20	-	-	1,925,012 ⁽¹⁾	100.00
Encipta Ltd	-	-	1,100,000 ⁽⁴⁾	76.20	-	-	1,925,012 ⁽⁴⁾	100.00
MIMOS	-	-	1,100,000 ⁽⁵⁾	76.20	-	-	1,925,012 ⁽⁵⁾	100.00
MoF	-	-	1,100,000 ⁽⁵⁾	76.20	-	-	1,925,012 ⁽⁵⁾	100.00
Continuum Capital Sdn Bhd	-	-	-	-	-	-	-	-
Pulau Tiga Ventures Sdn Bhd	-	-	-	-	-	-	-	-
Khazanah Nasional Berhad	-	-	-	-	-	-	-	-
Robert George Hercus @ Abdul Karim Hercus	-	-	1,100,000 ⁽²⁾	76.20	-	-	1,925,012 ⁽²⁾	100.00
Munirah binti Haji Abdul Hamid	-	-	1,100,000 ⁽³⁾	76.20	-	-	1,925,012 ⁽³⁾	100.00

Notes:-

- ⁽¹⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Synamatix.
- ⁽²⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.
- ⁽³⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.
- ⁽⁴⁾ Deemed interested through Neuramatix pursuant to Section 6A of the Companies Act 1965.
- ⁽⁵⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by MIMOS Bhd, of which MoF has a 99.99% direct equity interest.
- ⁽⁶⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Momentum STI Sdn Bhd.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Substantial shareholders	As at 31 December 2009				As at the Latest Practicable Date			
	Direct		Indirect		Direct		Indirect	
	No. of ordinary shares of RM1.00 each	%	No. of ordinary shares of RM1.00 each	%	No. of Shares	%	No. of Shares	%
Synamatix	1,925,012	100.00	-	-	60,516,070 ⁽⁴⁾	78.59	-	-
Momentum STI Sdn Bhd	-	-	-	-	-	-	-	-
Firstfloor Capital Sdn Bhd	-	-	-	-	-	-	-	-
Mayban Venture Capital Company Sdn Bhd	-	-	-	-	-	-	-	-
Neuramatix	-	-	1,925,012 ⁽¹⁾	100.00	6,813,450	8.85	60,516,070 ⁽¹⁾	78.59
Encipta Ltd	-	-	1,925,012 ⁽²⁾	100.00	851,679	1.11	67,329,520 ⁽²⁾	87.44
MIMOS	-	-	1,925,012 ⁽⁷⁾	100.00	-	-	-	-
MoF	-	-	1,925,012 ⁽⁷⁾	100.00	-	-	-	-
Continuum Capital Sdn Bhd	-	-	-	-	-	-	68,181,199 ⁽³⁾	88.55
Pulau Tiga Ventures Sdn Bhd	-	-	-	-	-	-	68,181,199 ⁽³⁾	88.55
Khazanah Nasional Berhad	-	-	-	-	-	-	68,181,199 ⁽³⁾	88.55
Robert George Hercus @ Abdul Karim Hercus	-	-	1,925,012 ⁽⁵⁾	100.00	-	-	67,329,520 ⁽⁵⁾	87.44
Munirah binti Haji Abdul Hamid	-	-	1,925,012 ⁽⁶⁾	100.00	-	-	67,329,520 ⁽⁶⁾	87.44

Notes:-

- ⁽¹⁾ Deemed interest under Section 6A of the Act by virtue of its direct interest in Synamatix.
- ⁽²⁾ Deemed interested through Neuramatix pursuant to Section 6A of the Companies Act 1965.
- ⁽³⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by Continuum Capital Sdn Bhd, of which Pulau Tiga Ventures Sdn Bhd has a 100% direct equity interest. Pulau Tiga Ventures Sdn Bhd is 100% owned by Khazanah Nasional Berhad.
- ⁽⁴⁾ Synamatix had on 29 January 2010 entered into the relevant agreements with the employees of MGRC and Synamatix in relation to the sale of its 539,400 MGRC Shares. Synamatix had also on 10 February 2010 entered into the relevant agreements with selected investors in relation to the sale of its 5,945,000 MGRC Shares. The completion of both the agreements is conditional upon (i) approval by Bursa Securities for the listing of our shares and (ii) registration of this Prospectus with the SC (whichever is later).
- ⁽⁵⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.
- ⁽⁶⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.
- ⁽⁷⁾ Deemed interest under Section 6A of the Act by virtue of its substantial interest in Encipta Ltd. Encipta Ltd is 100% owned by MIMOS Bhd, of which MoF has a 99.99% direct equity interest.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.2 INFORMATION ON DIRECTORS

8.2.1 Profiles of Directors

Datuk Rafiah binti Salim, 63, Malaysian, Independent Non-Executive Chairman

Datuk Rafiah binti Salim is the Non-Executive Chairman of our Company, having been appointed to the Board on 22 January 2010. She is also the Chairman of our Remuneration Committee and member of the Audit and Nomination Committee. She graduated with Bachelor of Laws from Queen's University of Belfast. In 1974, she earned her Master of Laws and subsequently received her Honorary Doctorate from Queen's University of Belfast in 2005. She also has a Certificate in Legal Practice in 1980 and was admitted as an Advocate & Solicitor of the High Court of Malaya.

In 1974, Datuk Rafiah started her career as a lecturer at the Faculty of Law, University Malaya. She lectured in the Law of Contract, Company and Commercial Law, Evidence and Family Law. In 1988, she ended her service with the University as the Dean of the faculty. She then moved to become the Head of Legal Department for Malayan Banking Berhad ("**Maybank**"). In 1991, she was promoted to the post of the General Manager of the Human Resource Department at Maybank. She then was invited to serve Bank Negara Malaysia ("**BNM**") as the Assistant Governor for the Security Department, Legal Department and Property and Service Department.

Datuk Rafiah's international experience was as the Assistant Secretary General for Human Resource Management, United Nations ("**UN**"), New York, from 1997 to 2002. She was the first Malaysian to be appointed to such a high post in the UN system. In 2003 to 2006, she became the Executive Director of International Centre for Leadership in Finance.

In 2006, she was appointed as the Vice-Chancellor/President of University Malaya.

She is currently also the Independent Non-Executive Director for Nestle (Malaysia) Berhad, Cerebos (Malaysia) Sdn Bhd and National Entrepreneurship Board (PUNB) and manages the NAM Institute for the Empowerment of Women.

Datuk Rafiah was awarded the Darjah Kebesaran Panglima Jasa Negara (PJN) from Seri Paduka Baginda Yang di-Pertuan Agong in 2004.

Robert George Hercus @ Abdul Karim Hercus, 62, Australian, Managing Director

Robert George Hercus @ Abdul Karim Hercus was appointed as the Managing Director of our Company on 15 July 2004. He earned his B.Sc. (Hons) in Information Science from Monash University. He has over forty (40) years experience in Information Science, specializing in large scale computing infrastructure and computationally intensive projects. He started his career as a Scientific Officer at the Weapons Research Establishment in Adelaide Australia. He moved to Malaysia in 1972 to set up the Computer Science course at the Mara Institute of Technology and served as a Lecturer there for more than four (4) years. He became an IT consultant to the Sabah State Government, coordinating the development of software applications in multiple areas including Personnel, Accounting, Timber Revenue, and so on.

Robert George Hercus @ Abdul Karim Hercus established his first software house in 1977, specializing in the development of applications for Government agencies and private companies. Between the late 80s and mid-90s, he was responsible for the complete establishment and implementation of the IT infrastructure and applications for Projek Lebuhraya Utara Selatan Sdn Bhd (PLUS). He was further involved in

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

setting up two pioneering Malaysian companies under PLUS for the development of automatic toll collection and the Touch 'n Go systems. He helped build the companies from an initial staff of 20 with a turnover of RM2 million to a company with 120 employees, a turnover of RM70 million and profits of RM25 million over a three-year period. During the same period, he also acted as an Advisor to Time Telekom on the establishment of their fibre optic network and to PUTRA on the establishment of their IT infrastructure to support future LRT operations. Karim established Neuramatix in 2001, focusing on the creation of intelligent applications and devices in various domains including bioinformatics, machine translation, robotic movement, robotic speech, semantic technology and so on.

Robert George Hercus @ Abdul Karim Hercus provides overall leadership and management for technology development, business enhancement, corporate image, organisational growth and sound financial health of the Company. He also establishes an effective working relationship with the Board of Directors to develop policies and plans consistent with the mandate as expressed by the Shareholders, as well as to provide consultative advice regarding all aspects of the Company's operations.

Munirah binti Haji Abdul Hamid, 60, Malaysian, Executive Director

Munirah binti Haji Abdul Hamid was appointed as the Executive Director of our Company on 15 May 2007. She is also the Managing Director of our holding company Synamatix and ultimate holding company Neuramatix. She earned her LL.B. (Hons) from the University of London. She has 36 years of experience in various businesses ranging from the supply of automotive spare parts to government bodies in the early 70s, to the setting up of a software house in 1977, to being a publisher of books and textbooks in the 80s, and even to producing programmes for television in the 90s. She is one of the founders of MGRC and the Neuramatix group of companies.

She is instrumental in driving the strategic operations of the group and is responsible for the administrative, legal, accounting, human resource and marketing functions of our Company, including talent recruitment and career development of our employees.

Dato' Dr. Norraesah binti Haji Mohamad, 62, Malaysian, Executive Director

Dato' Dr. Norraesah binti Haji Mohamad is the Executive Director of our Company, having been appointed to the Board on 22 January 2010. She is also a member of our Remuneration Committee. She has had an astounding academic track record starting with a B.A. (Hons.) in Economics from University of Malaya in 1972, a Diploma in Commercial Policy from General Agreement on Tariff & Trade, Geneva, Switzerland, in 1974, and moving on to earning two Masters Degrees in 1982 - in International Economics and Finance from University of Paris I, Pantheon-Sorbonne, France, and in International Economic Relations from the International Institute of Public Administration, Paris, France, where she had graduated top of the programme and received the Special Jury Award. In 1986 she subsequently earned her Ph.D. in Economic Science from International Economics and International Finance University of Paris I, Pantheon-Sorbonne, France.

Dato' Dr. Norraesah started work in the Ministry of International Trade and Industry ("MITI") and held the Deputy Director post of the International Trade Division where she was in charge of trade fairs and missions. In 1986, she moved to the Finance Division of the Federal Treasury as the Principal Assistant Secretary. She later joined Esso Production Malaysia Inc. as a Communications Manager. In 1990, she became the Managing Director of Ishak Hamid & Associates Sdn Bhd, a company which

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

provides financial and investment advisory services and management consultancy. In 1991, she moved to Credit Lyonnais SA, a French bank representative office in Malaysia as the Chief Representative.

From 2000 to 2005, Dato' Dr. Norraesah was the Chairman of a few companies including, among others, Angkasaraya Development Berhad, Bank Kerjasama Rakyat Malaysia Berhad and Alcatel Network Systems (M) Sdn Bhd. Presently she is the Executive Chairman of My E.G. Services Berhad and Embunaz Ventures Sdn Bhd. She is also the Chairman for Penang Bridge Sdn Bhd and Chairman of Malaysia France Institute. She sits as a board member in five (5) other listed companies, namely, Adventa Berhad, Kesm Industries Berhad, Protasco Berhad, SBC Corporation Berhad and Ya Horng Electronics (M) Berhad.

In 2006, Dato' Dr. Norraesah was awarded the coveted Chevalier de La Legion d'Honneur from the French Government. She is currently one (1) of the three (3) members of the World Islamic Economic Forum (WIEF) Board of Trustee, sits as a member of its International Advisory Panel and is Chairman to the WIEF Businesswomen Network.

Dato' Dr. Norraesah's role in MGRC includes, inter-alia, participating in strategic planning and discussions for the purpose of identifying new prospects and opportunities as well as providing assistance pertaining to government relations and securing of commercial projects.

Ahmad Fauzi bin Ali, 52, Malaysian, Non-Independent Non-Executive Director

Ahmad Fauzi was appointed as the Non-Independent Non-Executive Director of our Company on 12 January 2005. He is also the Chairman of our Nomination Committee and a member of the Audit and Remuneration Committee. He earned his B.Sc. (Hons) in Computation from the University of Manchester, Institute of Science and Technology, United Kingdom. He has collectively over twenty-five (25) years experience as a technology entrepreneur, management consultant and systems integrator in the information technology industry and ten (10) years as a venture capital partner. Ahmad Fauzi started out as a Management Consultant at Arthur Andersen & Co. In 1982, he established his own information services business. In 1987 he founded Sapura Advanced Systems Sdn Bhd. Ahmad Fauzi oversaw the procurement and implementation of over forty (40) IT projects including several, hundred million ringgit projects such as the Kuala Lumpur International Airport Total Airport Management Systems, the Adam GSM cellular phone service and for the Royal Malaysian Airforce flight simulator program. During the conceptualization of the Malaysian Multimedia Super Corridor ("MSC") in 1996, Fauzi consulted with the Malaysian Government where he played a key role in providing thought leadership in the design of MSC's flagship initiatives for e-learning. This role was pursuant to the appointment of Sapura Advanced Systems Sdn Bhd ("SAS"), which was part of Sapura Consortium that was awarded the contract, during which time Ahmad Fauzi was the General Manager of SAS and led the team assigned to the MSC project. In 1997, he was a director of Telekom Advanced Systems Corporation ("TAS"), a company listed on the Montreal Stock Exchange. In 1999 he founded First Floor Capital Sdn. Bhd., of which he was a partner until 2007. Ahmad Fauzi currently holds directorships in Singularity Ventures Sdn Bhd, Insan Juta Sdn. Bhd., MGRC and Synamatix.

Loh Lee Soon, 54, Malaysian, Independent Non-Executive Director

Loh Lee Soon is the Non-Executive Director, having been appointed to the Board on 22 January 2010. He is also the Chairman of our Audit Committee and a member of

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

the Nomination Committee. He is a member of the Malaysian Institute of Accountants and the Institute of Chartered Accountants in England and Wales.

He has nearly 30 years experience in the professional accounting, finance, and management consulting fields, in the United Kingdom and South East Asia, including six (6) years as Consulting Practice Director in KPMG Malaysia. He has also held senior finance and general management positions with multinational and Malaysian corporations, such as Tupperware International, Oracle Corporation, and the UEM group.

Loh is currently the Principal of his own consultancy firm which provides services in business process optimization, customer relationship management, and e-marketing. His clients span industries as diverse as gaming, retail management, supply chain logistics, and property development.

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8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)**8.2.2 Shareholdings in MGRC**

The direct and indirect shareholdings of our Directors before and after the completion of the IPO based on their shareholding as at the Latest Practicable Date are as follows:-

Directors	Nationality	Designation	Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Datuk Rafiah binti Salim	Malaysian	Independent Non-Executive Chairman	-	-	-	-	100,000 ⁽³⁾	0.11	-	-
Robert George Hercus @ Abdul Karim Hercus	Australian	Managing Director	-	-	67,329,520 ⁽¹⁾	87.44	80,000 ⁽³⁾	0.09	65,329,520 ⁽¹⁾	69.43
Munirah binti Haji Abdul Hamid	Malaysian	Executive Director	-	-	67,329,520 ⁽²⁾	87.44	100,000 ⁽³⁾	0.11	65,329,520 ⁽²⁾	69.43
Dato' Dr. Norraesah binti Haji Mohamad	Malaysian	Executive Director	-	-	-	-	140,000 ⁽³⁾	0.15	-	-
Ahmad Fauzi bin Ali	Malaysian	Non-Independent Non-Executive Director	-	-	-	-	100,000 ⁽³⁾	0.11	-	-
Loh Lee Soon	Malaysian	Independent Non-Executive Director	-	-	-	-	80,000 ⁽³⁾	0.09	-	-

Notes:-

⁽¹⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽²⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.

⁽³⁾ Pursuant to pink form allocations.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.2.3 Principal Activities Outside the Company

Save as disclosed below and that in Sections 8.1.3, 8.2.1 and 8.5 of this Prospectus, none of our Directors have any directorships and principal business activities performed outside the Company in all other corporations as at Latest Practicable Date and in the past five (5) years:

Director	Directorships	Involvement in business activities other than as a director
Datuk Rafiah binti Salim	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> • Perbadanan Usahawan Nasional Berhad • Nestle (Malaysia) Bhd • Cerebos (Malaysia) Sdn Bhd <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> • Multimedia Technology Enhancement Operations Sdn Bhd (resigned on 5 February 2009) • International Centre for Leadership in Finance (resigned on 8 May 2006) 	None
Robert George Hercus @ Abdul Karim Hercus	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> • Neuramatix • Synamatix • Linguamatix Sdn Bhd • Citcat Sdn. Bhd • Danau Mori Sdn Bhd (dormant) <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> • Viramatix Sdn Bhd (resigned on 7 June 2007) 	<ul style="list-style-type: none"> • Neuramatix (15.52%) • Synamatix (indirect 68.13%) • Linguamatix Sdn Bhd (direct 2.70%; indirect 15.52%) • Citcat Sdn. Bhd (indirect 15.52%) • Danau Mori Sdn Bhd (50%)
Munirah binti Haji Abdul Hamid	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> • Neuramatix • Synamatix • Linguamatix Sdn Bhd • Citcat Sdn. Bhd • Danau Mori Sdn Bhd (dormant) <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> • Igames Asia Sdn Bhd (resigned on 9 June 2005) • Viramatix Sdn Bhd (resigned on 7 June 2007) • VR3-D Sdn Bhd (resigned on 17 November 2007) • Century Universe Sdn Bhd (resigned on 1 December 2009) 	<ul style="list-style-type: none"> • Neuramatix (46.55%) • Synamatix (indirect 68.13%) • Linguamatix Sdn Bhd (direct 8.10%; indirect 46.55%) • Citcat Sdn. Bhd (indirect 46.55%) • Danau Mori Sdn Bhd (50%)

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Director	Directorships	Involvement in business activities other than as a director
Ahmad Fauzi bin Ali	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> • Singularity Ventures Sdn Bhd • Insan Juta Sdn Bhd • Synamatix • Systems Innovation Pvt. Ltd <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> • Firstfloor Capital Sdn Bhd (resigned on 31 October 2007) 	<ul style="list-style-type: none"> • Insan Juta Sdn Bhd (50%) • Systems Innovation Pvt. Ltd (<1%) • Synamatix (10%) • Neuramatix (0.5%)
Dato' Dr. Norraesah binti Haji Mohamad	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> • Penaga Sama Jiwa Sdn Bhd • Malaysia France Institute Sdn Bhd • Pharmasafe Laboratories Sdn Bhd • Embunaz Care Sdn Bhd • My EG Services Berhad • Ya Homg Electronics (M) Berhad • KAF Fund Management Sdn Bhd • Adventa Berhad • Penang Bridge Sdn Bhd • Protasco Berhad • Kesm Industries Berhad • Kesm Test (M) Sdn Bhd • SBC Corporation Berhad • Embunaz Ventures Sdn Bhd • Kestronics (M) Sdn Bhd • Sri Nobel Sdn Bhd <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> • Alcatel-Lucent Malaysia Sdn Bhd (resigned on 16 September 2005) • CIG Rumex Technologies Sdn Bhd (resigned on 3 November 2008) • L'oreal Malaysia Sdn Bhd (resigned on 30 June 2008) • Malaysian Oxygen Bhd (resigned on 27 November 2007) • Malim Prisma Sdn Bhd (resigned on 18 March 2007) • Orca Capital Sdn Bhd (resigned on 25 February 2009) • Simple Solutions Technologies Sdn Bhd (resigned on 18 July 2006) • Sinagama IT Sdn Bhd (resigned on 30 December 2005) 	<ul style="list-style-type: none"> • Pharmasafe Laboratories Sdn Bhd (30%) • Embunaz Care Sdn Bhd (30%) • Embunaz Ventures Sdn Bhd (90%) • Sri Nobel Sdn Bhd (20%) • My EG Services Berhad (1.16%) • Kesm Industries Berhad (<1%)

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Director	Directorships	Involvement in business activities other than as a director
Loh Lee Soon	<p><i>Present directorships:-</i></p> <ul style="list-style-type: none"> Broadway Communications Sdn Bhd Vibrant Start Sdn Bhd SCICOM (MSC) Berhad <p><i>Previous directorships:-</i></p> <ul style="list-style-type: none"> Oracle Corporation Malaysia Sdn Bhd (resigned on 18 January 2005) Oracle MSC Sdn Bhd (resigned on 18 January 2005) Resolv Technologies Sdn Bhd (resigned on 10 May 2005) 	<ul style="list-style-type: none"> Broadway Communications Sdn Bhd (50%) Vibrant Start Sdn Bhd (25%) SCICOM (MSC) Berhad (0.12%)

Robert George Hercus @ Abdul Karim Hercus is our full-time Managing Director. He is not involved in the day-to-day operations of the other companies and do not spend a substantial amount of time in these companies, save for attending necessary board meetings.

Munirah binti Haji Abdul Hamid is responsible for, among others, accounting, legal, administrative and marketing functions of our Company. Her engagement in our Company is close to 60% of her normal working hours in the day-to-day operations.

She is currently the Managing/ Executive Director of five (5) active companies i.e. Synamatix, Neuramatix, Linguamatix Sdn Bhd, Citcat Sdn Bhd and MGRC. As at Latest Practicable Date, the details of her responsibilities and time allocation over these five (5) companies pursuant to the Shared Services Agreement are as follows:-

Companies	Responsibilities	Time allocation
MGRC	Primarily responsible for the book keeping, legal, administrative and marketing functions	60%
Neuramatix	Primarily responsible for the accounting, legal and administrative functions	15%
Synamatix	Primarily responsible for the accounting, legal, administrative and marketing functions	15%
Linguamatix Sdn Bhd	Primarily responsible for the accounting, legal and administrative functions	10%
Citcat Sdn Bhd	Attendance at board meetings, where required	Negligible

It is envisioned that 60% of her time is adequate for our current level of operations. Should our operations grow and as such, demand more time for the aforementioned functions, we will undertake the necessary additional recruitment.

Dato' Dr. Norraesah binti Haji Mohamad is responsible for the strategic business development of MGRC. Her involvement in the other public companies is minimal and is on a non-executive basis, except for My E.G. Services Berhad where she is an Executive Chairman where she spends three (3) days in a week there. In addition, her directorships in other private limited companies do not preclude her from

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

allocating some of her time in our Company as she provides the overall strategic directions and discharges her principal areas of responsibility as a Director of these private limited companies. She is not involved in the day-to-day operations of these companies as the respective companies' personnel manage them save for attending necessary board meetings.

8.2.4 Directors' Remuneration and Benefits

The aggregate remuneration and benefits paid and proposed to be paid for services rendered by our Directors of our Company according to bands of RM50,000 for the FYE 31 May 2009 and thirteen (13) month FPE 30 June 2010 are as follows:-

	Remuneration Band (RM)	
	<---FYE 31 May 2009--->	<---FPE 30 June 2010--->
Robert George Hercus @ Abdul Karim Hercus	500,000 – 550,000 * ^	550,000 – 600,000 * ^
Munirah binti Haji Abdul Hamid	350,000 – 400,000 * #	400,000 – 450,000 * #
Datuk Rafiah binti Salim	-	50,000 – 100,000
Dato' Dr. Norraesah binti Haji Mohamad	-	50,000 – 100,000
Ahmad Fauzi bin Ali	-	0 – 50,000
Loh Lee Soon	-	0 – 50,000

Note:-

- * Remuneration made pursuant to the Shared Services Agreement entered into between us and Neuramatix for provision of certain shares services. The amount borne by us was a percentage of the total remuneration band disclosed above.
- ^ Remuneration paid to Robert George Hercus @ Abdul Karim Hercus in FYE2009 and part of thirteen (13) month FPE 30 June 2010 represented 40% and 40% respectively of the remuneration band disclosed above. As at 1 February 2010, he is a full time employee of MGRC and accordingly, his remuneration as at this date is fully borne by us.
- # Remuneration paid to Munirah binti Haji Abdul Hamid was 40% in FYE2009 and 40% in thirteen (13) month FPE 30 June 2010.

There is no contingent or deferred compensation accrued for the year.

8.2.5 Directors' Appointment and Retirement by Rotation

All our Directors were appointed to the Board and have served in their respective capacity since their respective dates of appointment as set out under Section 8.2.1 of this Prospectus and are subject to retirement by rotation according to our Company's Articles of Association.

According to Article 101 of our Company's Articles of Association which relate to the rotation and retirement of directors, "At every annual general meeting there shall be an election of Directors and one-third of the Directors (including a Managing Director) or if their number is not a multiple of three then the number nearest to one-third shall retire from office and be eligible for re-election provided that all Directors including the Managing Director shall retire from office once at least in each three years, but shall be eligible for re-election."

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.3 AUDIT, REMUNERATION AND NOMINATION COMMITTEES**8.3.1 Audit Committee**

The composition of our Audit Committee is as follows:-

Name	Designation	Directorship
Loh Lee Soon	Chairman	Independent Non-Executive Director
Datuk Rafiah binti Salim	Member	Independent Non-Executive Chairman
Ahmad Fauzi bin Ali	Member	Non-Independent Non-Executive Director

The major terms of reference for our Audit Committee include reviewing the financial statements of our Company before submission to our Board, recommendations of the external auditors, reviewing the results and scope of the audit and other services provided by our external auditors. In addition, our Audit Committee reviews and evaluates our Company's internal audit and control functions. Our Audit Committee is also responsible for the assessment of financial risks and matters relating to related party transactions and conflict of interests. Our Audit Committee may obtain advice from independent parties and other professionals in the performance of its duties.

8.3.2 Remuneration Committee

The composition of our Remuneration Committee is as follows:-

Name	Designation	Directorship
Datuk Rafiah binti Salim	Chairman	Independent Non-Executive Chairman
Dato' Dr. Norraesah binti Haji Mohamad	Member	Executive Director
Ahmad Fauzi bin Ali	Member	Non-Independent Non-Executive Director

Our Remuneration Committee reviews and proposes, subject to the approval of our Board, the remuneration policy and terms and conditions of service of each Director for his services as a member of our Board as well as Committees of our Board. Nevertheless, the remuneration of the non-executive Directors is a matter for our Board as a whole and our Directors are required to abstain from deliberation and voting on decisions in respect of his individual remuneration. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of our Company. Decisions and recommendations of our Remuneration Committee shall be reported back to our Board for approval and where required by rules and regulations governing our Company, for approval of shareholders at the annual general meeting.

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8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.3.3 Nomination Committee

The composition of our Nomination Committee is as follows:-

Name	Designation	Directorship
Ahmad Fauzi bin Ali	Chairman	Non-Independent Non-Executive Director
Datuk Rafiah binti Salim	Member	Independent Non-Executive Chairman
Loh Lee Soon	Member	Independent Non-Executive Director

Our Nomination Committee is responsible for identifying and recommending new nominees to our Board as well as committees of our Board. Our Nomination Committee will assess the effectiveness of our Board as a whole, our Board Committees and each individual Director on an annual basis. In developing such recommendations, our Nomination Committee will consult all Directors and reflect that consultation in any recommendation brought forward to our Board. Our Board makes all decisions on appointments after considering the recommendations of our Nomination Committee.

8.4 KEY MANAGEMENT EMPLOYEES**8.4.1 Profiles of Key Management Employees**

Robert George Hercus @ Abdul Karim Hercus, 62, Australian, Managing Director

Please refer to Section 8.2.1 of this Prospectus for details of Robert George Hercus @ Abdul Karim Hercus' profile.

Munirah binti Haji Abdul Hamid, 60, Malaysian, Executive Director

Please refer to Section 8.2.1 of this Prospectus for details of Munirah binti Haji Abdul Hamid's profile.

Adlan Hercus, 35, Malaysian, Financial Controller

Adlan is the Financial Controller of our Company since 1 February 2010. His area of responsibilities includes, among others, financial planning and budgeting, cash flow management, financial forecast and analysis and overseeing daily operations of the finance department. Prior to officially joining MGRC, he was involved in the finance, treasury management and corporate finance services via the Shared Services Agreement. He earned his Business Commerce Degree from Curtin University in 1996, majoring in Banking and Commercial Law.

Adlan started his career as a Future's Broker's Representative in Amanah Futures & Options Sdn. Bhd, a financial services company from 1996 until 1998. The following years saw Adlan being involved in equity and futures trading, establishing a software development company for straight-through-processing solutions, and consulting larger banks for the development and implementation of banking systems, stock broking systems and risk management solutions. In 2002, Adlan joined Neuramatix and its group of companies as the Corporate Strategy Manager. He was responsible for planning and implementing corporate development strategies, managing the legal and finance departments for Neuramatix group, and has significantly contributed to

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

venture capital fund raising and identifying business opportunities for the company. During his tenure, Adlan also co-founded and was appointed as the Director of Citcat Sdn. Bhd, a subsidiary under Neuramatix.

Ching Soo Meng, 30, Malaysian, Operations Manager

Soo Meng, our Operations Manager, joined us in January 2008. Soo Meng earned his B.Sc. in Computer Science and Information Technology from the University of South Australia in 2001. He majored in Software Engineering. He is a Sun Certified Programmer for the Java 2 Platform. He is proficient in several other major programming languages including LINUX, C++, XML and so on. He joined Synamatix as an Analyst Programmer in 2002. He was promoted and moved to MGRC in 2008 to serve as its Operations Manager responsible for the design, implementation, and management of the development of bioinformatics applications and the deployment of the suite of bioinformatics applications in MGRC's contract and portal services.

Tay Liang Chung, 31, Malaysian, Applications Manager

Liang Chung, our Applications Manager, joined us in January 2007. Liang Chung earned his B.Sc. in Computer Science (majoring in networking) with Honours from the University of Malaya in 2002. He joined Synamatix in 2002 as an Analyst Programmer. He became a Sun Certified Java Programmer in 2004. He was then promoted as a Senior Analyst Programmer and moved to MGRC in 2007. Liang Chung was promoted to Applications Manager in 2008. He is highly experienced in web application development using various technologies and programming languages and has acquired considerable Bioinformatics knowledge during his tenure with our Company. He is skilled in sequence alignment, sequence annotation, genome comparison, Synteny region analysis, and so on. His responsibilities include researching on and developing new technologies for our Company's projects and for the MGRC portal, supervising technical team members in completing their tasks, as well as planning and coordinating quality assurance and controls for client deliverables.

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8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)**8.4.2 Shareholdings in MGRC**

The direct and indirect shareholdings of our Key Management Employees before and after the IPO are as follows:-

Key employees	Nationality	Designation	Before the IPO				After the IPO			
			Direct		Indirect		Direct		Indirect	
			No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Robert George Hercus @ Abdul Karim Hercus	Australian	Managing Director	-	-	67,329,520 ⁽²⁾	87.44	80,000 ⁽⁴⁾	0.09	65,329,520 ⁽²⁾	69.43
Munirah binti Haji Abdul Hamid	Malaysian	Executive Director	-	-	67,329,520 ⁽³⁾	87.44	100,000 ⁽⁴⁾	0.11	65,329,520 ⁽³⁾	69.43
Adlan Hercus	Malaysian	Financial Controller	-	-	-	-	-	-	-	-
Ching Soo Meng	Malaysian	Operations Manager	75,800 ⁽¹⁾	0.10	-	-	75,800 ⁽¹⁾	0.08	-	-
Tay Liang Chung	Malaysian	Applications Manager	75,800 ⁽¹⁾	0.10	-	-	75,800 ⁽¹⁾	0.08	-	-

Notes:-

⁽¹⁾ Synamatix had on 29 January 2010 entered into the relevant agreements with the employees of MGRC and Synamatix in relation to the sale of its 539,400 MGRC Shares. The completion of the agreements is conditional upon (i) approval by Bursa Securities for the listing of our shares and (ii) registration of this Prospectus with the SC (whichever is later).

⁽²⁾ Robert George Hercus @ Abdul Karim Hercus is deemed interested through Synamatix and Neuramatix. He has direct equity interests of 15.52% in Neuramatix.

⁽³⁾ Munirah binti Haji Abdul Hamid is deemed interested through Synamatix and Neuramatix. She has direct equity interests of 46.55% in Neuramatix.

⁽⁴⁾ Pursuant to pink form allocations

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)
8.5 INVOLVEMENT OF EXECUTIVE DIRECTORS AND KEY MANAGEMENT EMPLOYEES IN OTHER BUSINESSES/CORPORATIONS

Save as disclosed below, none of our Executive Directors or Key Management Employees have any interests in other businesses or corporations as at the Latest Practicable Date:-

Name	Name of Company / Business	Principal Activities of Company / Nature of business	Position (Director / Shareholder)
Robert George Hercus @ Abdul Karim Hercus	Neuramatix	Engaged in research for developing intelligence systems.	Director and shareholder
	Synamatix	Engaged in the development, sale and support of bioinformatics systems and related applications and solutions for data generation, data management, and data leveraging	Director and indirect shareholder
	Linguamatix Sdn Bhd	Engaged in the development, sale and support of high-throughput machine translation systems	Director, direct and indirect shareholder
	Citcat Sdn Bhd	Engaged in providing search, retrieval and sharing of information in various languages through the Internet using fixed and mobile platforms	Director and indirect shareholder
	Danau Mori Sdn Bhd	Engaged in the design, fabrication, assembly, improvement and maintenance of houseboats and marina and resort management. The company is currently dormant.	Director and shareholder
Munirah binti Haji Abdul Hamid	Neuramatix	Engaged in research for developing intelligence systems.	Managing Director and shareholder
	Synamatix	Engaged in the development, sale and support of bioinformatics systems and related applications and solutions for data generation, data management, and data leveraging	Managing Director and indirect shareholder
	Linguamatix Sdn Bhd	Engaged in the development, sale and support of high-throughput machine translation systems	Managing Director, direct and indirect shareholder
	Citcat Sdn Bhd	Engaged in providing search, retrieval and sharing of information in multiple languages through the Internet using fixed and mobile platforms	Managing Director and indirect shareholder
	Danau Mori Sdn Bhd	Engaged in the design, fabrication, assembly, improvement and maintenance of houseboats and marina and resort management. The company is currently dormant	Director and shareholder

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Name	Name of Company / Business	Principal Activities of Company / Nature of business	Position (Director / Shareholder)
Dato' Dr. Norraesah binti Haji Mohamad	Penaga Sama Jiwa Sdn Bhd	Engaged in timber dealers and building contractor & supplier of marine spare parts & equipment	Director
	Malaysia France Institute Sdn Bhd	Engaged in managing an educational institute offering training programmes in the fields of industrial technology	Director
	Pharmasafe Laboratories Sdn Bhd	Engaged in manufacture & sale of contact lens solutions & all types of pharmaceutical products	Director and shareholder
	Ebunaz Care Sdn Bhd	Dormant	Director and shareholder
	My EG Services Berhad	Engaged in the business of development & implementation of the electronic Government services project & the provision of other related services for the electronic Government services project, as well as investment holding	Executive Chairman and shareholder
	Ya Homg Electronics (M) Berhad	Manufacturer of audio & other electrical products	Director
	KAF Fund Management Sdn Bhd	Consultants, advisers, and managers in relation to fund management	Director
	Adventa Berhad	Investment holding & provision of management services to the subsidiaries	Director
	Penang Bridge Sdn Bhd	Engaged in managing, maintaining & operating toll collection services of the Penang Bridge over the period of the Penang Bridge concession	Director
	Protasco Berhad	Investment holding	Director
	Kesm Industries Berhad	Investment holding, provision of semiconductor Bum-in services & the assembly of electronic components	Director and shareholder
	Kesm Test (M) Sdn Bhd	Engaged in testing of semiconductor integrated circuits	Director
SBC Corporation Berhad	Investment Holding and provision of management & administration services	Director	

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Name	Name of Company / Business	Principal Activities of Company / Nature of business	Position (Director / Shareholder)
Dato' Dr. Norraesah binti Haji Mohamad (Cont'd)	Embunaz Ventures Sdn Bhd	Investment holding	Director and shareholder
	Kestronics (M) Sdn Bhd	Engaged in distribution & servicing of electronic components & equipment	Director
	Sri Nobel Sdn Bhd	Engaged in the business, operation & management of educational institutions	Director and shareholder
Adlan Hercus	Neuramatix	Engaged in providing research services on neural engines.	Director and shareholder
	Linguamatix Sdn Bhd	Engaged in the development, sale and support of high-throughput machine translation systems	Director
	Citcat Sdn. Bhd	Engaged in providing search, retrieval and sharing of information in multiple languages through the Internet using fixed and mobile platforms	Director
	Virtual Remark Sdn Bhd ⁽¹⁾	Engaged in general trading, investment holding and property investment	Director
Ching Soo Meng	Signage and Ads Sdn Bhd	Engaged in managing outdoor billboard, e-ads, map advertising & general advertising works	Director

Note:

(1) Company dissolved (last document registration on 15 December 2008)

For mitigating factors in respect of Robert George Hercus @ Abdul Karim Hercus, Munirah binti Haji Abdul Hamid and Dato' Dr Norraesah binti Haji Mohamad, please refer to Section 8.2.3 of this Prospectus.

Adlan Hercus and Ching Soo Meng are not involved in the day-to-day operations of the other companies and do not spend a substantial amount of time in these companies, save for attending necessary board meetings.

8.6 DECLARATION OF PROMOTERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES

8.6.1 Save as indicated below, none of our Promoters, Directors and Key Management Employees are or were involved in the following events, whether in or outside Malaysia:-

- (a) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel;

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

- (b) was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;
- (c) was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (d) judgement was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (e) the subject of any order, judgement or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

Ahmad Fauzi bin Ali was a director, secretary and major shareholder of Dataphone Sdn Bhd up to 25 July 1986 which has been wound up on 16 July 1992 under section 218 of the Act on the grounds that it is unable to pay its debts.

Dato' Dr Norraesah binti Haji Mohamad was a director of Machang Indah Development Sdn Bhd up to 28 February 2003 when she resigned her office. The company was wound up by an order of the High Court of Malaya at Kuala Lumpur on 30 November 2009. She was also a former director of Zamcorp Berhad up to 15 May 2003 with respect to which Chevron Malaysia Limited had filed a winding up petition in the High Court of Malaya at Kuala Lumpur on 31 March 2009.

- 8.6.2 Ahmad Fauzi bin Ali was a director of Telekom Advanced Systems Corporation ("**TAS**") in 1997 and ceased by January 1998. Following the cessation of Ahmad Fauzi's office as director in 1998, TAS had ceased to file its annual financial statements within 140 days after 30 June 1998, and to file interim financial statements within 60 days after 30 September 1998. Accordingly, the default dates were approximately 18 November 1998 and 30 November 1998 respectively. In consequence of which it was cease traded by the Montreal Stock Exchange on 22 December 1998 and convicted of an offence of failure to file financial statements under the Securities Act (Quebec). Thereafter TAS was struck off the corporation's register on 2 May 2003.

8.7 RELATIONSHIPS AND ASSOCIATES

Save as disclosed below, there are no family relationships (as defined under Section 122A of the Act) or associations amongst the Promoters, Directors, substantial shareholders, and Key Management Employees:

- (i) Robert George Hercus @ Abdul Karim Hercus, who is a Director, Promoter and substantial shareholder of MGRC, is the spouse of Munirah binti Haji Abdul Hamid, who is also a Director, Promoter and substantial shareholder of MGRC.
- (ii) Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid, who are both Directors, Promoters and substantial shareholders of MGRC, are also Directors and substantial shareholders of Synamatix, Neuramatix, Linguamatix Sdn Bhd and Citcat Sdn Bhd.
- (iii) Adlan Hercus, who is a Key Management Employee of MGRC, is the son of Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid and also a Director and shareholder of Neuramatix. Adlan Hercus is also a Director of Citcat Sdn Bhd.
- (iv) Ahmad Fauzi bin Ali, who is a Director of MGRC, is also a Director and substantial shareholder of Synamatix.

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

8.8 BENEFITS PAID OR INTENDED TO BE PAID OR GIVEN TO ANY PROMOTER, DIRECTOR, OR SUBSTANTIAL SHAREHOLDER

Save as described below, there is no other amount or benefit paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders, within the two (2) years preceding the date of this Prospectus:-

- (i) our Company's ordinary shares allocated to our Directors pursuant to pink form allocations as part of the 600,000 Shares;
- (ii) the fees paid to our ultimate holding company, Neuramatix for services rendered by its management and support staff pursuant to the Shared Services Agreement amounting to an aggregate of approximately RM1.94 million in FYE 2008, FYE 2009 and FPE 2010 which included the services of Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid and Adlan Hercus in all their capacities within our Company. Moving forward, as Robert George Hercus @ Abdul Karim Hercus and Adlan Hercus are under full time employment with us, there will be no fees to be paid in respect of services rendered by them pursuant to the Shared Services Agreement;
- (iii) the license and maintenance fees paid to our immediate holding company, Synamatix amounting to an aggregate of approximately RM0.68 million, RM0.81 million and RM1.21 million in FYE2008, FYE2009 and FPE2010 respectively pursuant to the Software License Agreement dated 14 March 2005 (and all supplements thereto);
- (v) the fees paid to our immediate holding company, Synamatix amounting to approximately RM0.67 million and RM0.85 million in FYE2008 and FYE2009 respectively pursuant to the technical management agreement dated 8 January 2008 and 7 January 2009 respectively for the services provided by Synamatix's employees to us thereunder; and
- (vi) the amount received from our immediate holding company, Synamatix pursuant to the Contract Genomics Services we provided in respect of outsourcing contracts awarded to us amounting to approximately RM1.39 million, RM12.22 million and RM9.25 million in FYE2008, FYE2009 and FPE2010 respectively.
- (vii) The amount paid to our immediate holding Company, Synamatix amounting to RM6.43 million for the purchase of software in FYE2009.

8.9 EMPLOYEES

The average number of employees employed by our Company for the past three (3) financial years by capacities are as follows:-

Employee Category	Average number of employees for the			
	FYE 31 May 2007	FYE 31 May 2008	FYE 31 May 2009	FPE 31 March 2010
Executive Directors	2	2	2	3
Managerial and Professional	1	2	3	3
Technical and Supervisory	6	7	8	10
Clerical, Administrative and Accounts	-	-	-	1
Sales and Marketing	1	2	2	1
General Worker	-	1	1	1
Total	9	14	16	19

8 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT EMPLOYEES (Cont'd)

Currently, none of our employees are contractual employees. We place strong emphasis on human resource development. Our employees are given various training including on-the-job training. Our management enjoys a good working relationship with the employees.

Our employees do not belong to any labour union and enjoy a cordial relationship with the management. There has been no labour or industrial dispute between our employees and management.

8.10 TRAINING AND DEVELOPMENT

Our Company recognises the importance of human resources as a central element to our success. We encourage our employees to attend training courses and seminars to upgrade their skills and to keep abreast with the technological developments in the industry. We believe that with exposure to real client projects and with the pressures imposed when managing deliverables on-time, our employees will receive the best training possible to develop their skills in the bioinformatics service provider space. Hence, as part of our human resource development, our Company constantly conducts in-house training for all employees to update them on new developments within our business operations.

Employees in MGRC are rotated between different functional teams so that they are exposed to the different functional components that form MGRC's services such as quality checking, solutions development, assembly, analysis and so on. Employees may also be put through a "wetlab" workshop where they learn how DNA is extracted for sequencing and analysis which is done in-house at our laboratory facility. We practice the approach of on-the-job training and peer-to-peer transfer of knowledge.

8.11 EMPLOYMENT CONTRACT / SERVICE AGREEMENT

All our employees have standard employment contract according to their designation. Save as disclosed below, there is no existing or proposed service agreement between our Company and our employees.

- (i) We have entered into a service agreement on 5 February 2010 with our Executive Director, Dato Dr. Norraesah binti Mohamed, under which she agreed to provide services to us in strategic planning, government relations, and identification and securing of business opportunities for a monthly remuneration of RM5,000. The agreement is perpetual and is terminable by either party and will automatically terminate upon Dato Dr. Norraesah ceasing to hold office as our director. Provisions in the agreement include those to protect our confidential information and intellectual property rights.

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9 APPROVALS AND CONDITIONS

9.1 CONDITIONS TO THE APPROVALS AND COMPLIANCE THEREOF

Bursa Securities had on 19 May 2010 granted its approval for the admission of our Company to the Official List of the ACE Market and the listing and quotation of our entire enlarged issued and paid-up share capital of 94,100,480 Shares.

The approval from Bursa Securities was subject to the following conditions:-

Conditions	Status of Compliance
<p>(a) Pursuant to agreements dated 29 January 2010 and 10 February 2010, Synamatix had agreed to sell 1,882,010 shares in MGRC to employees of Neuramatix group and 6,000,000 shares in MGRC to selected investors ("Share Sale Arrangements"). Share Sale Arrangements to related party(ies) must be priced at least at the price offered to the general public. Share Sale Agreements may only be made to the following groups:-</p> <p>(i) The directors and employees of MGRC;</p> <p>(ii) The directors and employees of Synamatix; and</p> <p>(iii) Other persons who have contributed to the success of MGRC, such as suppliers, distributors, dealers and customers.</p>	<p>Met. Share Sale Arrangements were made to (a) employees of MGRC and Synamatix who are not related party(ies) and (b) selected third party investors in compliance with group (i), (ii) or (iii) representing a total of 6,484,400 MGRC Shares. Share Sale Arrangements made to with related party(ies) and persons who do not fall under group (i), (ii) and (iii) were rescinded.</p>

Bursa Securities had also on 19 May 2010 resolved to approve MGRC's application for a waiver from complying with Rule 3.19(2) of the ACE Market Listing Requirements, subject to the following conditions:-

Conditions	Status of Compliance
<p>(i) Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid's aggregate effective interest in Neuramatix must not fall below 51% during the moratorium period; and</p>	Noted
<p>(ii) Neuramatix's effective interest in Synamatix must not fall below 51% during the moratorium period.</p>	Noted

The SC had, via its letter dated 7 April 2010, acknowledged the notification made by MGRC under the equity requirements for public companies. The SC also acknowledged that no equity conditions will be imposed on MGRC in connection with the Proposed Listing, as MGRC is a BioNexus Status company.

In addition, the SC had, via its letter dated 20 April 2010 approved the waiver sought from enclosing the auditors' report in the prospectus pursuant to the requirements under Paragraph 13.10 of the Prospectus Guidelines, subject to the following conditions:-

9 APPROVALS AND CONDITIONS (Cont'd)

Conditions	Status of Compliance
(aa) That the Reporting Accountants, Ernst & Young, disclose in the Accountants' Report, the verification procedures carried out by them, in stating that the financial statements for the financial year ended 31 May 2007, 2008 and 2009 were reported on without any qualification; and	Complied. Please refer to Section 4 of the Accountants' Report as set out in Section 12 of this Prospectus.
(bb) That consent from S Y Kwong, Foong & Co. be disclosed in the Prospectus for the inclusion of their name and statements in the form and context in which such statements appear in the Accountants' Report, as well as a statement that they have not subsequently withdrawn such consents.	Complied. Please refer to Section 14.11(d) of this Prospectus.

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9 APPROVALS AND CONDITIONS (Cont'd)

We were granted BioNexus Status by the MoF in concurrence with BiotechCorp with effect from 23 July 2007. To maintain our BioNexus Status and continue enjoying a set of privileges as contained within the BioNexus Bill of Guarantees as detailed in Section 4.1.1 of this Prospectus, we are expected to operate according to certain conditions as follows:-

Conditions	Status of Compliance
1. We must undertake continuous research and development to improve the capabilities of our existing system as well as development of new systems as proposed. We must invest at least 5% of our annual revenue in research and development.	Complied
2. We must employ at least 80% knowledge workers of our total workforce.	Yet to comply
3. We must submit to BiotechCorp audited financial statements, management accounts and reports, annual reports and other relevant reports as may be requested by BiotechCorp.	Complied
4. We must at all times:- (a) comply with all applicable laws, including, without limitation, statutory, regulatory and/or licensing requirements; (b) obtain and preserve and keep in full force and effect all other necessary licences, permits, approvals and authorisations relating to the carrying on of the Qualifying Activities and our business; (c) comply with all environmental, ethical and other policies, rules, regulations and guidelines as determined by the relevant government authorities at our sole discretion from time to time; and (d) not infringe any intellectual property rights of any third party.	Complied
5. We must immediately notify BiotechCorp of:- (a) any circumstances that have occurred that would materially affect us or our performance of the Qualifying Activities; (b) any substantial change in the nature of our operations or the manner in which we implement and operate the Qualifying Activities; (c) any claim, allegation, action or prosecution in respect of any improper or wrongful use or possible infringement of any intellectual property rights of any third party which comes to our attention; and (d) any other matter that may materially affect the interests of BiotechCorp or the biotechnology industry.	Complied

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9 APPROVALS AND CONDITIONS (Cont'd)**9.2 MORATORIUM ON PROMOTERS' SHARES**

In compliance with Rule 3.19 of the Listing Requirements and pursuant to the conditions imposed under the approval letter by Bursa Securities, a moratorium will be imposed on the sale, transfer or assignment of shares held by our Promoters as follows:-

- (a) The moratorium applies to the entire shareholdings held by our Promoters for a period of six (6) months from the date of admission to the ACE Market ("**6-Month Moratorium**");
- (b) Upon the expiry of the 6-Month Moratorium, our Promoters shall hold under moratorium at least 45% of the nominal issued and paid-up ordinary share capital of our Company for another period of six (6) months; and
- (c) Thereafter, our Promoters may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of the Shares held under moratorium.

The Shares held by our Promoters which are under moratorium are as follows:-

Promoters	Shares held after Public Issue and during the 6-Month Moratorium		Shares held under moratorium after the 6-Month Moratorium	
	No. of Shares	%	No. of Shares	%
Synamatix	60,516,070	64.31	42,345,216	45.00
Neuramatix	4,813,450	5.12	-	-
Robert George Hercus @ Abdul Karim Hercus	80,000 ⁽¹⁾	0.09	-	-
Munirah binti Haji Abdul Hamid	100,000 ⁽¹⁾	0.11	-	-
Total	65,509,520	69.63	42,345,216	45.00

Note:-

⁽¹⁾ Pursuant to pink form allocations

The moratorium, which is fully accepted by the aforesaid shareholders, is specifically endorsed on the share certificates of MGRC representing the holdings of the aforesaid shareholders, to ensure that our Company's Share Registrars will not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our Share Registrars' instructions in the prescribed forms, ensure that trading of these Shares are not permitted during the moratorium period.

The endorsement affixed on the share certificates is as follows:-

"The shares comprised herein are not capable of being sold, transferred or assigned for a period determined by the Bursa Securities ("Moratorium Period"). Accordingly, the shares comprised herein will not constitute good delivery pursuant to the Rules of the Bursa Securities during the Moratorium Period. No share certificate or certificates will be issued to replace this certificate during the Moratorium Period unless the same shall be endorsed with this restriction."

Synamatix, which is our Promoter, is an unlisted corporation. As set out in Section 8.1.2(i) of this Prospectus, the shareholders of Synamatix comprise Neuramatix, which holds 68.13% whilst the remaining 31.87% is collectively held by Inertia AIF Sdn Bhd ("**Inertia**"), Singularity Ventures Sdn Bhd ("**Singularity**") and Encipta Ltd ("**Encipta**") (collectively "**VCs**").

9 APPROVALS AND CONDITIONS (Cont'd)

Neuramatix, which is also our promoter, is an unlisted corporation. As set out in Section 8.1.2(ii) of this Prospectus, the shareholders of Neuramatix comprise the VCs holding aggregate 28.39%, Tsuyoshi Shiraishi and Dato Rahmah binti Abdul Hamid holding aggregate 9.53% (collectively "Angel Investors") and Adlan Hercus, our Financial Controller holding 0.01%. The remaining shareholdings of 62.07% are collectively held by Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid.

Pursuant to Rule 3.19(2) of the Listing Requirements, where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to Bursa Securities that they will comply with the moratorium. Accordingly, in compliance thereof, all the shareholders of Synamatix and Neuramatix as listed above are required to provide the moratorium undertaking letters.

Waivers/ variations has been sought from Bursa Securities for the shareholders of Synamatix and/or Neuramatix in respect of the moratorium undertaking letters as follows:-

- (a) As set out in Section 8.1.2 of this Prospectus, the VCs collectively hold 31.87% in Synamatix whilst the VCs, Angel Investors and Adlan Hercus in aggregate hold 37.93% in Neuramatix. A waiver has been sought from Bursa Securities for them to provide the moratorium undertaking letters in respect of all their direct shareholdings in Synamatix and/or Neuramatix.
- (b) As set out in Section 8.1.2(i) of this Prospectus, Neuramatix holds 68.13% of Synamatix. A variation has been sought from Bursa Securities for Neuramatix to provide the moratorium undertaking letter where such sale, transfer or assignment of its shareholdings in Synamatix will not result in its shareholdings being less than 51.0% during the moratorium period.
- (c) As set out in Section 8.1.2(ii) of this Prospectus, Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid collectively holds 62.07% in Neuramatix. A variation has been sought from Bursa Securities for them to provide the moratorium undertaking letters where such sale, transfer or assignment of their shareholdings in Neuramatix will not result in their collective shareholdings being less than 51.0% during the moratorium period.

Bursa Securities had on 19 May 2010 resolved to approve MGRC's application for a waiver from complying with Rule 3.19(2) of the Listing Requirements, subject to certain condition as set out in Section 9.1(i) and (ii) above.

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10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

Save as disclosed below, there are no other related party transactions and/or conflict of interests, existing and (with regard to related party transactions) in respect of which rights and obligations (other than those which pertain to confidentiality) are subsisting at the date of this Prospectus and which are material to our Company and the related party or proposed, entered into by our Company which involves the interest, direct or indirect, of a Director, major shareholder and persons connected to them for the past three (3) financial years from FYE 31 May 2007 to FYE 31 May 2009 and the ten (10)-month FPE 31 March 2010.

"Related party transactions" are defined in the Listing Requirements as transactions entered into by a listed issuer or its subsidiaries that involve the interest, direct or indirect, of a related party. A "related party" means a director, major shareholder or person connected with such director or major shareholder. "Director" shall have the meaning given in Section 4 of the Act and includes any person who is or was within the preceding six (6) months of the date of which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company. "Major shareholder" includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company.

"Major shareholder" means a person who has an interest or interests in one or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares is:-

- (a) equal to or more than 10% of the aggregate of the nominal amounts of all the voting shares in the company; or
- (b) equal to or more than 5% of the aggregate of the nominal amounts of all the voting shares in the company which such person is the largest shareholder of the company.

Rule 10 of the Listing Requirements sets out the requirement that must be complied with in respect of transactions entered into by a listed issuer or its subsidiaries including related party transactions.

10.1 EXISTING AND PROPOSED RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS

Related party with whom we are transacting with	Nature of transaction	FYE 31 May 2007 RM'000	FYE 31 May 2008 RM'000	FYE 31 May 2009 RM'000	10 months FPE 31 March 2010 RM'000	** 13 months FPE 30 June 2010 RM'000
(a) Synamatix, our holding company	Contract Genomics Services rendered to Synamatix in our ordinary course of business *	-	1,389	12,223	9,245	9,245 #
(b) Synamatix, our holding company	Technical fees payable to Synamatix pursuant to technical management agreement * ^	175	670	850	-	-
(c) Synamatix, our holding company	Fee payable to Synamatix in respect of license of software	187	-	6,431	-	-

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Related party with whom we are transacting with	Nature of transaction	FYE 31 May 2007 RM'000	FYE 31 May 2008 RM'000	FYE 31 May 2009 RM'000	10 months FPE 31 March 2010 RM'000	** 13 months FPE 30 June 2010 RM'000
(d) Synamatix, our holding company	Exclusive licence fees payable to Synamatix with respect of software developed by Synamatix pursuant to Software License Agreement	104	250	250	208	271 [@]
(e) Synamatix, our holding company	System maintenance cost payable to Synamatix for annual maintenance of software developed by Synamatix pursuant to Software License Agreement	144	432	564	1,003	1,071 ^{&@}
(f) Neuramatix, our ultimate holding company	Management fee payable to Neuramatix pursuant to Shared Services Agreement	362 ^α	500 ^α	628 ^α	812 ^α	812 ^{β@}

Notes:-

- * Moving forward, we do not expect this arrangement to recur. Notwithstanding, should such arrangement be required in the future, we will seek such requisite relevant approvals where required.
- [^] Design, development and customisation of assembly softwares (other than in connection with SynaBASE itself) used for the large plant genome project undertaken by MGRC. Some software which was also needed to perform these bioinformatics services had to be developed and customised owing to the complexity and size of this particular project and also the tight timeframe imposed for the completion of the project. As this project concluded in 2009, the software development cost related to this project did not extend beyond FYE 31 May 2009.
- # Actual
- @ Proposed
- & The increase in system maintenance cost payable to Synamatix is due to the estimated increase in the number of SynaBASE software licenses installed
- α Services provided and/or procured to us includes company secretarial services, tax advisory services, human resource services, network management services, treasury management services, corporate financial services, legal and intellectual property services and special project management services,
- β From 1 January 2010 onwards, services provided and/or procured to us includes company secretarial services, tax advisory services, human resource services, network management services, accounting services and legal and intellectual property services.
- ** MGRC changed its financial year end from 31 May to 30 June.

Our Directors are of the opinion that all business transactions set out above are on an arms' length basis and on terms not more favourable to the related parties than those generally available to third parties. Going forward, our Audit Committee will supervise the terms of related party transactions and such transactions will be reported annually in our annual report. Please refer to Section 10.3 of this Prospectus for details of mitigating factors.

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

The following related party transactions were entered into by our Company for the past three (3) financial years from FYE 31 May 2007 to FYE 31 May 2009 and the ten (10)-month FPE 31 March 2010:-

- (i) A Shared Services Agreement entered into between our Company and our ultimate holding company, Neuramatix on 5 February 2010 under which Neuramatix will provide to and/or procure for our Company, company secretarial services, tax advisory services, human resource services, network management services, accounting services, legal and intellectual property services and procurement services and will make available certain premises for the use of our Company's business.

The fee payable for the above services, which are also provided by Neuramatix to certain of its other subsidiaries ("**Neuramatix Management Services**" or "**NMS**") is based on the following considerations:-

- (a) Fee structure is derived from time and utility costs associated with the services.
- (b) Office space is provided at prevailing rental rates with margin to cover costs for maintenance and upkeep.
- (c) A transfer pricing model is adopted based on Neuramatix's overheads attributable to each subsidiary and/or to benefits derived.
- (d) Time allocated for an individual staff member's effort for a particular subsidiary is determined upfront based on the company's annual business plan which identifies or infers human resource requirements.
- (e) Weight represents the aggregate of all NMS staff effort derived by a company and is applied to the total cost of NMS staff. Salaries and expenses would determine that company's corresponding fee.
- (f) A company's space requirement is determined upfront for a given twelve (12) month period.
- (g) Rental is a shared cost item and is allocated in proportion to a company's weight.

Neuramatix is entitled to increase the fee payable if Neuramatix incurs increased costs as a result of any change of law or official directive or the interpretation thereof.

Nonetheless, we are committed to eventually having the outsourced functions fulfilled by individuals directly under the employment of MGRC. This transition will take place gradually over the coming years and will be driven by MGRC's business focus, its operational needs and the economic feasibility of having these services undertaken in-house.

- (ii) A Second Supplemental Software Licence Agreement dated 5 February 2010 between our Company and Synamatix to further amend the Software Licence Agreement dated 14 March 2005 between Synamatix as licensor and our Company a licensee as amended by a Supplemental Software Licence Agreement dated 1 March 2007 which provides (i) for the continuing exclusivity under the licence granted to our Company thereunder for so long as our Company pays the Annual Maintenance Fees thereunder charged at 12% of the value of SynaBASE units at the list prices (ii) for a right of first refusal to our Company with respect to software developed by Synamatix for commercial use after 5 February 2010 and (iii) a royalty free license to our Company to use all unregistered and registered trade marks of Synamatix in connection with the business of our Company. The maintenance fees payable to

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

Synamatix is at the higher of the Annual Maintenance Fee or royalty fee i.e. 5% of MGRC's annual revenue.

The License and Annual Maintenance Fees charged under the Software License Agreement is calculated at the aforementioned rate of 12% on a per CPU per gigabyte RAM basis, as compared to the conventional method of charging per site or per seat license. With this method of charge, MGRC would be free to expand RAM or CPU or both as it requires, with additional license fees then payable on such multiple of the conceptual 64 gigabyte RAM or 2 CPUs.

The Annual Maintenance Fee paid to Synamatix entitles MGRC to receive support for Licensed Programs in the form of updates and upgrades that Synamatix may release from time to time.

Support comes in the form of code and/or error fixes that may result from a Licensed Program:

- (i) Not performing in accordance with its featured list;
- (ii) Displaying irregular behaviour;
- (iii) Having integration difficulties with SynaBASE;
- (iv) Experiencing interoperability issues with other SynaSuite programs;
- (v) Showing impaired functionality or experiencing reduced performance.

MGRC is entitled to receive any updates and upgrades to the Licensed Programs for as long as it continues to pay Annual Maintenance Fees. Whether discovered by Synamatix or highlighted by MGRC, the appropriate code or error fix is subsequently incorporated into a Licensed Program and released as an update, recognised by the increment in the small figure 'x' of a version release, for example, version 2.2.

Upgrades to Licensed Programs represent a new version of a Licensed Program, and will comprise modifications to the functionality, performance, usability, etc. and include any code and error fixes made since the previous version was released. Upgrades are recognized as an increment in the big figure, for example, an upgrade from version 2.2 to version 3.0.

Any update or upgrade to a Licensed Program will be accompanied with the necessary program documentation detailing its use and at the request of MGRC, provision of training by Synamatix.

In the event of upgrades or new releases of Licensed Programs, Synamatix will inform MGRC. Upon MGRC's notification in writing of its wish to evaluate the new programs, the new programs will be delivered to MGRC and they have thirty (30) days to perform such required evaluation and to notify Synamatix if they accept the new programs. Where such new programs are accepted by MGRC, the provisions of the Software License Agreement (and all supplementals thereto) will apply to the new programs accordingly.

If MGRC chooses not to accept it, MGRC may continue using the previous version. The 'Current Release' of that Licensed Program will therefore not be updated with the latest version number and MGRC will be entitled to continue receiving support on the earlier version of the software. However, there is no reduction in the amount paid for ongoing annual maintenance fees.

Synamatix will continue to support an older version in circumstances where an older version remains as the Current Release of MGRC as previously explained. However, Synamatix reserves the right to de-support its programs or particular versions of its programs. MGRC will be notified in advance when Synamatix determines that an earlier version of a program is to be de-supported. Such de-support notices contain

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

de-support dates, information about availability of extended support and maintenance and information about migration paths for certain features.

The Software License Agreement permits use for the purposes of developing additional software or processes via the use of a licensed program, SynaAPI, which makes use of core calls and sub-routines designed to interface with SynaBASE.

10.2 RECURRENT RELATED PARTY TRANSACTION OF REVENUE OR TRADING IN NATURE

Our Company, in the ordinary course of business, may enter into transactions that are of revenue or trading in nature with related parties ("**Recurrent Transactions**"), which are necessary for our day-to-day operations. Our Directors confirm that such Recurrent Transactions will be carried out (if any) on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties and which will not be detrimental to our minority shareholders.

Under Rule 10 of the AMLR, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature or those necessary for its day to day operations such as supplies and materials, which may be carried out with the listed company's interested persons.

Transactions, which do not fall within the ambit of the shareholders' mandate, shall be subject to the relevant provisions of the AMLR.

We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of Recurrent Transactions made, names of the related parties involved and their relationship with our Company during the financial year and in the annual reports for the subsequent financial years.

Save as disclosed in item (d), (e) and (f) of the table set out in Section 10.1 above, there are no other recurrent related party transactions involving Recurrent Transactions involving our Company for the past three (3) financial years from FYE 31 May 2007 to FYE 31 May 2009 and the ten (10)-month FPE 31 March 2010.

In respect of item (a) of the table set out in Section 10.1 above, the services provided to Synamatix are on a project-by-project basis. Accordingly, we will seek shareholders' approval where required before such services are rendered to Synamatix.

10.3 MITIGATING FACTORS AND STEPS

10.3.1 Mitigating Factors

The appointment of independent non-executive directors on to our Board and disclosure in accordance with the requirements of Bursa Securities and good corporate governance will ensure that corporate transactions are conducted at an arms-length basis. Further in relation to matters arising from or to do with related party transactions, the substantial shareholders would be required to abstain from voting.

10.3.2 Monitoring of Related Party Transactions and Conflict of Interest Situations

Audit Committee Review

An audit committee of the Company has been constituted by our Board ("Audit Committee"). The Audit Committee reviews any related party transaction and conflict of interest that may arise (including any future related party transaction and conflict of

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

interest situation). The Audit Committee periodically reviews the procedures set by our Company to monitor related party transactions to ensure that these transactions are carried out on normal commercial terms not more favourable to the related party than those generally available to the third parties, at arm's length with our immediate and ultimate holding company and are not to the detriment of our Company's minority shareholders. All reviews by the Audit Committee are reported to our Board for its further action. Please refer to Section 8.3.1 of this Prospectus for details of the Audit Committee.

10.4 TRANSACTIONS WHICH ARE UNUSUAL IN THEIR NATURE OR CONDITIONS

There are no unusual transactions in their nature or conditions, involving goods, services, tangible or intangible assets, to which our Company was a party to in respect of the past three (3) financial years from FYE 31 May 2007 to FYE 31 May 2009, and the ten (10)-month FPE 31 March 2010 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

10.5 OUTSTANDING LOANS MADE TO OR FOR THE BENEFIT OF RELATED PARTIES

There are no outstanding loans (including guarantees of any kind) made by our Company to or for the benefit of related parties in respect of the past three (3) financial years from FYE 31 May 2007 to FYE 31 May 2009, the ten (10)-month FPE 31 March 2010 and the subsequent financial period thereof, immediately preceding the date of this Prospectus.

10.6 CONFLICT OF INTEREST

- (a) Save as disclosed below, none of our other Directors and/or substantial shareholders have any interest, direct or indirect, in any other businesses and corporations carrying on a similar trade as that of our Company:-
- (i) Our Directors, Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid, have interests in Synamatix. As set out in Section 8.1.2(i) of this Prospectus, Synamatix carries out research and development related to bioinformatics software and does not have any other subsidiaries other than MGRC. Synamatix is involved in a similar industry as us i.e. the bioinformatics technology industry. However, we are not carrying on a similar trade as them as we are principally a bioinformatics services company, whilst Synamatix is principally a software development company focused on bioinformatics.

Arising from the above, we currently have related party transactions with Synamatix as disclosed in Section 10.6(b)(iii) and (iv) of this Prospectus below.

As mentioned in Section 4.1 of this Prospectus, Synamatix formed MGRC in 2004 with the primary intention of providing genetic computational services to individual researchers and scientists in the wider life sciences community. Synamatix has since been our customer and outsources its bioinformatics projects to us as reiterated under Section 4.20.1 of this Prospectus. With MGRC exclusively positioned to capture the bioinformatics services market, Synamatix has built on its strength in R&D, leveraging on the knowledge and the understanding it retained when developing its tools and applying this to other IP-centric opportunities. This is not unlike similar technology companies within this space that have evolved to manage large IP portfolios. An observable trend can point to technology companies that have diverged into one or more listed entities, with clear service-oriented entity distinct for one

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

undertaking early-stage drug discovery. As these opportunities materialise, Synamatix intends to pursue new avenues in drug discovery and synthetic fuel and MGRC will be in a position to provide bioinformatics services.

Since 2004, Synamatix and MGRC have complemented each other strategically, and each company has since evolved to become distinguishable by their core competencies. MGRC has since incorporation, developed skills and expertise in the provision of bioinformatics services. These capabilities are represented in the processes developed within MGRC and extends the interoperability of tools or combination of tools for its proprietary pipelines, These pipelines have and continue to be applied to projects undertaken by MGRC,

Historically, we had leveraged on the more established brand name of Synamatix to carry out our marketing efforts. Currently, we undertake sales and marketing efforts under our own MGRC brand name and are conducting direct pitches to potential customers. As evidenced recently, we are being awarded contracts directly as opposed to via Synamatix. At present, our entire pipeline of projects for the foreseeable future is being undertaken directly by MGRC.

In the execution of our Contracts Genomics Services, we rely on efficient and able software applications that meet our needs. Synamatix is principally a software development company focused on bioinformatics. Through their specific focus, they have developed a reliable suite of bioinformatics applications to which we have exclusive commercial license via the Software License Agreement. We have substantially utilised Synamatix's suite of bioinformatics applications in the execution of our Contract Genomics Services as currently, as far as we are aware, Synamatix's software modules offer us the most functional, accurate and fastest software.

There are few organizations that possess sufficient knowledge in both biology and information technology to develop the required software. Furthermore, most bioinformatics software needs to be customised and/or enhanced depending on the complexity of the genome to be analysed, which makes this requirement even more challenging. While some open source software are available, they are generally unsuitable for mission-critical applications (*Source: IMR from Frost & Sullivan*).

Per the Software License Agreement, it is relevant to note that the commercial license to MGRC granted by Synamatix will only be exclusive as long as MGRC pays the annual maintenance fees. MGRC also has first right of refusal for any new software application developed by Synamatix, which Synamatix wishes to sell, assign, lease or grant a license for commercial use or otherwise dispose of for commercial use.

Accordingly, from the acts of Synamatix:-

- in granting rights to Synamatix software at the point of setting up MGRC in 2004;
- in further extending this for the duration of the service agreement with BiotechCorp; and
- more recently, extending in MGRC's favour, provisions that provide for an indefinite period of exclusivity with first rights on future commercial tools developed by Synamatix,

MGRC is clearly positioned as the entity to deliver bioinformatics services which are separate and distinct from Synamatix's business, the direction of which has already been established.

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

In addition, Synamatix has as a further concession voluntarily provided its undertaking that it will not compete with the current and future business activities of MGRC as set out in this Prospectus. It should be noted that the undertaking is a promise which is given without consideration and in restraint of trade which is not enforceable in law.

Synamatix had on 27 January 2009 entered into a partnership agreement with Premas Biotech Pvt Ltd ("Premas") to allow them to explore mutually beneficial commercial opportunities exclusively in India, Sri Lanka and Bangladesh, where any bioinformatics services required shall be provided by MGRC.

The partnership agreement is essentially a referral arrangement on a best efforts basis, where specific terms in relation to each project shall be agreed on separately on a case-by-case basis. In this connection, quotations, invoices and related commercial documentation shall be issued by MGRC and all relevant payments shall be made to MGRC. Synamatix do not benefit in any way from this partnership agreement.

It must be noted that MGRC was not a contractual party to the partnership agreement and the terms set out in the partnership agreement essentially allows MGRC to have the final say on whether it wants to undertake the project or not. As such, no conflict of interest is envisaged to arise from the partnership agreement.

- (ii) For clarification purposes, our Directors, Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid, also have interests in Neuramatix. As set out in Section 8.1.2(ii) of this Prospectus, Neuramatix is principally engaged in research for developing intelligent systems whilst its subsidiaries other than Synamatix, i.e. Linguamatix is engaged in the development, sale and support of high-throughput machine translation systems currently deployed by Citcat Sdn Bhd in providing translation, search, retrieval and sharing of information in various languages through the Internet using fixed and mobile platforms.

Neuramatix has been researching, developing and commercialising neuronal technologies powered by a proprietary neural engine called NeuraBASE™. This engine is versatile and can be used in the development of new technologies in a variety of domains such as high-throughput language translation (i.e. Linguamatix), bioinformatics (i.e. Synamatix), robotic movement, robotic speech, network security and semantic analysis among others.

On the other hand, MGRC is principally a bioinformatics services company. Accordingly, Neuramatix is not involved in an industry or trade that is similar to us.

- (b) Save as disclosed below, none of our other Directors and/or substantial shareholders have any interest, direct or indirect, in any other businesses and corporations which are customers or suppliers of our Company. Please refer to Section 10.3 of this Prospectus for details on addressing such conflict of interests.
- (i) Our Directors, Robert George Hercus @ Abdul Karim Hercus and Munirah binti Haji Abdul Hamid, have interest and hold positions in Neuramatix and Synamatix.
- (ii) Neuramatix, our ultimate holding company, is our supplier by virtue of the Shared Services Agreement for the provision and/or procurement of

10 RELATED PARTY TRANSACTIONS AND CONFLICT OF INTERESTS (Cont'd)

company secretarial services, network management services, accounting services, legal and intellectual property services and procurement services. This will be an on-going arrangement moving forward as it is an intricate arrangement to not over burden us with the full overhead cost. We shall ensure that the necessary requisite approvals be sought annually, where required.

- (iii) Synamatix, our holding company, has historically been our customer as they have outsourced certain projects to us. Going forward, we do not expect this arrangement to recur as Synamatix is referring clients to us directly and we are also engaging directly with client. Notwithstanding, should such arrangement be required, we will ensure that we obtain the necessary requisite approvals beforehand.
- (iv) Synamatix, our holding company, is also our supplier by virtue of the Software License Agreement, wherein we have an exclusive commercial license so long as we continue to pay Annual Maintenance Fees thereunder to use certain computer software specified therein and all registered and unregistered trade marks of Synamatix as well as a first right of first refusal to use the computer programs hereafter developed by Synamatix for future commercialisation. This is an on-going arrangement moving forward and we shall ensure that the necessary requisite approvals be sought annually, where required.

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11 DIRECTORS' REPORT
(Prepared for the inclusion in this Prospectus)



26 AUG 2010

The Shareholders of
Malaysian Genomics Resource Centre Berhad
27-9 Level 9,
Signature Office
Bandar Mid Valley
59200 Kuala Lumpur

Dear Sir/ Madam,

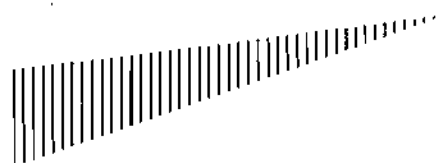
On behalf of the Board of Directors of Malaysian Genomics Resource Centre Berhad ("MGRC"), I report after due enquiry that between 31 March 2010 (being the date of the last audited financial statements of MGRC were made) to **26 AUG 2010** (being a date not earlier than fourteen (14) days before the issuance of this Prospectus):-

- (a) the business of our Company have, in the opinion of our Directors, been satisfactorily maintained;
- (b) in the opinion of our Directors, no circumstances have arisen subsequent to the last audited financial statements of our Company which have adversely affected the trading or the value of the assets of our Company;
- (c) the current assets of our Company appear in the books at values, which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees or indemnities given by our Company;
- (e) since 31 March 2010, being the last audited financial statements of our Company, we are not aware of any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of our Company; and
- (f) since 31 March 2010, being the last audited financial statements of our Company, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Company.

Yours faithfully
For and on behalf of the Board of Directors
Malaysian Genomics Resource Centre Berhad

Robert George Hercus @ Abdul Karim Hercus
Managing Director

12 ACCOUNTANTS' REPORT
(Prepared for the inclusion in this Prospectus)



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MALAYSIAN GENOMICS RESOURCE CENTRE BERHAD
ACCOUNTANTS' REPORT
(Prepared for inclusion in the Prospectus to be dated 8 September 2010)

The Board of Directors
Malaysian Genomics Resource Centre Berhad
31-10, Level 10, Signature Office
Bandar Mid Valley
59200 Kuala Lumpur

25 August 2010

Dear Sirs

MALAYSIAN GENOMICS RESOURCE CENTRE BERHAD
ACCOUNTANTS' REPORT

1.0 INTRODUCTION

This report has been prepared by Ernst & Young, an approved company auditor, for inclusion in the Prospectus to be dated 8 September 2010, in connection with the listing of Malaysian Genomics Resource Centre Berhad ("MGRC" or the "Company") on the ACE Market of Bursa Malaysia Securities Berhad.

2.0 GENERAL INFORMATION

2.1 THE COMPANY

The Company was incorporated in Malaysia on 18 May 2004 as a private limited liability company under the name of Malaysian Genomics Research Centre Sdn Bhd. On 3 August 2004, the Company changed its name to Malaysian Genomics Resource Centre Sdn Bhd. Subsequently, on 25 January 2010, the Company converted to a public limited liability company and assumed its present name.

The principal activities of the Company are that of providing genomics research and consultancy services and acting as a service provider of software applications accessible over the internet and wide area networks.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



2.0 GENERAL INFORMATION (CONTD.)

2.1 THE COMPANY (CONTD.)

Details of changes in the authorised and issued and paid-up share capital of MGRC since the date of its incorporation are as follows:

(i) Authorised share capital

Date of creation	Number of ordinary shares	Nominal amount of each share	Authorised share capital
		RM	RM
18 May 2004	10,000,000	1.00	10,000,000
<u>After sub-division of shares</u>			
13 January 2010	100,000,000	0.10	10,000,000

(ii) Issued and fully-paid up share capital

Date of allotment	Number of ordinary shares	Nominal amount of each share	Consideration	Total issued and fully paid-up share capital
		RM		RM
18 May 2004	2	1.00	Cash	2
21 October 2004	99,998	1.00	Cash	100,000
7 January 2005	480,000	1.00	Cash	580,000
8 January 2005	520,000	1.00	Cash	1,100,000
26 April 2005	257,819	1.00	Cash	1,357,819
10 May 2006	85,940	1.00	Cash	1,443,759
20 October 2008	481,253	1.00	Non-cash	1,925,012
13 January 2010	5,775,036	1.00	Non-cash	7,700,048
<u>After sub-division of shares</u>				
13 January 2010	77,000,480	0.10	Sub-division of shares	7,700,048

12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)



2.2 LISTING SCHEME

The transactions in conjunction with and as an integral part of the listing and quotation of the entire issued and paid-up share capital of MGRC on the ACE Market of Bursa Malaysia Securities Berhad are as follows:

(i) **Public Issue**

Public issue of 17,100,000 new ordinary shares of RM0.10 each in MGRC at an issue price of RM1.08 per new ordinary share for total cash proceeds of RM18,468,000 ("Public Issue").

(ii) **Offer for Sale**

Offer for sale of 2,000,000 ordinary shares of RM0.10 each in MGRC at an offer price of RM1.08 per ordinary share by way of private placement to selected investors ("Offer for Sale").

Thereafter, the entire enlarged issued and paid-up share capital of MGRC shall be listed on the ACE Market of Bursa Malaysia Securities Berhad.

3.0 DIVIDENDS

In respect of the financial period ended 31 March 2010, an interim tax exempt dividend, on 1,925,012 ordinary shares totalling RM10,000,000 (approximately RM5.19477 per ordinary share) has been declared on 19 November 2009 and paid on 30 November 2009.

4.0 AUDITORS AND FINANCIAL STATEMENTS

The auditors of MGRC for the relevant financial years/period are as follows:

Financial year/period ended	Date of authorisation for issue of financial statements	Auditors
31 May 2007	15 August 2007	S Y Kwong, Foong & Co.
31 May 2008	12 August 2008	S Y Kwong, Foong & Co.
31 May 2009	4 August 2009	S Y Kwong, Foong & Co.
31 March 2010	29 June 2010	Ernst & Young

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

The auditors' reports of MGRC for the financial years ended 31 May 2007, 2008 and 2009 were not subject to any qualifications or modifications.

Prior to the inclusion of the financial information for the financial years ended 31 May 2007, 2008 and 2009 in this report, we conducted work in accordance with Malaysian Approved Standards on Auditing ISA 600 - Using the Work of Another Auditor, ISA 510 - Initial Engagements: Opening Balances and ISA 710 - Comparatives, as follows:

- Considered the professional competence of the other auditor
- Performed procedures to obtain sufficient appropriate audit evidence, that the work of the other auditor is adequate
- Considered significant findings of the other auditor
- Obtained sufficient appropriate audit evidence that balances have been correctly brought forward or, when appropriate, have been restated
- Performed such additional procedures as are appropriate in the circumstances.

The auditors' report of MGRC for the financial period ended 31 March 2010 was not subject to any qualification. The auditors' report for the financial period ended 31 March 2010 contained an emphasis of matter note as follows:

Without qualifying our opinion, we draw attention to the following:

- (a) The financial statements for the year ended 31 May 2009 were audited by firm of auditors other than Ernst & Young; and
- (b) The comparative figures for the income statement, cash flow statement, statement of changes in equity and their related notes to financial statements are unaudited.

The financial statements of MGRC for the financial years ended 31 May 2007 and 2008 had been prepared in compliance with applicable Private Entity Reporting Standards ("PERS") in Malaysia. The financial statements of MGRC for the financial year ended 31 May 2009 and financial period ended 31 March 2010 had been prepared in compliance with applicable Financial Reporting Standards ("FRS") in Malaysia. As disclosed below, the transition from PERS to FRS did not materially affect the Company's reported financial position, financial performance and cash flows as at the date of transition.

No audited financial statements have been prepared in respect of any period subsequent to 31 March 2010.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

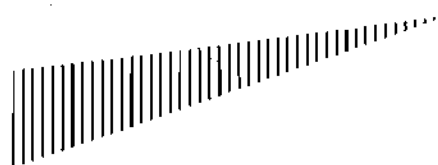
Summary of changes to the previously issued audited financial statements

(a) Transition to FRS

During the financial year ended 31 May 2009, the Company adopted FRS for the first time. The financial statements for the financial year ended 31 May 2009, being the first set of financial statements prepared under FRS did not contain a statement explaining the effects of the transition from PERS to FRS on the Company's financial position, financial performance and cash flows. The absence of such explanatory statement is a departure from the disclosure requirements of FRS 1 First-time Adoption of Financial Reporting Standards.

In order to comply with the aforementioned disclosure requirements of FRS 1, a statement is included in this report disclosing that the transition from PERS to FRS did not materially affect the Company's reported financial position, financial performance and cash flows as at the date of transition.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



ERNST & YOUNG

4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

Summary of changes to the previously issued audited financial statements (contd.)

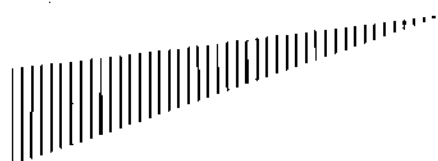
(b) Change in analysis of expenses

During the financial period ended 31 March 2010, the Company changed the analysis of expenses presented in the income statement. Expenses are now analysed using a classification based on the nature of expenses instead of their function within the entity as was previously used in order to provide information that is reliable and more relevant for the nature and industry of the Company.

The income statements for the financial years ended 31 May 2007, 2008 and 2009 have been restated to conform with the abovementioned change in presentation. The details of the restatements are as follows:

	As previously stated RM	Change in presentation RM	After change in presentation RM
Income statement for the year ended			
31 May 2007			
Direct costs	(1,068,460)	1,068,460	-
Administration expenses	(1,213,667)	1,213,667	-
Marketing, selling and distribution expenses	(129,871)	129,871	-
Employee benefits expense	-	(360,997)	(360,997)
Depreciation and amortisation	-	(362,886)	(362,886)
Technical fees	-	(175,000)	(175,000)
License fees	-	(187,320)	(187,320)
Exclusive license fees	-	(250,000)	(250,000)
System maintenance cost	-	(432,000)	(432,000)
Management fees	-	(361,532)	(361,532)
Other expenses	-	(282,263)	(282,263)
Income statement for the year ended			
31 May 2008			
Direct costs	(2,051,216)	2,051,216	-
Administration expenses	(2,068,176)	2,068,176	-
Marketing, selling and distribution expenses	(253,607)	253,607	-
Employee benefits expense	-	(709,049)	(709,049)
Depreciation and amortisation	-	(499,176)	(499,176)
Technical fees	-	(670,000)	(670,000)
Exclusive license fees	-	(250,000)	(250,000)
System maintenance cost	-	(432,000)	(432,000)
Management fees	-	(500,103)	(500,103)
Other expenses	-	(1,312,671)	(1,312,671)
Income statement for the year ended			
31 May 2009			
Direct costs	(2,062,068)	2,062,068	-
Administration expenses	(2,941,781)	2,941,781	-
Marketing, selling and distribution expenses	(186,841)	186,841	-
Employee benefits expense	-	(1,144,552)	(1,144,552)
Depreciation and amortisation	-	(712,561)	(712,561)
Technical fees	-	(850,000)	(850,000)
Exclusive license fees	-	(250,000)	(250,000)
System maintenance cost	-	(652,500)	(652,500)
Management fees	-	(628,468)	(628,468)
Other expenses	-	(952,609)	(952,609)

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

Summary of changes to the previously issued audited financial statements (contd.)

(c) Restatements

In the preparation of this report in accordance with the requirements of Chapter 13 of the Prospectus Guidelines - Equity and Debt, issued by the Securities Commission in Malaysia, certain restatements were effected to rectify misstatements of revenue and expenses in the income statements and their related amounts in the balance sheets of prior years to comply with Financial Reporting Standards in Malaysia. The effects of the restatements on financial statements of prior years are as below.

31 May 2007

		As previously stated/ After change in presentation RM	Restatements RM	Restated RM
Income statement for the year ended 31 May 2007				
Revenue	1(a)	3,346,059	(1,333,333)	2,012,726
Exclusive license fees	1(b)	(250,000)	145,833	(104,167)
System maintenance cost	1(c)	(432,000)	288,000	(144,000)
Balance sheet as at 31 May 2007				
Trade and other receivables	1(d)	29,778	1,433,833	1,463,611
Due from immediate holding company	1(e)	1,004,127	(1,000,000)	4,127
Other payables	1(f)	(4,677,989)	(1,333,333)	(6,011,322)
Closing accumulated losses	1(g)	554,336	899,500	1,453,836

The details for the various restatements are provided below:

1(a) Revenue

In the course of a re-assessment of revenue recognition in connection with a five-year contract with a third party with regard to the timing of revenue recognition, it was determined that total contract revenue should be recognised rateably over the tenure of the contract. Arising from the re-assessment, the adjustment effected to rectify the over recognition of revenue reduced the revenue as previously stated for the year ended 31 May 2007 by RM1,333,333 and deferred the recognition of this amount to future periods.

1(b) Exclusive license fees

Adjustment for overstatement of exclusive license fees of RM145,833 to re-allocate fees between accounting periods using the time apportionment basis.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

Summary of changes to the previously issued audited financial statements (contd.)

(c) Restatements (contd.)

31 May 2007 (contd.)

1(c) System maintenance cost

Adjustment for overstatement of system maintenance cost of RM288,000 to re-allocate cost between accounting periods using the time apportionment basis.

1(d) Trade and other receivables

Effects arising from items disclosed in 1(b) and 1(c) above and 1(e) below.

1(e) Due from immediate holding company

Reclassification of prepaid exclusive license fees of RM1,000,000 to prepayment (previously classified as amount due from immediate holding company).

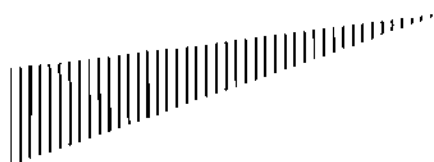
1(f) Other payables

Effect arising from item disclosed in 1(a) above.

1(g) Closing accumulated losses

Effects arising from items disclosed in 1(a), 1(b) and 1(c) above.

12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)


ERNST & YOUNG
4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)
Summary of changes to the previously issued audited financial statements (contd.)
(c) Restatements (contd.)
31 May 2008

		As previously stated/ After change in presentation RM	Restatements RM	Restated RM
Income statement for the year ended 31 May 2008				
Revenue	2(a)	7,722,211	(1,533,333)	6,188,878
Balance sheet as at 31 May 2008				
Trade and other receivables	2(b)	31,459	1,183,833	1,215,292
Due from immediate holding company	2(c)	750,000	(750,000)	-
Other payables	2(d)	(2,361,813)	(2,866,666)	(5,228,479)
Opening accumulated losses	2(e)	554,336	899,500	1,453,836
Closing retained earnings	2(f)	(2,763,828)	2,432,833	(330,995)

The details for the various restatements are provided below:

2(a) Revenue

Arising from the re-assessment of revenue recognition in connection with a five-year contract with a third party, the adjustment effected to rectify the over recognition of revenue reduced the revenue as previously stated for the year ended 31 May 2008 by RM1,533,333 and deferred the recognition of this amount to future periods.

2(b) Trade and other receivables

Effects arising from items disclosed in 1(b) and 1(c) above and 2(c) below.

2(c) Due from immediate holding company

Reclassification of prepaid exclusive license fees of RM750,000 to prepayment (previously classified as amount due from immediate holding company).

2(d) Other payables

Effects arising from items disclosed in 1(a) and 2(a) above.

2(e) Opening accumulated losses

Effect arising from item disclosed in 1(g) above.

2(f) Closing retained earnings

Effects arising from items disclosed in 2(a) and 2(e) above.

12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)


4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)
Summary of changes to the previously issued audited financial statements (contd.)
(c) Restatements (contd.)
31 May 2009

		As previously stated/ After change in presentation RM	Restatements RM	Restated RM
Income statement for the year ended 31 May 2009				
Revenue	3(a)	18,922,576	(1,866,582)	17,055,994
System maintenance cost	3(b)	(652,500)	88,200	(564,300)
Balance sheet as at 31 May 2009				
Trade and other receivables	3(c)	27,339	1,022,033	1,049,372
Due from immediate holding company	3(d)	2,848,060	6,151,750	8,999,810
Other payables	3(e)	(2,384,480)	(4,733,248)	(7,117,728)
Due to immediate holding company	3(f)	-	(6,651,750)	(6,651,750)
Opening retained earnings	3(g)	(2,763,828)	2,432,833	(330,995)
Closing retained earnings	3(h)	(16,546,149)	4,211,215	(12,334,934)

The details for the various restatements are provided below:

3(a) Revenue

- (i) Arising from the re-assessment of revenue recognition in connection with a five-year contract with a third party and the flow-through effects of 1(a) and 2(a) above, the adjustment effected to rectify the under recognition of revenue increased the revenue as previously stated for the year ended 31 May 2009 by RM800,000.
- (ii) In the course of a re-assessment of revenue recognition in connection with a contract with the immediate holding company with regard to the timing of revenue recognition, it was determined that revenue recorded on the mobilisation component of the contract was properly recognised and that revenue from the analysis component of the contract should be recognised rateably over the tenure of this component. Arising from the re-assessment, the adjustment to rectify the over recognition of revenue reduced the revenue as previously stated for the year ended 31 May 2009 by RM2,666,582 and deferred the recognition of this amount to the period ended 31 March 2010.

3(b) System maintenance cost

Adjustment for overstatement of system maintenance cost of RM88,200 to re-allocate cost between accounting periods using the time apportionment basis.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



4.0 AUDITORS AND FINANCIAL STATEMENTS (CONTD.)

Summary of changes to the previously issued audited financial statements (contd.)

(c) Restatements (contd.)

31 May 2009 (contd.)

3(c) Trade and other receivables

Effects arising from items disclosed in 1(b), 1(c) and 3(b) above and 3(d)(i) below.

3(d) Due from immediate holding company

(i) Reclassification of prepaid exclusive license fees of RM500,000 to prepayment (previously classified as amount due from immediate holding company).

(ii) Reclassification of amount due to immediate holding company of RM6,651,750 to amount due to immediate holding company.

3(e) Other payables

Effects arising from items disclosed in 1(a), 2(a) and 3(a) above.

3(f) Due to immediate holding company

Effect arising from item 3(d)(ii) above.

3(g) Opening retained earnings

Effect arising from item disclosed in 2(f) above.

3(h) Closing retained earnings

Effects arising from items disclosed in 3(a), 3(b) and 3(g) above.

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5.0 INCOME STATEMENTS

The income statements of MGRC for the relevant periods are set out below.

	Note	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
		2007 RM	2008 RM	2009 RM	31.3.2009 RM	31.3.2010 RM
Revenue	9.2	2,012,726	6,188,878	17,055,994	11,922,704	14,300,176
Interest income		-	-	73,005	37,808	170,209
Employee benefits expense		(360,997)	(709,049)	(1,144,552)	(889,310)	(1,618,192)
Depreciation and amortisation		(362,886)	(499,176)	(712,561)	(325,832)	(690,039)
Technical fees		(175,000)	(670,000)	(850,000)	(850,000)	-
License fees		(187,320)	-	-	-	-
Exclusive license fees		(104,167)	(250,000)	(250,000)	(208,333)	(208,333)
System maintenance cost		(144,000)	(432,000)	(564,300)	(470,250)	(1,003,125)
Management fees		(361,532)	(500,103)	(628,468)	(478,468)	(811,855)
Other expenses		(282,263)	(1,312,671)	(952,609)	(808,381)	(824,480)
Profit from operations		34,561	1,815,879	12,026,509	7,929,938	9,314,361
Finance costs		(29,054)	(31,048)	(4,319)	(3,930)	(1,244)
Profit before tax	9.3	5,507	1,784,831	12,022,190	7,926,008	9,313,117
Income tax expense	9.5	-	-	(18,251)	(9,452)	(32,778)
Profit for the year/period		5,507	1,784,831	12,003,939	7,916,556	9,280,339
Weighted average number of ordinary shares in issue during the year/period		77,000,480	77,000,480	77,000,480	77,000,480	77,000,480
Earnings per share attributable to equity holders of the Company (sen)	9.6	0.01	2.32	15.59	10.28	12.05

12 ACCOUNTANTS' REPORT (Cont'd)
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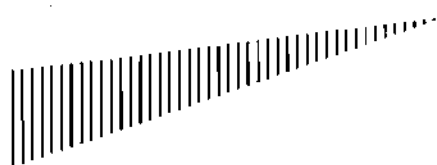


6.0 BALANCE SHEETS

The balance sheets of MGRC as at the end of the relevant periods are set out below.

	<u>Note</u>	<u>2007</u> RM	Restated As at 31 May <u>2008</u> RM	<u>2009</u> RM	Audited As at <u>31.3.2010</u> RM
Assets					
Non-current assets					
Plant and equipment	9.7	542,431	651,229	482,952	764,881
Intangible asset	9.8	-	-	6,109,687	5,600,547
		<u>542,431</u>	<u>651,229</u>	<u>6,592,639</u>	<u>6,365,428</u>
Current assets					
Trade and other receivables	9.9	1,463,611	1,215,292	1,049,372	1,969,836
Due from immediate holding company	9.11	4,127	-	8,999,810	-
Due from ultimate holding company	9.11	-	-	-	51,236
Cash and bank balances	9.12	5,913,564	6,901,125	12,618,554	12,319,615
		<u>7,381,302</u>	<u>8,116,417</u>	<u>22,667,736</u>	<u>14,340,687</u>
Total assets		<u>7,923,733</u>	<u>8,767,646</u>	<u>29,260,375</u>	<u>20,706,115</u>
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	9.13	1,443,759	1,443,759	1,925,012	7,700,048
Share premium	9.14	1,656,241	1,656,241	1,174,988	1,174,988
(Accumulated losses)/retained earnings	9.15	(1,453,836)	330,995	12,334,934	5,840,237
Total equity		<u>1,646,164</u>	<u>3,430,995</u>	<u>15,434,934</u>	<u>14,715,273</u>
Non-current liability					
Hire purchase payable	9.16	-	37,713	2,947	-
Current liabilities					
Other payables	9.18	6,011,322	5,228,479	7,117,728	5,366,221
Hire purchase payable	9.16	-	31,731	34,765	8,854
Lease creditor	9.17	215,582	-	-	-
Tax payable		-	-	18,251	-
Due to immediate holding company	9.19	-	-	6,651,750	253,912
Due to ultimate holding company	9.19	50,665	38,728	-	361,855
		<u>6,277,569</u>	<u>5,298,938</u>	<u>13,822,494</u>	<u>5,990,842</u>
Total liabilities		<u>6,277,569</u>	<u>5,336,651</u>	<u>13,825,441</u>	<u>5,990,842</u>
Total equity and liabilities		<u>7,923,733</u>	<u>8,767,646</u>	<u>29,260,375</u>	<u>20,706,115</u>

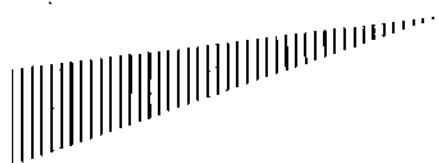
12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)


7.0 STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity of MGRC is set out below.

	Non- distributable Share capital RM	Non- distributable Share premium RM	Distributable (Accumulated losses)/retained earnings RM	Total RM
At 1 June 2006 (restated)	1,443,759	1,656,241	(1,459,343)	1,640,657
Profit for the year (restated)	-	-	5,507	5,507
At 31 May 2007 (restated)	1,443,759	1,656,241	(1,453,836)	1,646,164
Profit for the year (restated)	-	-	1,784,831	1,784,831
At 31 May 2008 (restated)	1,443,759	1,656,241	330,995	3,430,995
Issue of ordinary shares:				
Bonus issue	481,253	(481,253)	-	-
Profit for the year (restated)	-	-	12,003,939	12,003,939
At 31 May 2009 (restated)	1,925,012	1,174,988	12,334,934	15,434,934
Issue of ordinary shares:				
Bonus issue	5,775,036	-	(5,775,036)	-
Profit for the period	-	-	9,280,339	9,280,339
Dividends	-	-	(10,000,000)	(10,000,000)
At 31 March 2010	7,700,048	1,174,988	5,840,237	14,715,273

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



8.0 CASH FLOW STATEMENTS

The cash flow statements of MGRC for the relevant periods are set out below.

	Note	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
		2007 RM	2008 RM	2009 RM	31.3.2009 RM	31.3.2010 RM
Cash flows from operating activities						
Profit before tax		5,507	1,784,831	12,022,190	7,926,008	9,313,117
Adjustments for:						
Amortisation of intangible asset	9.3	-	-	321,563	-	509,140
Depreciation of plant and equipment	9.3	362,886	499,176	390,998	325,832	180,899
Interest expense		28,716	30,708	4,052	3,727	962
Operating profit before working capital changes		397,109	2,314,715	12,738,803	8,255,567	10,004,118
(Increase)/decrease in receivables		(1,095,343)	248,319	165,920	(3,284,823)	(920,464)
Increase/(decrease) in payables		6,005,671	(782,843)	1,889,249	54,730	(1,751,507)
Changes in related company balances		23,235	(7,810)	(2,386,788)	(38,728)	2,912,591
Cash generated from operations		5,330,672	1,772,381	12,407,184	4,986,746	10,244,738
Interest paid		(28,716)	(30,708)	(2,595)	(3,727)	(962)
Taxes paid		-	-	-	-	(51,029)
Net cash generated from operating activities		5,301,956	1,741,673	12,404,589	4,983,019	10,192,747
Cash flows from investing activities						
Purchase of computer software licences		-	-	(6,431,250)	-	-
Purchase of plant and equipment	(a)	(55,960)	(507,974)	(222,721)	(59,747)	(462,828)
Net cash used in investing activities		(55,960)	(507,974)	(6,653,971)	(59,747)	(462,828)

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



8.0 CASH FLOW STATEMENTS (CONTD.)

	Note	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
		2007 RM	2008 RM	2009 RM	31.3.2009 RM	31.3.2010 RM
Cash flows from financing activities						
Repayment of hire purchase		-	(30,556)	(33,189)	(26,093)	(28,858)
Repayment of lease creditor		(215,582)	(215,582)	-	-	-
Dividends paid		-	-	-	-	(10,000,000)
Net cash used in financing activities		(215,582)	(246,138)	(33,189)	(26,093)	(10,028,858)
Net increase/ (decrease) in cash and cash equivalents		5,030,414	987,561	5,717,429	4,897,179	(298,939)
Cash and cash equivalents at beginning of the year/period		883,150	5,913,564	6,901,125	6,901,125	12,618,554
Cash and cash equivalents at end of the year/period	9.12	5,913,564	6,901,125	12,618,554	11,798,304	12,319,615
(a) Purchase of plant and equipment was by way of:						
Cash		55,960	507,974	222,721	59,747	462,828
Hire purchase		-	100,000	-	-	-
		55,960	607,974	222,721	59,747	462,828

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS

9.1 Significant accounting policies

9.1.1 Basis of preparation

The financial statements of MGRC for the financial years ended 31 May 2007 and 2008 had been prepared in compliance with applicable PERS in Malaysia. The financial statements for the financial year ended 31 May 2009 and financial period ended 31 March 2010 had been prepared in compliance with applicable FRS in Malaysia. The transition from PERS to FRS did not materially affect the Company's reported financial position, financial performance and cash flows as at the date of transition.

The financial statements of the Company have been prepared on a historical cost basis.

The financial statements are presented in Ringgit Malaysia (RM).

9.1.2 Summary of significant accounting policies

(a) Intangible asset

Computer software license acquired is measured on initial recognition at cost. Following initial recognition, computer software license is carried at cost less any accumulated amortisation and any accumulated impairment losses. Computer software license is amortised over a period of 10 years on a straight line method.

Intangible asset is assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date.

(b) Plant and equipment, and depreciation

All items of plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)

**9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****9.1 Significant accounting policies (contd.)****9.1.2 Summary of significant accounting policies (contd.)****(b) Plant and equipment, and depreciation (contd.)**

Depreciation of plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Computer hardware and software	50%
Development servers	25%
Laboratory equipment	10%
Furniture, fittings and office equipment	10%
Renovations and air-conditioners	10%
Books and logo	10%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(c) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.2 Summary of significant accounting policies (contd.)

(c) Income tax (contd.)

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(d) Leases

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risk and rewards are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable plant and equipment as described in Note 9.1.2(b).

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the Inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.2 Summary of significant accounting policies (contd.)

(d) Leases (contd.)

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on straight-line basis over the term of the relevant lease.

(e) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(f) Employees benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years.

As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.2 Summary of significant accounting policies (contd.)

(g) Revenue recognition

Revenue is recognised to the extent when it is probable that the economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Services rendered

Revenue from services rendered is recognised in the income statement upon the performance of services. Where the outcome of the transactions cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(h) Foreign currencies

(i) Functional and presentation currency

The financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currency using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.2 Summary of significant accounting policies (contd.)

(i) Impairment of non-financial assets

The carrying amounts of the assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss in the period in which it arises. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(j) Financial instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.2 Summary of significant accounting policies (contd.)

(j) Financial instruments (contd.)

(i) Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents include cash on hand and at bank, net of outstanding bank overdrafts.

(ii) Trade and other receivables

Trade and other receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Trade and other payables

Trade and other payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(v) Derivative financial instruments

Derivative financial instruments are not recognised in the financial statements.

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.3 Standards and interpretations issued but not yet effective

At the date of this report, the following new FRSs, Amendments to FRSs and Interpretations were issued but not yet effective and have not been applied by the Company:

Effective for financial periods beginning on or after 1 July 2009

FRS 8: Operating Segments

Effective for financial periods beginning on or after 1 January 2010

FRS 4: Insurance Contracts

FRS 7: Financial Instruments: Disclosures

FRS 101: Presentation of Financial Statements (revised)

FRS 123: Borrowing Costs (revised)

FRS 139: Financial Instruments: Recognition and Measurement

Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and

FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations

Amendments to FRS 132: Financial Instruments: Presentation

Amendments to FRS 139: Financial Instruments: Recognition and Measurement,

FRS 7 Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Amendments to FRSs "Improvements to FRSs (2009)"

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions

IC Interpretation 13: Customer Loyalty Programmes

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

Effective for financial periods beginning on or after 1 March 2010

Amendments to FRS 132: Classification of Rights Issues

Effective for financial periods beginning on or after 1 July 2010

FRS 1: First-time Adoption of Financial Reporting Standards

FRS 3: Business Combinations (revised)

FRS 127: Consolidated and Separate Financial Statements (amended)

Amendments to FRS 2: Share-based Payment

Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations

Amendments to FRS138: Intangible Assets

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 12: Service Concession Arrangements

IC Interpretation 15: Agreements for the Construction of Real Estate

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17: Distributions of Non-cash Assets to Owners

12 ACCOUNTANTS' REPORT (Cont'd)
(Prepared for the inclusion in this Prospectus)



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.3 Standards and interpretations issued but not yet effective (contd.)

Effective for financial periods beginning on or after 1 January 2011
Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7: Improving Disclosures about Financial Instruments

The new FRSS, Amendments to FRSS and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 101 (revised).

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements.

9.1.4 Changes in estimates

The Company has reviewed the estimated useful life of its intangible asset and is of the opinion that a life span of 10 years is more reflective of the economic useful life of its intangible asset. As a result, the amortisation charge on the intangible asset of the Company for the current financial period has increased by RM187,578.

9.1.5 Significant accounting estimates and judgements

(a) Critical judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Company's accounting policies that have significant effect on the amounts recognised in the financial statements.

12 ACCOUNTANTS' REPORT (Cont'd)
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9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.1 Significant accounting policies (contd.)

9.1.5 Significant accounting estimates and judgements (contd.)

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Economic useful life of intangible asset

Management estimates the useful life of the intangible asset to be approximately 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

9.2 Revenue

Revenue represents the income from performance of services.

9.3 Profit before tax

The following amounts have been included in arriving at profit before tax:

	Restated			Unaudited	Audited
	Financial year ended 31 May			10 months	10 months
	2007	2008	2009	financial	financial
	RM	RM	RM	period ended	period ended
				31.3.2009	31.3.2010
				RM	RM
Employee benefits expense (Note 9.4)	360,997	709,049	1,144,552	889,310	1,618,192
Auditors' remuneration					
- statutory audits	4,000	5,000	10,000	8,333	29,100
Rental of premises	5,870	64,566	75,425	58,696	103,706
Depreciation of plant and equipment	362,886	499,176	390,998	325,832	180,899
Amortisation of intangible asset	-	-	321,563	-	509,140
Net realised foreign exchange losses	-	-	-	-	41,329
Management fees	361,532	500,103	628,468	478,468	811,855
Non-executive directors' fees	-	-	-	-	24,000
Hire purchase interest:					
- current year/period	-	2,246	2,595	3,727	962
- undertaken up in prior year	-	-	1,457	-	-
Lease interest	28,716	28,462	-	-	-

Included in management fees is the share of executive directors' and a key management personnel's remuneration paid by the ultimate holding company.

12 ACCOUNTANTS' REPORT (Cont'd)
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9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.4 Employee benefits expense

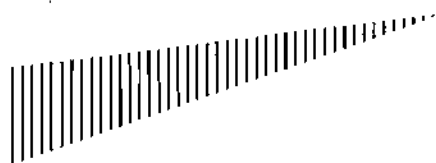
	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>31.3.2009</u>	<u>31.3.2010</u>
	RM	RM	RM	RM	RM
Wages & salaries	316,100	604,274	999,492	778,192	1,436,601
Social security contributions	2,309	4,336	6,417	5,282	6,517
Contributions to defined contribution plan	30,552	61,401	99,790	81,066	118,190
Other benefits	12,036	39,038	38,853	24,770	56,884
	<u>360,997</u>	<u>709,049</u>	<u>1,144,552</u>	<u>889,310</u>	<u>1,618,192</u>

Included in wages and salaries of the Company is executive directors' remuneration amounting to RM75,699.

9.5 Income tax expense

	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>31.3.2009</u>	<u>31.3.2010</u>
	RM	RM	RM	RM	RM
Malaysian income tax: - Current year/period	-	-	18,251	9,452	32,778

12 ACCOUNTANTS' REPORT (Cont'd)
 (Prepared for the inclusion in this Prospectus)

**9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)****9.5 Income tax expense (contd.)**

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Company is as follows:

	Restated Financial year ended 31 May			Unaudited 10 months financial period ended	Audited 10 months financial period ended
	2007	2008	2009	31.3.2009	31.3.2010
	RM	RM	RM	RM	RM
Profit before tax	5,507	1,784,831	12,022,190	7,926,008	9,313,117
Malaysian statutory tax rate	27%	26%	25%	25%	25%
Taxation at Malaysian statutory tax rate	1,487	464,056	3,005,548	1,981,502	2,328,279
Income not subject to tax	-	(516,647)	(3,068,204)	(2,004,178)	(2,129,530)
Expenses not deductible for tax purposes	864	17,000	3,314	5,881	5,221
Effect of utilisation of previously unrecognised deferred tax assets	(2,351)	-	-	-	(171,192)
Deferred tax assets not recognised	-	-	-	26,247	-
Underprovision of deferred tax in prior years	-	35,591	77,593	-	-
	-	-	18,251	9,452	32,778

The Company is not liable to tax on its statutory business income for a period of 10 years as provided under the Income Tax (Exemption) (No. 17) Order 2007 as the Company has been conferred BioNexus status on 23 July 2007. However, the Company is liable to tax on its interest income at the Malaysian statutory tax rate.

9.6 Earnings per share

The earnings per share is calculated by dividing profit for the period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period.



9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.7 Plant and equipment

	Computer hardware and software RM	Development servers and laboratory equipment RM	Furniture, fittings and office equipment RM	Renovation and air-conditioners RM	Books and logo RM	Motor vehicle RM	Total RM
Cost							
At 1.6.2006	71,170	1,311,967	5,929	21,327	1,536	-	1,411,929
Additions	50,544	-	5,416	-	-	-	55,960
At 31.5.2007	<u>121,714</u>	<u>1,311,967</u>	<u>11,345</u>	<u>21,327</u>	<u>1,536</u>	<u>-</u>	<u>1,467,889</u>
Accumulated depreciation							
At 1.6.2006	64,966	494,297	879	2,276	154	-	562,572
Charge for the year	31,474	327,992	1,134	2,132	154	-	362,886
At 31.5.2007	<u>96,440</u>	<u>822,289</u>	<u>2,013</u>	<u>4,408</u>	<u>308</u>	<u>-</u>	<u>925,458</u>
Net book value							
At 31.5.2007	<u>25,274</u>	<u>489,678</u>	<u>9,332</u>	<u>16,919</u>	<u>1,228</u>	<u>-</u>	<u>542,431</u>
Cost							
At 1.6.2007	121,714	1,311,967	11,345	21,327	1,536	-	1,467,889
Additions	118,105	158,664	61,490	139,338	1,095	129,282	607,974
At 31.5.2008	<u>239,819</u>	<u>1,470,631</u>	<u>72,835</u>	<u>160,665</u>	<u>2,631</u>	<u>129,282</u>	<u>2,075,863</u>
Accumulated depreciation							
At 1.6.2007	96,440	822,289	2,013	4,408	308	-	925,458
Charge for the year	84,323	365,383	7,284	16,067	263	25,856	499,176
At 31.5.2008	<u>180,763</u>	<u>1,187,672</u>	<u>9,297</u>	<u>20,475</u>	<u>571</u>	<u>25,856</u>	<u>1,424,634</u>
Net book value							
At 31.5.2008	<u>59,056</u>	<u>282,959</u>	<u>63,538</u>	<u>140,190</u>	<u>2,060</u>	<u>103,426</u>	<u>651,229</u>

9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.7 Plant and equipment (contd.)

	Computer hardware and software RM	Development servers and laboratory equipment RM	Furniture, fittings and office equipment RM	Renovation and air-conditioners RM	Books and logo RM	Motor vehicle RM	Total RM
Cost							
At 1.6.2008	239,819	1,470,631	72,835	160,665	2,631	129,282	2,075,863
Additions	112,312	108,971	1,438	-	-	-	222,721
Write-off	(6,736)	-	-	-	-	-	(6,736)
At 31.5.2009	345,395	1,579,602	74,273	160,665	2,631	129,282	2,291,848
Accumulated depreciation							
At 1.6.2008	180,763	1,187,672	9,297	20,475	571	25,856	1,424,634
Charge for the year	115,183	226,202	7,427	16,066	263	25,857	390,998
Write-off	(6,736)	-	-	-	-	-	(6,736)
At 31.5.2009	289,210	1,413,874	16,724	36,541	834	51,713	1,808,896
Net book value							
At 31.5.2009	56,185	165,728	57,549	124,124	1,797	77,569	482,952
Cost							
At 1.6.2009	345,395	1,579,602	74,273	160,665	2,631	129,282	2,291,848
Additions	52,653	237,450	63,785	106,691	2,249	-	462,828
At 31.3.2010	398,048	1,817,052	138,058	267,356	4,880	129,282	2,754,676
Accumulated depreciation							
At 1.6.2009	289,210	1,413,874	16,724	36,541	834	51,713	1,808,896
Charge for the period	60,091	66,078	11,145	21,743	295	21,547	180,899
At 31.3.2010	349,301	1,479,952	27,869	58,284	1,129	73,260	1,989,795
Net book value							
At 31.3.2010	48,747	337,100	110,189	209,072	3,751	56,022	764,881

12 ACCOUNTANTS' REPORT (Cont'd)
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9.0 NOTES TO THE FINANCIAL STATEMENTS (CONTD.)

9.7 Plant and equipment (contd.)

Net carrying amounts of plant and equipment held under hire purchase and finance lease arrangements are as follows:

	<u>2007</u> RM	Restated As at 31 May <u>2008</u> RM	<u>2009</u> RM	Audited As at <u>31.3.2010</u> RM
Development servers	323,374	-	-	-
Motor vehicle	-	103,426	77,569	56,022

9.8 Intangible asset - software license

	<u>2007</u> RM	Restated As at 31 May <u>2008</u> RM	<u>2009</u> RM	Audited As at <u>31.3.2010</u> RM
Cost				
At beginning of year/period	-	-	-	6,431,250
Additions	-	-	6,431,250	-
At end of year/period	-	-	6,431,250	6,431,250
Accumulated amortisation				
At beginning of year/period	-	-	-	321,563
Amortisation	-	-	321,563	509,140
At end of year/period	-	-	321,563	830,703
Net carrying amount	-	-	6,109,687	5,600,547

9.9 Trade and other receivables

	<u>2007</u> RM	Restated As at 31 May <u>2008</u> RM	<u>2009</u> RM	Audited As at <u>31.3.2010</u> RM
Trade receivables	-	-	-	31,613
Amount due from customer on contract (Note 9.10)	-	-	-	130,573
Prepayments	1,433,933	1,185,614	1,024,694	1,757,740
Deposits	29,678	29,678	24,678	49,910
	<u>1,463,611</u>	<u>1,215,292</u>	<u>1,049,372</u>	<u>1,969,836</u>

Included in prepayments are:

	<u>2007</u> RM	Restated As at 31 May <u>2008</u> RM	<u>2009</u> RM	Audited As at <u>31.3.2010</u> RM
Prepaid exclusive license fee to immediate holding company	1,145,833	895,833	645,833	437,500
Prepaid system maintenance cost to immediate holding company	288,000	288,000	376,200	-