

ANNOUNCEMENT

The Board of Directors of Malaysian Genomics Resource Centre Berhad (hereinafter referred to as “MGRC” or “the Company”) and its subsidiaries (“the Group”) hereby announce the following unaudited results for the second quarter ended 31 December 2017.

A PRESENTATION OF RESULTS
I CONDENSED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

for the financial period ended	2nd Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	6,908	2,046	13,292	5,333
Cost of Sales	(4,197)	(513)	(8,051)	(1,234)
Gross profit	2,711	1,533	5,241	4,099
Other Income	47	34	67	93
Marketing and distribution	(669)	(202)	(878)	(247)
Finance cost	(134)	-	(217)	-
Administrative expenses	(2,649)	(1,783)	(5,697)	(3,441)
Profit / (loss) from operations	(694)	(418)	(1,484)	504
Share of profits / (loss) of a joint venture	-	(45)	-	(132)
Profit / (loss) before tax	(694)	(463)	(1,484)	372
Income tax expenses	(114)	(8)	(147)	(14)
Profit / (loss), net of tax, representing total comprehensive income	(808)	(471)	(1,631)	358
Profit / (loss) attributable to:				
Owners of the parent	(808)	(471)	(1,631)	358
Net profit / (loss) for the period	(808)	(471)	(1,631)	358
Earnings / (Loss) per share (EPS) attributable to the equity holders of the Company (sen)				
Basic EPS	(0.78)	(0.46)	(1.58)	0.35
Diluted EPS	N/A	N/A	N/A	N/A

The unaudited condensed statement of profit and loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

Notes:-

There is no income/expense in relation to other income including investment income, interest expense, provision for/write-off of receivables, provision for/write-off of inventories, gain/loss on disposal of quoted or unquoted investments or properties, foreign exchange gain/loss, impairment of assets, gain/loss on derivatives, or exceptional items, except for as disclosed on the cashflow statement.

N/A - Not Applicable

A PRESENTATION OF RESULTS (cont.)
II CONDENSED STATEMENT OF FINANCIAL POSITION

as at	31.12.2017 (RM'000)	30.6.2017 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	12,939	13,241
Intangible assets	9,503	9,824
Deferred tax asset	1	1
Non-current financial asset	268	268
	<u>22,711</u>	<u>23,334</u>
CURRENT ASSETS		
Trade and other receivables	8,554	10,320
Inventories	2,520	2,003
Other current assets	4	23
Tax recoverable	-	236
Cash and bank balances	12,196	1,880
	<u>23,274</u>	<u>14,462</u>
TOTAL ASSETS	<u>45,985</u>	<u>37,796</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	28,489	10,351
Share premium	-	18,138
Other reserve	(1,682)	(1,682)
Accumulated losses	(4,136)	(2,505)
TOTAL EQUITY	<u>22,671</u>	<u>24,302</u>
NON-CURRENT LIABILITIES		
Deferred tax liability	628	662
Loans and borrowings	12,530	3,100
	<u>13,158</u>	<u>3,762</u>
CURRENT LIABILITIES		
Trade and other payables	5,658	7,878
Loans and borrowings	4,480	1,854
Income tax payable	18	-
	<u>10,156</u>	<u>9,732</u>
TOTAL LIABILITIES	<u>23,314</u>	<u>13,494</u>
TOTAL EQUITY AND LIABILITIES	<u>45,985</u>	<u>37,796</u>
Net assets (RM'000)	22,671	24,302
Net assets per share attributable to equity holders of the Company (sen)	21.90	23.48

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A PRESENTATION OF RESULTS (cont.)
III CONDENSED STATEMENT OF CHANGES IN EQUITY

	Equity, Total	Non-Distributable			Distributable Retained Earnings / (Accumulated Losses)
		Share Capital	Share Premium	Other reserve	
for the financial year ended 30 June 2017	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Opening balance at 1 July 2016	19,389	9,410	14,755	(1,682)	(3,094)
Total comprehensive income / (loss)	589	-	-	-	589
Issuance of new shares	4,324	941	3,383	-	-
Closing balance at 30 June 2017	24,302	10,351	18,138	(1,682)	(2,505)
for the financial period ended 31 December 2017	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Opening balance at 1 July 2017	24,302	10,351	18,138	(1,682)	(2,505)
Total comprehensive income / (loss)	(1,631)	-	-	-	(1,631)
Effect of the new Companies Act 2016	-	18,138	(18,138)	-	-
Closing balance at 31 December 2017	22,671	28,489	-	(1,682)	(4,136)

The unaudited condensed statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

A PRESENTATION OF RESULTS (cont.)
IV CONDENSED STATEMENT OF CASH FLOWS

for the financial period ended	Year-to-Date	
	Current Year	Previous Year
	31.12.2017 (RM'000)	31.12.2016 (RM'000)
Cash flows from operating activities		
Profit / (loss) before tax	(1,484)	372
Adjustments for:		
Share of loss/(profits) of a joint venture	-	132
Amortisation of intangible assets	321	306
Depreciation of plant and equipment	502	127
Plant and equipment written off	7	-
Interest income	(35)	(93)
Interest expenses	134	-
Operating profit / (loss) before working capital changes	(555)	844
(Increase) / decrease in receivables	1,785	(1,905)
(Increase) / decrease in inventories	(517)	52
(Decrease) / increase in payables	(2,220)	(622)
Cash (used in) / generated from operations	(1,507)	(1,631)
Tax refund/(paid)	73	(15)
Interest paid	(134)	-
Net cash (used in) / generated from operating activities	(1,568)	(1,646)
Cash flows from investing activities		
Interest received	35	93
Purchase of plant and equipment	(207)	(137)
Net cash (used in) / generated from investing activities	(172)	(44)
Cash flows from financing activities		
Proceeds from issuance of shares	7,000	4,324
Drawdown of term loan	6,000	-
Repayment of loans and borrowings	(886)	-
Net cash generated from / (used in) financing activities	12,114	4,324
Net (decrease) / increase in cash and cash equivalents	10,374	2,634
Cash and cash equivalents at beginning of the period	478	4,047
Cash and cash equivalents at end of period	10,852	6,681

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2017 and the accompanying explanatory notes that form an integral part of the Interim Financial Statements.

UNAUDITED NOTES TO THE INTERIM FINANCIAL STATEMENTS

B Explanatory Notes Pursuant to MFRS 134

i Basis of Preparation & Changes in Accounting Policies

These condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 Interim Financial Reporting, and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

This report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2016 and the accompanying explanatory notes. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the financial year ended 30 June 2017.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2017 or later are provided in the notes to the audited financial statements of the Group for the financial year ended 30 June 2017.

ii Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the financial year ended 30 June 2017 were not qualified.

iii Seasonal and Cyclical Factors

The operations of MGRC were not significantly affected by seasonal and cyclical factors.

iv Material and Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

There were no material and unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period.

v Material Changes in Estimates

There were no material changes in the estimates that had effect(s) on the financial period.

vi Debt and Equity Securities

There were no issues, repurchases and repayments of debt and equity securities for the financial period to date except for the issuance of RM7 million Redeemable Convertible Cumulative Preference Shares ("RCCPS") to Abio Sdn Bhd, by Clinipath (Malaysia) Sdn Bhd, a wholly owned sub-subsidiary of MGRC.

vii Dividends Paid

There were no dividends paid for the financial period.

B Explanatory Notes Pursuant to MFRS 134 (cont.)**viii Segmental Information**

FRS 8 requires identification of reporting segment on the basis of internal reports that are regularly reviewed by the entity's Managing Director in order to allocate resources to the segment and assess its performance. The management monitors the operating results of the Group as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has only one reportable segment for the period under review as well as the foreseeable future. Please refer to the financial statements presented in Part A of this announcement.

ix Valuation of Plant and Equipment

There has been no valuation made on any of the Group's plant and equipment during the current financial period under review.

x Subsequent Events

There were no material events subsequent to the end of the current financial period under review that have not been reflected.

xi Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructuring and discontinuing operations for the financial period to date.

xii Contingent Liabilities or Contingent Assets

There was no contingent liability or contingent asset arising since the last audited annual statement of financial position date as at 30 June 2017.

xiii Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment that were not provided for in the interim financial statements as at the end of the financial period.

B Explanatory Notes Pursuant to MFRS 134 (cont.)
xiv Related Party Transactions

Save as disclosed below, there were no significant related party transactions during the financial period to date:-

Significant Related Party Transactions for the financial period ended		2nd Quarter		Year-to-Date	
		Current Year	Previous Year	Current Year	Previous Year
Related Party	Nature of Transaction	31.12.2017 (RM'000)	31.12.2016 (RM'000)	31.12.2017 (RM'000)	31.12.2016 (RM'000)
Neuramatix, our ultimate holding company	Management fee payable to Neuramatix pursuant to Shared Services Agreement.	389	288	710	565
		389	288	710	565

xv Cash and Cash Equivalents

as at	Current Year	Previous Year
	31.12.2017 (RM'000)	31.12.2016 (RM'000)
Cash on hand and at banks	8,069	81
Deposits with licensed banks	4,127	6,600
Less: Bank overdraft	(1,344)	-
	10,852	6,681

xvi Inventories

There was no write-down of inventories during the financial period to date.

xvii Pursuant to Guidance Note 4 of the ACE Market Listing Requirements

A corporate guarantee for the amount stated in Note vi above was extended by the listed corporation to Abio Sdn Bhd pursuant to a Shares Subscription Agreement dated 8.12.17 between Clinipath Malaysia Sdn Bhd, MPath Sdn Bhd and Abio Sdn Bhd.

C Explanatory Notes Pursuant to Appendix 9B, of the Listing Requirements

These condensed consolidated interim financial statements, for the financial period ended 31 December 2017, have been prepared in accordance with Rule 9.22 and Appendix 9B of the Listing Requirements.

i Performance of the Group
Current Year 2nd Quarter versus Previous Year 2nd Quarter

For the second quarter ended 31 December 2017, the Group recorded a revenue of RM6.9 million, which represents an increase of RM4.9 million as compared to a revenue of RM2 million for the second quarter in the preceding year.

For the current quarter, the Group recorded a loss before tax of RM0.7 million as compared to a loss before tax of RM0.5 million in the same quarter of the preceding year.

Despite higher overall revenue (RM6.9 million for the second quarter ended 31 December 2017 as compared to RM2 million for the second quarter in the preceding year) arising from the acquisition of MPath group, higher losses were incurred due to lower genome sequencing and analysis revenue recognised.

Current Year-to-Date versus Previous Year-to-Date

The Group recorded a revenue of RM13.3 million, which represents an increase of RM8 million as compared to a revenue of RM5.3 million in the previous year-to-date.

The Group registered a loss before tax of RM1.5 million as compared to a profit before tax of RM0.4 million in the corresponding period of the preceding year. A loss was incurred mainly due to lower genome sequencing and analysis revenue recognised.

ii Comparison with Preceding Quarter's Results

The comparison of this quarter's results with the preceding quarter is set out below.

	Current Quarter	Preceding Quarter	Variance
for the financial period ended	31.12.2017	30.9.2017	
	(RM'000)	(RM'000)	(RM'000)
Revenue	6,908	6,384	524
Profit / (loss) before tax	(694)	(790)	96

A higher revenue (RM6.9 million) was recognised in the current period as compared to preceding quarter's revenue of RM6.4 million, arising from the acquisition of MPath group.

iii Prospects of the Group

We are focusing our efforts on operational efficiency and marketing activities to widen our distribution channels and expand our customer base in the healthcare sector. Since the acquisition of MPath group, its revenue base has recorded a double digit growth and we expect this momentum to continue and translate into profitability.

C Explanatory Notes Pursuant to Appendix 9B, of the Listing Requirements (cont.)
iv Variance from Profit Forecast

The Group did not publish any profit forecast.

v Taxation

Taxation for the financial period ended	2nd Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2017 (RM'000)	31.12.2016 (RM'000)	31.12.2017 (RM'000)	31.12.2016 (RM'000)
Malaysian income tax:				
Current period	114	8	147	14
Prior period	-	-	-	-
Total	114	8	147	14

The above tax has arisen mainly due to the absence of group tax relieve.

vi Status of Corporate Proposal

There is no corporate proposal announced but not completed as at the date of this announcement.

vii Loans and Borrowings

The Group's secured loans and borrowing are as follows:-

as at	Current Year	Previous Year
	31.12.2017 (RM'000)	31.12.2016 (RM'000)
Current		
Hire purchase and finance lease liabilities	170	-
Bank overdrafts	1,344	-
Term loans	2,966	-
	4,480	-
Non Current		
Hire purchase and finance lease liabilities	7	-
Term loans	5,523	-
Redeemable convertible cumulative preference shares ("RCCPS")	7,000	-
	12,530	-
Total Loans and borrowings	17,010	-

Clinipath (Malaysia) Sdn Bhd issued an RCCPS of RM7 million during the period.

C Explanatory Notes Pursuant to Appendix 9B, of the Listing Requirements (cont.)

viii Material Litigations

As at the date of this announcement, there is no material litigations against the Group or taken by the Group.

ix Dividends

No dividends were declared during the current financial period under review.

x Trade receivables

The ageing analysis of the Group's trade receivables is as follows:-

	31.12.2017 (RM'000)
Not past due	3,090
Past due	
- less than 3 months	3,292
- 3 to 6 months	587
- over 6 months	1,434
	5,313
Impaired	(218)
	8,185

Receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

C Explanatory Notes Pursuant to Appendix 9B, of the Listing Requirements (cont.)
xi EPS

- a) **Basic EPS** Computed by dividing the profit / (loss), net of tax, attributable to owners of the parent for the financial period by the weighted average of the number of ordinary shares in issue during the period.

Basic EPS	2nd Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
for the financial period ended				
Profit / (loss), net of tax, attributable to owners of the parent (RM'000)	(808)	(471)	(1,631)	358
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	103,510	103,510	103,510	103,510
Basic EPS (sen)	(0.78)	(0.46)	(1.58)	0.35

- b) **Diluted EPS** The Group does not have any convertible shares or convertible financial instruments for the current financial quarter and financial period to date.

xii Disclosure of Realised and Unrealised Profits / (Losses)

as at	31.12.2017 (RM'000)	30.6.2017 (RM'000)
Total accumulated losses:		
Realised	(5,684)	(4,053)
Unrealised	1,491	1,491
Total retained profit/(accumulated losses) of subsidiaries:		
Realised	46	46
Unrealised	11	11
Group accumulated losses	(4,136)	(2,505)

xiii Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors of MGRC in accordance with a Resolution of the Directors dated 26 February 2018.