

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 first quarter ended 30 September 2019.

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

for the financial period ended	1st Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Revenue	7,848	7,170	7,848	7,170
Cost of Sales	(5,224)	(4,716)	(5,224)	(4,716)
Gross profit	2,624	2,454	2,624	2,454
Other Income	26	120	26	120
Marketing and distribution	(272)	(312)	(272)	(312)
Finance cost	(219)	(268)	(219)	(268)
Administrative expenses	(2,064)	(2,370)	(2,064)	(2,370)
Profit / (loss) before tax	95	(376)	95	(376)
Income tax expenses	(128)	(170)	(128)	(170)
Profit / (loss), net of tax, representing total comprehensive income	(33)	(546)	(33)	(546)
Profit / (loss) attributable to:				
Owners of the parent	(33)	(546)	(33)	(546)
Net profit / (loss) for the period	(33)	(546)	(33)	(546)
Earnings / (Loss) per share (EPS) attributable to the equity holders of the Company (sen)				
Basic EPS	(0.03)	(0.53)	(0.03)	(0.53)
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 2019 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, 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	30.9.2019 (RM'000)	30.6.2019 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	14,106	14,314
Intangible assets	9,018	9,026
Right-of-use assets	302	-
	<u>23,426</u>	<u>23,340</u>
CURRENT ASSETS		
Trade and other receivables	8,151	7,539
Inventories	1,508	1,584
Other current assets	7	9
Tax recoverable	159	203
Cash and bank balances	3,817	4,328
	<u>13,642</u>	<u>13,663</u>
TOTAL ASSETS	<u>37,068</u>	<u>37,003</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	28,489	28,489
Accumulated losses	(12,774)	(12,559)
TOTAL EQUITY	<u>15,715</u>	<u>15,930</u>
NON-CURRENT LIABILITIES		
Deferred tax liability	734	737
Loans and borrowings	13,982	13,268
	<u>14,716</u>	<u>14,005</u>
CURRENT LIABILITIES		
Trade and other payables	3,279	3,066
Lease liabilities	398	-
Loans and borrowings	2,960	4,002
	<u>6,637</u>	<u>7,068</u>
TOTAL LIABILITIES	<u>21,353</u>	<u>21,073</u>
TOTAL EQUITY AND LIABILITIES	<u>37,068</u>	<u>37,003</u>
Net assets (RM'000)	15,715	15,930
Net assets per share attributable to equity holders of the Company (sen)	15.18	15.39

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 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 Share Capital	Distributable Retained Earnings / (Accumulated Losses)
	(RM'000)	(RM'000)	(RM'000)
for the financial year ended 30 June 2019			
Opening balance at 1 July 2018	19,769	28,489	(8,720)
Total comprehensive income / (loss)	(3,839)	-	(3,839)
Closing balance at 30 June 2019	15,930	28,489	(12,559)
for the financial period ended 30 September 2019			
Opening balance at 1 July 2019	15,930	28,489	(12,559)
Adoption of MFRS 16	(182)	-	(182)
Restated balance as of 1 July 2019	15,748	28,489	(12,741)
Total comprehensive income / (loss)	(33)	-	(33)
Closing balance at 30 September 2019	15,715	28,489	(12,774)

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 2019 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
	30.9.2019 (RM'000)	30.9.2018 (RM'000)
Cash flows from operating activities		
Profit / (loss) before tax	95	(376)
Adjustments for:		
Amortisation of intangible assets	8	8
Depreciation of plant and equipment	308	258
Interest income	(17)	(52)
Interest expenses	219	268
Operating profit / (loss) before working capital changes	613	106
(Increase) / decrease in receivables	(610)	929
(Increase) / decrease in inventories	76	(287)
(Decrease) / increase in payables	127	653
Cash (used in) / generated from operations	206	1,401
Tax refund/(paid)	(87)	(88)
Interest paid	(219)	(268)
Net cash (used in) / generated from operating activities	(100)	1,045
Cash flows from investing activities		
Interest received	17	52
Purchase of plant and equipment	(100)	(1,276)
Net cash (used in) / generated from investing activities	(83)	(1,224)
Cash flows from financing activities		
Repayment of loans and borrowings	(345)	(754)
Net cash generated from / (used in) financing activities	(345)	(754)
Net (decrease) / increase in cash and cash equivalents	(528)	(933)
Cash and cash equivalents at beginning of the period	3,379	5,923
Cash and cash equivalents at end of period	2,851	4,990

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 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 2019 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 2019.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Group with effect from 1 January 2019 or later are provided in the notes to the audited financial statements of the Group for the financial year ended 30 June 2019. The adoption of these MFRSs does not have any material impact on the Group's results and financial position except for :

MFRS 16 Leases

MFRS 16 eliminates the distinction between finance and operating leases. All leases will be brought onto the statement of financial position except for short-term and low value asset leases. On the adoption of this standard, the Group has capitalised its rented premises on the statements of financial position by recognising them as 'right-of-use' assets and their corresponding lease liabilities for the present value for future lease payments. On the date of initial recognition, the Group applied the transition approach and did not restate comparative amounts for the periods prior to first adoption. Right-of-use assets were measured on transition as if the new rules had always been applied.

ii Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the financial year ended 30 June 2019 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.

B Explanatory Notes Pursuant to MFRS 134 (cont.)**vii Dividends Paid**

There were no dividends paid for the financial period.

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, except for as announced on 11 October 2019 the proposed disposal of 100% equity interest held in MPath Sdn Bhd, a wholly owned subsidiary of MGRC ("Proposed Disposal").

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 2019.

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		1st Quarter		Year-to-Date	
		Current Year	Previous Year	Current Year	Previous Year
Related Party	Nature of Transaction	30.9.2019 (RM'000)	30.9.2018 (RM'000)	30.9.2019 (RM'000)	30.9.2018 (RM'000)
Neuramatix, our ultimate holding company	Management fee payable to Neuramatix pursuant to Shared Services Agreement.	184	165	184	165
		184	165	184	165

xv Cash and Cash Equivalents

as at	Current Year	Previous Year
	30.9.2019 (RM'000)	30.9.2018 (RM'000)
Cash on hand and at banks	1,798	2,408
Deposits with licensed banks	2,019	4,049
Less: Bank overdraft	(966)	(1,467)
	2,851	4,990

xvi Inventories

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

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

These condensed consolidated interim financial statements, for the financial period ended 30 September 2019, have been prepared in accordance with Rule 9.22 and Appendix 9B of the Listing Requirements.

i Performance of the Group
Current Year 1st Quarter versus Previous Year 1st Quarter

A higher overall revenue (RM7.8 million for the first quarter ended 30 September 2019 as compared to RM7.2 million for the first quarter in the preceding year) was mainly contributed by higher pathology revenue.

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

The Group recorded a revenue of RM7.8 million, which represents an increase of RM0.6 million as compared to a revenue of RM7.2 million in the previous year-to-date.

The Group registered a profit before tax of RM0.1 million as compared to a loss before tax of RM0.4 million in the corresponding period of the preceding year. A lower loss was incurred mainly due to better cost management in the Genetic Screening Services ("GSS") business.

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	30.9.2019	30.6.2019	
	(RM'000)	(RM'000)	(RM'000)
Revenue	7,848	7,017	831
Profit / (loss) before tax	95	(1,300)	1,395

A higher revenue (RM7.8 million) was achieved in the current period as compared to the preceding quarter's revenue of RM7 million, mainly contributed by better cost management in the GSS business.

iii Prospects of the Group

Upon completion of the Proposed Disposal, MGRC Group will have remaining its GSS business under the brand Dtect® which screens a patient's deoxyribonucleic acid (DNA) for genetic markers are associated with various diseases or health conditions. Whilst MGRC Group currently does not actively market products under its GSA business, its GSA know-how and laboratory equipment are now used in the processing of its Dtect® tests, and in the design and development of new genetic tests and other clinical tests.

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	1st Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Malaysian income tax:				
Current period	128	170	128	170
Prior period	-	-	-	-
Total	128	170	128	170

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

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
	30.9.2019	30.9.2018
	(RM'000)	(RM'000)
Current		
Hire purchase and finance lease liabilities	-	48
Bank overdrafts	966	1,467
Term loans	1,994	2,984
	2,960	4,499
Non Current		
Term loans	6,982	5,339
Redeemable convertible cumulative preference shares ("RCCPS")	7,000	7,000
	13,982	12,339
Total Loans and borrowings	16,942	16,838

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 litigation 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:-

	30.9.2019 (RM'000)
Not past due	2,332
Past due	
- less than 3 months	3,847
- 3 to 6 months	592
- over 6 months	1,027
	5,466
Impaired	(174)
	7,624

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	1st Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
	30.9.2019	30.9.2018	30.9.2019	30.9.2018
for the financial period ended				
Profit / (loss), net of tax, attributable to owners of the parent (RM'000)	(33)	(546)	(33)	(546)
Weighted average number of ordinary shares of RM0.10 each in issue ('000)	103,510	103,510	103,510	103,510
Basic EPS (sen)	(0.03)	(0.53)	(0.03)	(0.53)

- 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 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 19 November 2019.