

ANNOUNCEMENT

The Board of Directors of Malaysian Genomics Resource Centre Berhad (hereinafter referred to as "MGRC" or "the Company") and its subsidiary ("the Group") hereby announce the following unaudited results for the second quarter ended 31 December 2020.

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
	31.12.2020 (RM'000)	31.12.2019 (RM'000)	31.12.2020 (RM'000)	31.12.2019 (RM'000)
Continuing operations				
Revenue	136	4,960	223	5,139
Cost of Sales	(110)	(82)	(187)	(161)
Gross profit	26	4,878	36	4,978
Other Income	8	21,668	68	21,878
Marketing and distribution	(70)	(156)	(113)	(171)
Finance cost	(4)	(54)	(5)	(116)
Administrative expenses	(1,514)	(1,628)	(2,373)	(2,370)
Profit / (loss) before tax	(1,554)	24,708	(2,387)	24,199
Taxation	-	-	-	-
Profit / (loss), net of tax, from continuing operations	(1,554)	24,708	(2,387)	24,199
Profit / (loss), net of tax, from discontinued operations	-	(476)	-	-
Profit/(loss), for the period	(1,554)	24,232	(2,387)	24,199
Profit / (loss) attributable to:				
Owners of the parent	(1,554)	24,232	(2,387)	24,199
Net profit / (loss) for the period	(1,554)	24,232	(2,387)	24,199
Earnings / (Loss) per share ("EPS/(LPS)") attributable to the equity holders of the Company (sen)				
Basic EPS/(LPS)	(1.50)	23.41	(2.31)	23.38
Diluted EPS/(LPS)	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 2020 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	31.12.2020 (RM'000)	30.6.2020 (RM'000)
ASSETS		
NON-CURRENT ASSETS		
Plant and equipment	292	36
Intangible assets	1,798	1,844
Right-of-use assets	950	-
	<u>3,040</u>	<u>1,880</u>
CURRENT ASSETS		
Trade and other receivables	1,828	2,953
Inventories	56	84
Other current assets	42	54
Tax recoverable	44	32
Cash and bank balances	4,122	6,082
	<u>6,092</u>	<u>9,205</u>
TOTAL ASSETS	<u>9,132</u>	<u>11,085</u>
EQUITY AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	28,489	28,489
Accumulated losses	(20,618)	(18,231)
TOTAL EQUITY	<u>7,871</u>	<u>10,258</u>
NON-CURRENT LIABILITIES		
Lease liabilities	538	-
	<u>538</u>	<u>-</u>
CURRENT LIABILITIES		
Trade and other payables	316	827
Lease liabilities	407	-
	<u>723</u>	<u>827</u>
TOTAL LIABILITIES	<u>1,261</u>	<u>827</u>
TOTAL EQUITY AND LIABILITIES	<u>9,132</u>	<u>11,085</u>
Net assets (RM'000)	7,871	10,258
Net assets per share attributable to equity holders of the Company (sen)	7.60	9.91

The unaudited condensed statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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	Accumulated Losses
	(RM'000)	(RM'000)	(RM'000)
for the financial year ended 30 June 2020			
Opening balance at 1 July 2019	15,930	28,489	(12,559)
Total comprehensive income / (loss)	17,100	-	17,100
Special Cash Dividend on ordinary shares	(22,772)	-	(22,772)
Closing balance at 30 June 2020	10,258	28,489	(18,231)
for the financial period ended 31 December 2020			
Opening balance at 1 July 2020	10,258	28,489	(18,231)
Total comprehensive income / (loss)	(2,387)	-	(2,387)
Closing balance at 31 December 2020	7,871	28,489	(20,618)

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 2020 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
	31.12.2020 (RM'000)	31.12.2019 (RM'000)
Cash flows from operating activities		
Profit / (loss) before tax		
Continuing operations	(2,387)	24,199
Adjustments for:		
Amortisation of intangible assets	46	-
Depreciation	103	20
Plant and equipment written off	2	-
Gain on disposal of subsidiary companies	-	(21,457)
Dividend income	-	(4,400)
Interest income	(8)	-
Interest expenses	5	116
Operating profit / (loss) before working capital changes	(2,239)	(1,522)
(Increase) / decrease in receivables	1,137	56
(Increase) / decrease in inventories	28	(33)
(Decrease) / increase in payables	(589)	(3,962)
Cash (used in) / generated from operations	(1,663)	(5,461)
Tax refund/(paid)	(12)	(13)
Interest paid	(5)	(116)
Net cash (used in) / generated from operating activities	(1,680)	(5,590)
Cash flows from investing activities		
Interest received	8	-
Cashflow from disposal, net of cash disposed	-	34,739
Dividend income	-	4,400
Purchase of plant and equipment	(288)	-
Net cash (used in) / generated from investing activities	(280)	39,139
Cash flows from financing activities		
Repayment of loans and borrowings	-	(670)
Net cash generated from / (used in) financing activities	-	(670)
Net (decrease) / increase in cash and cash equivalents	(1,960)	32,879
Cash and cash equivalents at beginning of the period	6,082	3,379
Cash and cash equivalents at end of period	4,122	36,258

The unaudited condensed statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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 2020 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 2020.

Details of standards, amendments to published standards and interpretations to existing standards that are applicable to the Company with effect from 1 January 2020 or later are provided in the notes to the audited financial statements of the Group for the financial year ended 30 June 2020. The adoption of these MFRSs does not have any material impact on the Group's results and financial position.

ii Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the financial year ended 30 June 2020 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 Executive Directors 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 to the composition of the Group in the current quarter.

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 2020.

xiii Capital Commitments

Capital commitments amounted to RM3,690,604 for the purchase of property, plant and equipment 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 31.12.2020 (RM'000)	Previous Year 31.12.2019 (RM'000)	Current Year 31.12.2020 (RM'000)	Previous Year 31.12.2019 (RM'000)
Related Party	Nature of Transaction				
Neuramatix, former ultimate holding company	Management fee paid to Neuramatix pursuant to Shared Services Agreement	-	184	60	368
		-	184	60	368

xv Cash and Cash Equivalents

as at	Current Year	Previous Year
	31.12.2020 (RM'000)	31.12.2019 (RM'000)
Cash on hand and at banks	622	36,258
Deposits with licensed banks	3,500	-
	4,122	36,258

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 31 December 2020, 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 2020, the Group recorded a revenue of RM0.136 million, which represents a reduction of RM4.824 million as compared to a revenue of RM4.96 million for the second quarter in the preceding year, mainly due to the absence of dividend income from a subsidiary and the effects of the Movement Control Order ('MCO'), which resulted in lower orders for genetic screening services.

For the current quarter, the Group recorded a loss before tax of RM1.554 million as compared to a profit before tax of RM24.708 million in the same quarter of the preceding year, mainly due to absence of disposal gain on subsidiaries and dividend income from a subsidiary.

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

The Group recorded a revenue of RM0.223 million, which represents a reduction of RM4.916 million as compared to a revenue of RM5.139 million in the previous year-to-date, mainly due to the absence of dividend income from a subsidiary.

The Group registered a loss before tax of RM2.387 million as compared to a profit before tax of RM24.199 million in the corresponding period of the preceding year. The higher losses were mainly due to absence of disposal gain on subsidiaries and dividend income from a subsidiary.

ii Comparison with Preceding Quarter's Results

	Current Quarter	Preceding Quarter	Variance
for the financial period ended	31.12.2020	30.9.2020	
	(RM'000)	(RM'000)	(RM'000)
Revenue	136	87	49
Profit / (loss) before tax	(1,554)	(833)	(721)

A higher revenue (RM0.136 million) was achieved in the current period as compared to the preceding quarter's revenue of RM0.087 million, mainly due to the effects of the loosening of the MCO compared to preceding quarter, arising from the reopening of the laboratory. The higher losses were mainly due to higher administrative expenses.

iii Prospects of the Group

MGRC Group has diversified its business to include the business of biopharmaceutical and healthcare products and services ("Biopharma and Healthcare Business"). Planning and design work on the Biopharma and Healthcare Business cell laboratory commenced in December and the application for approval of the site was submitted to the National Pharmaceutical Regulatory Agency ("NPRA"). The cell lab is expected to be ready and equipped for operations in the first half of 2021 subject to MGRC obtaining NPRA accreditation for cell development / cell engineering through the Current Good Manufacturing Practice ("cGMP") certification. Having its cGMP cell laboratory will add value to MGRC's capabilities, and its portfolio of products and services. Since this cell laboratory would be located in Malaysia, it would also mitigate the risk of supply chain disruptions due to border closures or freight delays caused by unexpected events such as the current COVID-19 pandemic. Premised on the above, the Board believes that despite the current challenging economic environment in view of the recent outbreak of the COVID-19 pandemic and the positive outlook for the biopharmaceutical and healthcare industry, MGRC Group will have ample opportunity to grow its Biopharma and Healthcare Business which is expected to contribute positively to MGRC Group's future earnings due to potential demand for Chimeric Antigen Receptor T-cell immunotherapy.

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
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Malaysian income tax: Current period	-	-	-	-

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
	31.12.2020	31.12.2019
	(RM'000)	(RM'000)
Current		
Term loans	-	2,602
Total Loans and borrowings	-	2,602

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

There were no dividends paid for the financial period.

x Trade receivables

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

	31.12.2020 (RM'000)
Not past due	11
Past due	
- less than 3 months	37
- 3 to 6 months	5
- over 6 months	26
Impaired	68
	<u>(68)</u>
	11

Receivables that are past due but not impaired

The Group believes that no further 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.

xi EPS/(LPS)

- a) **Basic EPS/(LPS)** 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/(LPS)	2nd Quarter		Year-to-Date	
	Current Year	Previous Year	Current Year	Previous Year
for the financial period ended	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit/(loss), net of tax, attributable to owners of the parent (RM'000)	(1,554)	24,232	(2,387)	24,199
Weighted average number of ordinary shares in issue ('000)	103,510	103,510	103,510	103,510
Basic EPS/(LPS) (sen)	(1.50)	23.41	(2.31)	23.38

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

C Explanatory Notes Pursuant to Appendix 9B, of the Listing Requirements (cont.)
xii Status of Utilisation of Proceeds from Disposal

Proposed utilisation	Proposed utilisation timeframe from receipt of proceeds for the Disposal	Proposed Utilisation	Actual Utilisation	Variation	Balance of Amount Allocated	
		(RM'000)	(RM'000)	(RM'000)	(RM'000)	(%)
Proposed Distribution	Utilised	22,772	22,772	-	-	0%
Estimated expenses for the Disposal	^Within 18 months	1,100	986	-	114 *	10%
Repayment of creditors	^Within 18 months	2,888	1,388	(1,500) #	-	0%
Repayment of bank borrowings	^Within 18 months	3,270	2,886	-	384 *	12%
Business expansion opportunities	Varied	4,000	-	(4,000) #, @	-	0%
Laboratory upgrades	Within 24 months	-	2,095	3,655 #	1,560	43%
Licensing fee for Tripartite Agreement	Utilised	-	1,845	1,845 @	-	0%
Working capital purposes	Within 24 months	7,970	6,210	-	1,760	22%
		<u>42,000</u>	<u>38,182</u>	<u>-</u>	<u>3,818</u>	<u>9%</u>

* The excess of these categories will be reallocated for working capital purposes, as disclosed in the Circular to the Shareholders dated 27 November 2019.

Pursuant to the variation of purpose of utilisation of proceeds as announced by the Company on 28 August 2020

@ Pursuant of the variation of purpose of utilisation of proceeds as announced by the Company on 26 June 2020

^ Pursuant to the extension of timeframe for the utilisation of proceeds as announced by the Company on 26 June 2020

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 18 February 2021.