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MGRC aims to raise RM18.5m from its IPO

Company to make ACE Market listing on Oct 5

KUALA LUMPUR: Malaysian Genomics Resource Centre Bhd (MGRC), which is seeking to raise RM18.5mil from its initial public offering (IPO), is set to make a debut on the ACE Market of Bursa Malaysia on Oct 5.

The contract genomics service provider will be utilising RM6.9mil from its IPO proceeds for capital expenditure (capex), RM4.6mil for working capital and the remainder for marketing expenditure, research and development activities as well as listing expenses.

According to managing director Robert George Hercus @ Abdul Karim Hercus, the company would be using the bulk of its capex to purchase two next-generation sequencing machines to increase the speed of generating DNA sequence data and reducing project costs.



Abdul Karim Hercus ... Firm to purchase two next-generation sequencing machines.

Abdul Karim said that the machines “cost a few million each” without revealing the exact price of the machines.

He said this at a briefing after the launch of its prospectus yesterday.

MGRC has two core business divisions – contract genomics service and genomics data and access services. The company focuses on the analysis of large volumes of DNA sequence data using proprietary analytical pipelines.

The end results from genomics sequencing and analysis can then be used by researchers and scientists to develop solutions that benefit various industries like healthcare, agriculture and industrial sector.

Abdul Karim added that the listing was timely as it would allow MGRC to tap into the capital market to expand its resources to capitalise on the growing demand for cutting edge bioinformatics solutions and analysis services.

“The first step towards realising our aspirations and ambitions is showcasing MGRC to the world. We view the listing of our company as a natural progression towards becoming a household name in genomics and bioinformatics.”

MGRC’s IPO involves a public issue of 17.1 million new shares of 10 sen and an offer for sale for two million existing shares at an offer price of RM1.08 each.

Of the public issue of new shares, two million will be for retail investors, 14.5 million for private placement for selected investors and 600,000 for eligible directors.

Kenanga Investment Bank Bhd is the underwriter for the exercise.

Commenting on the high issue price, financial controller Adlan Hercus said MGRC was initially “quite nervous” with the price given that the perception of the ACE Market companies were usually penny stocks, but the take up rate had been encouraging.

Abdul Karim said MGRC had also been receiving interest from the international community and it was also invited to list in the US markets. To a question, he said the company was not planning for any dual-listing for now.

“There’s no rush. We’ll take one step at a time. We are happy here in Malaysia,” he added.

Apart from expanding its analysis services, Adlan said the company also intended to bring sequencing services in-house, develop its proprietary genome databanks and expand its computer resources.

To a question, Adlan said the company paid dividends amounting to RM10mil to its shareholders for the financial period ended March 31 but did not have a dividend policy in place as yet. However, he said the company would develop one given that the one it had currently was not active.

For the 10-month financial period ended March 31, the company posted a net profit of RM9.3mil on revenue of RM14.3mil.

MGRC has changed its financial year end to June from May. The 10-month financial period was from June 2009 to March 2010.

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