

# MGRC sees **better** performance in FY12

> Earnings will continue to be weak in FY11 on higher expenses

BY **KANG SIEW LI**  
sunbiz@thesundaily.com

**KUALA LUMPUR:** Malaysian Genomics Resources Centre Bhd (MGRC), a provider of genome sequencing and analysis services, expects better profit and revenue only in the next financial year as performance in the current year ending June 30, 2011 (FY11) will continue to shrink on higher expenses.

Its financial controller Adlan Hercus told *SunBiz* in an interview that the company's FY11 earnings will continue to be weak as it invests in new equipment, increases staff strength and pays off listing expenses.

He, however, believes that MGRC will start seeing profit and revenue growth from FY12.

Net profit for FY10 was RM9.32 million, down from RM12 million a year earlier, while revenue was RM15.78 million, compared with RM17.06 million in FY09.

Net profit for the first half of FY11 stood at RM347,000 on revenue of RM4.09 million.

Adlan said earnings in the current financial year will be mainly driven by projects from the Science, Technology and Innovation Ministry, Malaysian Biotechnology Corp Sdn Bhd, and Brigham and Women's Hospital, a teaching affiliate of Harvard Medical School in the US.

"(In our initial public offering



Munirah... we'll launch a personal genotyping service in June

prospectus,) we had indicated that we were going to buy two new next-generation sequencing machines this financial year. We have already purchased one for RM2.7 million from the US. But because technology shifts so fast, we will probably wait till the next financial year before we add new machines," he said.

"In the meantime, we may purchase some peripheral equipment which will cost RM1 million at most."

MGRC was listed on the ACE Market of Bursa Malaysia on Oct 5 last year.

Ad-hoc projects from universities, research agencies and the private sector

currently account for 96% of its revenue and the consumer market the rest.

MGRC executive director Munirah Abdul Hamid said it hopes to increase the consumer market's contribution to revenue, with the launch of a personal genotyping service in June.

"We will partner with physicians and hospitals to provide personal genotyping services to their customers. We hope this new service will create a long-term recurring income for MGRC," she said.

Genotyping is the process of determining the genes of an individual by examining his/her DNA sequence. Extracted from an individual's blood or saliva, it is important in research of heritable disease genes.

On the cost of the personal genetic testing, Adlan said it would vary from RM1,000 for a baby to RM4,000 for a couple.

"We expect personal genotyping to be the foundation of a new and growing market. But how fast we will grow with this new service from FY12 will depend on (demand from) the consumer market.

"However, I would not be surprised if at some point in the future the consumer market's contribution to the company's revenue overtakes project-based genomes services," he added.

According to Frost & Sullivan, the global bioinformatics industry was worth US\$22.7 billion last year and is expected to double to US\$50.1 billion by 2014.

"The bioinformatics analysis segment, which is what we specialise in, constitutes a quarter of that number. Last year, it was worth US\$4.2 billion and is expected to grow to US\$10.4 billion in 2014," said Adlan.