

MLABS SYSTEMS BERHAD
(Incorporated in Malaysia - Company No. 653227-V)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 3 MONTHS PERIOD ENDED 30 JUNE 2018**

	Individual Quarter		Cumulative Quarter	
	2018 quarter ended 30/06/2018	2017 quarter ended 30/06/2017	2018 current period to date 30/06/2018	2017 proceeding period to date 30/06/2017
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	379	1,066	379	1,066
Cost of Sales	(216)	(359)	(216)	(359)
Gross Profit/(loss)	163	707	163	707
Other income	394	-	394	-
Selling and distribution expenses	-	-	-	-
Administration expenses	(944)	(364)	(944)	(364)
Other expenses	(23)	-	(23)	-
Share of loss of joint venture	-	-	-	-
Loss from operations	(411)	343	(411)	343
Finance cost	-	(2)	-	(2)
Loss before taxation	(411)	341	(411)	341
Income tax	-	-	(0)	-
Loss after taxation	(411)	341	(411)	341
Loss attributable to :				
Owners of the parent	(376)	290	(376)	290
Non controlling Interest	(35)	53	(35)	53
	(411)	343	(411)	343
Total comprehensive expense attributable to :				
Owners of the parent	(376)	290	(376)	290
Non controlling Interest	(35)	53	(35)	53
	(411)	343	(411)	343
Basic loss per ordinary share attributable to:				
Owners of the parent (Sen)	(0.06)	0.16	(0.06)	0.16

The condensed consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2018.

MLABS SYSTEMS BERHAD
(Incorporated in Malaysia - Company No. 653227-V)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	As At 30/06/2018 Unaudited RM'000	As At 31/03/2018 Audited RM'000
Non-current assets		
Property, plant & equipment	1,436	1,331
Intangible assets	997	1,158
Investment in joint venture	-	-
Other investment	13	13
Other receivable	300	300
Total non-current assets	2,746	2,802
Current assets		
Inventories	665	698
Trade receivables	1,436	1,469
Other receivables	16,483	16,344
Tax recoverable	-	-
Cash & bank balances	1,004	1,487
Other investment funds	43,408	43,396
Total current assets	62,996	63,393
Total assets	65,743	66,196
Equity		
Share capital	30,626	30,626
Warrant reserve	43,930	43,930
Fair value adjustment reserve	1	1
Accumulated losses	(8,665)	(8,289)
	65,891	66,267
Non-controlling interest	(334)	(299)
Total equity	65,557	65,968
Current liabilities		
Payables	177	220
Deferred income	-	-
Taxation	8	8
Total current liabilities	185	228
Total equity and liabilities	65,743	66,196
Net asset per share attributable to ordinary equity holder (Sen)	21.41	21.54

NOTE:

The condensed consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2018.

MLABS SYSTEMS BERHAD
(Incorporated in Malaysia - Company No. 653227-V)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 3 MONTHS PERIOD ENDED 30 JUNE 2018

	3 months ended 30/6/2018 UNAUDITED RM'000	12 months ended 31/03/2018 AUDITED RM'000
Loss before tax	(411)	(4,040)
	-	-
Adjustments for :	-	-
Amortisation of intangible assets	161	619
Depreciation of property, plant and equipment	119	236
Impairment losses on:	-	-
- trade receivables	-	-
- other receivables	-	11
- intangible assets	-	40
Income distribution from short term fund	(387)	(840)
Interest income	(13)	(30)
Loss/(Gain) on disposal of PPE	-	323
Reversal of impairment losses on:	-	-
- trade receivables	-	(0)
- other receivables	-	(6)
- goodwill	-	-
Finance and other distribution income	-	-
Finance costs	-	-
Share of loss/(gain) of a joint venture	-	-
Share option granted under ESOS	-	831
Write off of:-	-	-
- bad debts	-	85
- inventories	-	89
- property, plant and equipment	-	12
Write back of impairment loss on trade receivables	-	-
Write down of inventories to NRV	-	-
	-	-
Operating profit before working capital changes	(530)	(2,671)
Changes in working capital:		
Inventories	33	(611)
Trade receivables	33	577
Other receivables	(139)	(16,541)
Trade payables	3	(1)
Other payables	(46)	(227)
Cash generated from operations	(646)	(19,475)
Interest paid	-	-
Tax paid	-	-
Net cash from operating activities	(646)	(19,475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
- property, plant and equipment	(224)	(1,032)

MLABS SYSTEMS BERHAD
(Incorporated in Malaysia - Company No. 653227-V)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 3 MONTHS PERIOD ENDED 30 JUNE 2018

	3 months ended 30/6/2018 UNAUDITED RM'000	12 months ended 31/03/2018 AUDITED RM'000
- intangible assets	0	-
- subsidiaries	-	-
- joint venture	-	-
Advances from/(Repayment to) amount due to Director	-	2
Income received from short term fund	387	840
Interest received	13	30
Proceeds on disposal of PPE	-	-
Advances (to)/from a related company	(0)	-
Net cash flow from fund placements	-	-
Net cash used in investing activities	176	(161)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares:		
- ESOS	-	7,360
- Rights issue	-	56,057
- Warrants exercised	-	964
Repayments of hire purchase and finance lease liabilities	-	-
Repayments of term loans	-	-
Net cash used in financing activities	-	64,381
NET DECREASE IN CASH AND CASH EQUIVALENTS	(470)	44,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YE	44,883	138.00
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	44,413	44,883
CASH AND CASH EQUIVALENTS COMPRISE :		
Cash, bank balances and short term funds	44,413	44,883
Difference	-	-

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS PERIOD ENDED 30 JUNE 2018**

	Share capital RM'000	Share premium RM'000	Reserve RM'000	Accumulat ed Profit/ (Loss) RM'000	Minority interest RM'000	Total RM'000
3 Months period ended 30 June 2018						
Balance as at 1 April 2018	74,556	-	-	(8,289)	(299)	65,968
Issuance of shares	-	-	-	-	-	-
Minority Interest	-	-	-	-	(35)	(35)
Profit/ (Loss) for the period	-	-	-	(375)	-	(375)
ESOS issued and fully exercised	-	-	-	-	-	-
Balance at 30 June 2018	<u>74,556</u>	<u>-</u>	<u>-</u>	<u>(8,664)</u>	<u>(334)</u>	<u>65,558</u>
12 Months period ended 31 March 2018						
Balance as at 1 April 2017	9,343	-	-	(4,395)	(153)	4,795
Par Value Reduction	57,021	-	-	-	-	57,021
Issuance of Shares	-	-	-	(3,894)	(146)	(146)
Minority Interest	-	-	-	-	-	(3,894)
Loss for the period	8,192	-	-	-	-	8,192
Balance at 31 March 2018	<u>74,556</u>	<u>-</u>	<u>-</u>	<u>(8,289)</u>	<u>(299)</u>	<u>65,968</u>

NOTE:

The condensed consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018

MLABS SYSTEMS BERHAD

(Company No. 653227-V)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

**PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL
REPORTING STANDARD 134 (“MFRS 134”) INTERIM FINANCIAL
REPORTING**

A1. BASIS OF PREPARATION

The interim financial statements are audited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards (“MFRSs”) No.134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) ACE Market Listing Requirements (“ACE Listing Requirements”) and should be read in conjunction with the audited financial year ended 31 March 2018. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2018.

A2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the Group in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 March 2018, except for the adoption of Amendments to Standards effective for the annual periods beginning on or after 1 January 2017 :-

Adoption of Amendments to Standards

The Group has adopted the following Amendments to Standards, with a date of initial application of 1 January 2017.

MFRSs / Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2017

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

MFRSs / Amendments to MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS OF INTERIM OPERATION

The Group's operations were not materially affected by any seasonal and cyclical factors.

A5. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because their nature, size or incidence.

A6. MATERIAL CHANGES IN ESTIMATES

There were no materials changes in estimates of amounts reported in the prior financial period which may have a material effect on the current quarter under review.

A7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter under review.

A8. DIVIDEND DECLARED

No dividend was declared or paid during the current quarter ended 30 June 2018.

A9. SEGMENT INFORMATION

Segmental information is presented in respect of the Group's business and geographical segments. The primary format of business segments, are based on the Group's management and internal reporting structure.

Business segments

The Group is principally engaged in the business of research and development in multimedia video conferencing systems and related products as well as assembling and trading of multimedia video conferencing systems and electrical equipment. Business segment information has therefore not been prepared as the Group's revenue, operating profit, assets employed, capital expenditure, depreciation and amortisation and non-cash expenses are mainly confined to one business segment.

MLABS SYSTEMS BERHAD

(Company No. 653227-V)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

Period to date 30 June 2018	Video conferencing system	Investment holding	Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	340	-	39	-	379	-	379
Result							
Segment result	(845)	(217)	(111)	(11)	(1,184)	-	(1,184)
Share of loss joint venture	-	-	-	-	-	-	-
Other income	-	394	-	-	-	-	394
Profit before tax							(411)
Minority interest							35
Income tax							-
Net loss after tax							(376)
Assets							
Segment assets	3,531	64,360	1,862	25	69,778	(4,036)	65,742
Liabilities							
Segment liabilities	3,893	248	2,544	79	6,764	(6,579)	185
Period to date 30 June 2017	Video conferencing system	Investment holding	Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	600	-	446	-	1,066	-	1,066
Result							
Segment result	(227)	(99)	(38)	-	(364)	-	(364)
Finance cost	-	-	-	-	-	-	-

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018

Period to date 30 June 2017	Video conferencing system	Investment holding	Trading	Others	Total	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Other income	-	-	-	-	-	-	-
Profit before tax							343
Minority interest							(53)
Income tax							-
Net loss after tax							(290)
Assets							
Segment assets	2,499	1,728	1,230	-	5,457	-	5,457
Liabilities							
Segment liabilities	53	39	61	13	166	-	166

Geographical segments

The business segment is managed in few principal locations namely Malaysia, Thailand, China. In presenting information on the basis of geographical segments, segmental information on assets is not presented, as all assets are located in Malaysia. Segmental revenue is presented based on the geographical location of customers.

The geographical segmental information on the Group is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current year quarter ended 30 June 2018	Preceding year corresponding quarter ended 30 June 2017	Current year to date ended 30 June 2018	Preceding year corresponding period ended 30 June 2017
	RM '000	RM'000	RM'000	RM'000
Revenue				
Malaysia	39	1,066	379	1,066
Outside Malaysia	340		-	-
Total	379	1,066	379	1,066

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

- i) On 18th August 2017, The Board of Directors of MLABS announced that Multimedia Research Lab Sdn Bhd ("MRL), the wholly owned subsidiary of the Company had on 17th August entered into a Memorandum of Understanding on Technology Collaboration with XOX Media Sdn Bhd. There was no major development on the said MOI.

A12. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the financial quarter ended 30 June 2018.

A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or assets for the Group as at 30 June 2018.

As at 23 August 2018, (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly financial statements), no material contingent assets or liabilities have arisen since the end of the financial period.

A14. CAPITAL COMMITMENTS

There was no capital commitment during the current quarter.

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Directors of MLABS are of the opinion that there is no related party transactions to-date which would have material impact on the financial position and the business of the Group during the current financial quarter and period ended 30 June 2018.

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018

PART B: REQUIREMENTS PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACEMARKET

B1. REVIEW OF THE PERFORMANCE OF THE GROUP

CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (Q1 18 VS Q1 17)

	Individual Quarter Unaudited		Changes		Cumulative Quarter Unaudited		Changes	
	Current Quarter 30.06.2018	Preceding Quarter 30.06.2017			Current year to date 30.06.2018	Preceding year to date 30.06.2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	379	1,066	(1,100)	84.29	379	1,066	(687)	64.44
Operating loss	(411)	(343)	(68)	19.83	(411)	(343)	(68)	19.83
Loss before interest & tax	(411)	(343)	(68)	19.83	(411)	(343)	(68)	19.83
Loss before tax	(411)	(343)	(68)	19.83	(411)	(343)	(68)	19.83
Loss after tax	(411)	(343)	(68)	19.83	(411)	(343)	(68)	19.83
Loss attributable to ordinary equity holders of the parent	(376)	(290)	(86)	29.66	(376)	(290)	(86)	29.66

During the cumulative quarter under review, the Group recorded a loss after taxation (“LAT”) of RM0.411 million on the back of revenue of approximately RM0.379 million. Revenue for the cumulative quarter ended 30 June 2018 represents an decrease of 64.44% compared to RM1.066 million in the preceding year corresponding year. The decrease in revenue was due to decreased sale of mobile application and electrical products.

MLABS SYSTEMS BERHAD

(Company No. 653227-V)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018****B2. VARIATION OF CURRENT QUARTER RESULTS AGAINST PRECEDING QUARTER (Q1 18 VS Q4 17)**

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2018	31.03.2018	RM'000	%
Revenue	379	205	174	84.87
Operating loss	(411)	(2,151)	1,740	80.89
Loss before interest & tax	(411)	(2,151)	1,740	80.89
Loss before tax	(411)	(2,151)	1,740	80.89
Loss after tax	(411)	(2,151)	1,740	80.89
Loss attributable to owners of the parent	(376)	(1,999)	1,623	81.19

The Group's revenue for the current quarter of RM0.379 million represents an increase of approximately RM0.174 million as compared to the revenue of RM0.205 million achieved for the preceding quarter. The increase in revenue is due to increase sales of development of e-payment and indoor mapping concept from collaboration agreement with Onliner Company Limited.

The Group's LBT for current quarter of RM0.411 million represents a decrease of approximately RM1.740 million as compared to the LBT of approximately RM2.151 million incurred in the preceding quarter. Decrease in LBT is mainly due to decrease of operating expenses, professional fees during the current quarter.

B3. COMMENTARY ON BUSINESS PROSPECTS

The Group existing business remains highly competitive in a market where it is necessary to continually invest in new technologies to remain relevant and competitive. The recently completed rights issue exercise of the Company has provided additional financial capital to enable the Group to explore new business opportunities that are complimentary to its existing business to create new sources of revenue for the Group. These initiatives include a number of business collaborations which have been announced recently which the Group is optimistic will contribute positively to its future performance. The group is also currently developing its next generation mobile application which will be launched locally and regionally when it is ready. The launch of this product will help to contribute revenue for the company.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no forecast was published.

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018

B5. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30.06.2018	30.06.2017
	RM	RM
Loss for the period is arrived at after charging		
Amortisation and depreciation	280,090	103,781

B6. TAXATION

For the financial period ending 30 June 2018, there is no tax liability.

B7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

The Group did not purchase or dispose any quoted securities during the financial period under review.

B8. STATUS OF CORPORATE PROPOSALS

There was no corporate proposal under review.

B9. STATUS OF UTILISATION OF PROCEEDS

On 11th August 2017, the company had completed the Renounceable Rights Issues by issuance of 528,169,300 new ordinary shares in Mlabs at an issue price of RM0.15 per rights share, together with up to 264,084,650 free detachable warrants in Mlabs on the basis of two (2) rights shares together with one (1) free warrant B for every one (1) existing Mlabs share held by the entitled shareholders of Mlabs.

Proposed Utilisation	Based case scenario	Actual utilisation as at 30/06/18	Balance of proceeds unutilised	Timeframe for utilisation
	RM'000	RM'000	RM'000	
Development and marketing for mobile application	10,000	168	9,832	Within 18 months
Working capital	5,000	2,000	3,000	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	40,326	-	40,326	Within 24 months
* Estimated expenses in relation to the Proposals	730	730	-	Immediate
Total	56,056	2,898	53,158	

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018**

B10. GROUP BORROWINGS AND DEBTS SECURITIES

As at the end of the current quarter under review, the Group does not have short term interest bearing borrowings.

B11. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 days to 180 days (2017: 30 to 180 days). Other credit terms are assessed and approved on case by case basis. They are recognised at the original invoice amounts, which represent their fair values on initial recognition. There are no trade receivables from related parties.

	As per quarter ended 30.06.2018 RM'000
Neither past due nor impaired	348
Past due but not impaired	
- 31 days to 60 days	29
- More than 60 days	1,059
	<hr/> 1,436 <hr/>

B12. DERIVATIVE FINANCIAL INSTRUMENTS

There were no off balance sheet financial instrument as at 23 August 2017 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly financial statements).

B13. MATERIAL LITIGATION

The Group does not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies.

B14. DIVIDENDS

No dividend has been declared or paid during the current quarter under review.

MLABS SYSTEMS BERHAD
(Company No. 653227-V)
(Incorporated in Malaysia)

EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 30 JUNE 2018

B15. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year To date 30.06.18 RM'000	Corresponding quarter 30.06.18 RM'000	Year To date 30.06.17 RM'000	Corresponding quarter 30.06.17 RM'000
Interest income	394	394	-	-
Interest expense	-	-	-	-
Depreciation and amortisation	(280)	(280)	(104)	(104)

B16. EARNINGS PER SHARE

The basic earnings per share is computed by dividing the Group's net loss attributable to members of the Group with the weighted average number of ordinary shares in issue as follows:

	12 months period ended	
	30.06.2018	30.06.2017
Net loss attributable to the members of the Group (RM'000)	(411)	(290)
Weighted average number of shares in issue ('000)	412,203	186,867
Loss per share (sen)	(0.99)	(0.16)

