

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2019**

	Individual Quarter		Cumulative Quarter	
	Quarter ended 31/3/2019	Quarter ended 31/3/2018	Current period to date 31/3/2019	Preceding period to date 31/3/2018
	Unaudited RM'000	Audited RM'000	Unaudited RM'000	Audited RM'000
Revenue	201	205	4,628	2,104
Cost of Sales	(201)	(210)	(4,265)	(1,333)
Gross (loss)/Profit	-	(5)	363	771
Other income	362	405	1,464	880
Selling and distribution expenses	(2,005)	23	(2,005)	(7)
Administration expenses	85	(1,891)	(4,493)	(4,465)
Other expenses	(765)	(692)	(839)	(1,219)
Loss from operations	(2,323)	(2,160)	(5,510)	(4,040)
Finance cost	-	-	-	-
Loss before taxation	(2,323)	(2,160)	(5,510)	(4,040)
Income tax	-	-	-	-
Loss after taxation	(2,323)	(2,160)	(5,510)	(4,040)
Loss attributable to :				
Owners of the parent	(2,240)	(2,008)	(5,341)	(3,894)
Non controlling Interest	(83)	(152)	(169)	(146)
	(2,323)	(2,160)	(5,510)	(4,040)
Total comprehensive expense attributable to :				
Owners of the parent	(2,240)	(2,008)	(5,341)	(3,894)
Non controlling Interest	(83)	(152)	(169)	(146)
	(2,323)	(2,160)	(5,510)	(4,040)
Basic loss per ordinary share attributable to:				
Owners of the parent (Sen)	(0.33)	(0.49)	(0.80)	(0.94)

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 31 MARCH 2019**

	As At 31/3/2019 Unaudited RM'000	As At 31/03/2018 Audited RM'000
Non-current assets		
Property, plant & equipment	1,034	1,331
Investment properties	7,718	-
Intangible assets	2,014	1,158
Software development	10,000	-
Other investment	14	13
Other receivables	-	300
Total non-current assets	20,780	2,802
Current assets		
Inventories	314	698
Trade receivables	5,057	1,469
Other receivables	6,059	16,345
Cash & bank balances	7,292	1,487
Other investment funds	25,367	43,396
Total current assets	44,089	63,395
Total assets	64,869	66,197
Equity		
Share capital	30,626	30,626
Warrant reserve	43,930	43,930
Fair value adjustment reserve	1	1
Accumulated losses	(13,630)	(8,289)
	60,927	66,268
Non-controlling interest	(468)	(299)
Total equity	60,459	65,969
Current liabilities		
Payables	952	220
Taxation	8	8
Deposit received	3,450	-
Total current liabilities	4,410	228
Total equity and liabilities	64,869	66,197
Net asset per share attributable to ordinary equity holder (RM)	0.197	0.215

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
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2019

	12 months ended 31/3/2019 UNAUDITED RM'000	12 months ended 31/3/2018 AUDITED RM'000
Loss before tax	(5,510)	(4,040)
Adjustments for :		
Amortisation of intangible assets	643	619
Depreciation of property, plant and equipment	517	236
Impairment losses on:		
- trade receivables	303	-
- other receivables	-	11
- intangible assets	-	40
- property, plant and equipment	4	-
Income distribution from short term fund	(1,236)	(840)
Interest income	(135)	(30)
Inventories written down	128	-
Loss/(Gain) on foreign exchange	6	-
(Gain)/loss on disposal of PPE	-	323
Reversal of impairment losses on:		
- other receivables	-	(6)
Share option granted under ESOS	-	831
Write off of:-		
- bad debts	4	85
- inventories	12	88
- property, plant and equipment	721	12
Operating loss before working capital changes	(4,543)	(2,671)
Changes in working capital:		
Inventories	244	(611)
Trade receivables	(3,895)	577
Other receivables	10,586	(16,541)
Trade payables	450	(1)
Other payables	3,732	(228)
Net cash generated from/(used in) operating activities	6,574	(19,475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
- property, plant and equipment	(360)	(1,033)
- investment properties	(7,787)	-
- intangible assets and software development	(12,014)	-
(Repayment to)/advances from amount due to Director	(2)	2
Income received from short term fund	1,236	840
Interest received	135	30
(Loss)/gain on foreign exchange	(6)	-
Net cash used in investing activities	(18,798)	(161)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2019

	12 months ended 31/3/2019 UNAUDITED RM'000	12 months ended 31/3/2018 AUDITED RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares:		
- ESOS	-	7,360
- Rights issue	-	56,057
- Warrants exercised	-	964
		<hr/>
Net cash from financing activities	-	64,381
		<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,224)	44,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	44,883	138
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CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD/YEAR	32,659	44,883
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CASH AND CASH EQUIVALENTS COMPRISE :		
Cash, bank balances and short term funds	32,659	44,883
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 12 MONTHS PERIOD ENDED 31 MARCH 2019**

12 Months period ended 31 March 2019	Share capital RM'000	Share options reserve RM'000	Warrants reserve RM'000	Fair value adjustment reserve RM'000	Accumulated profit/ (loss) RM'000	Minority interest RM'000	Total RM'000
Balance as at 1 April 2018	30,626	-	43,930	1	(8,289)	(299)	65,969
Loss for the period	-	-	-	-	(5,341)	(169)	(5,510)
Balance at 31 March 2019	30,626	-	43,930	1	(13,630)	(468)	60,459

12 Months period ended 31 March 2018	Share capital RM'000	Share options reserve RM'000	Warrants reserve RM'000	Fair value adjustment reserve RM'000	Accumulated losses RM'000	Minority interests RM'000	Total RM'000
Balance as at 1 April 2017	9,343	-	-	1	(4,395)	(153)	4,796
Loss for the financial year	-	-	-	-	(3,894)	(146)	(4,040)

Transactions with owners

Share options granted under ESOS	-	831	-	-	-	-	831
Ordinary shares issued pursuant to:							
- ESOS	8,191	(831)	-	-	-	-	7,360
- Rights Issue	12,127	-	43,930	-	-	-	56,057
- Warrants A exercised	965	-	-	-	-	-	965
Total transactions with owners	21,283	-	43,930	-	-	-	65,213
Balance at 31 March 2018	30,626	-	43,930	1	(8,289)	(299)	65,969

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

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

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 unaudited 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 note 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 2018:-

Adoption of Amendments to Standards

The Group has adopted the following Amendments to Standards during the financial year.

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

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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>	1 January 2018

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

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
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

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. CHANGE OF FINANCIAL YEAR END

The Company has changed the financial year from 31 March to 30 June. The next audited financial statements shall be for a period of fifteen (15) months from 1 April 2018 to 30 June 2019 and thereafter, the financial year end shall be 30 June for each subsequent year.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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A4. 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.

A5. SEASONAL OR CYCLICAL FACTORS OF INTERIM OPERATION

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

A6. 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 of their nature, size or incidence.

A7. MATERIAL CHANGES IN ESTIMATES

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

A8. 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.

A9. DIVIDEND DECLARED

No dividend was declared or paid during the period ended 31 March 2019.

A10. 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 organised into business units based on their products and services, and has two reportable segments as follows:

Research and development, and assembling	:	Research and development, assembling and trading of multimedia video conferencing system, and mobile application solutions
Trading	:	Trading of kitchen equipment and related products

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

A10. SEGMENT INFORMATION (CONT'D)

Period Todate 31 March 2019	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	4,290	-	338	-	4,628	-	4,628
Result:							
Segment result	(2,866)	(10,697)	(351)	(338)	(14,252)	7,278	(6,974)
Other Income	695	1,410	7	2	2,114	(650)	1,464
Loss Before Tax							<u>(5,510)</u>
Segment Assets	14,751	54,615	1,038	8,721	79,125	(14,256)	64,869
Segment Liabilities	16,777	65	1,993	9,098	27,933	(23,523)	4,410

Period Todate 31 March 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	1,148	-	956	-	2,104	-	2,104
Result:							
Segment result	(3,237)	(3,584)	(300)	(54)	(7,175)	2,255	(4,920)
Other Income	37	840	2	1	880	-	880
Loss Before Tax							<u>(4,040)</u>
Segment Assets	3,582	63,981	2,000	25	69,588	(3,391)	66,197
Segment Liabilities	3,434	51	2,610	68	6,163	(5,935)	228

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

A10. SEGMENT INFORMATION (CONT'D)

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 Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Todate Ended	Preceding Year Todate Ended
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Revenue				
Malaysia	246	205	838	2,104
Outside Malaysia	(45)	-	3,790	-
	201	205	4,628	2,104

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A12. SIGNIFICANT EVENTS DURING THE INTERIM REPORTING PERIOD

- 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.
- ii) The Board of Directors of MLABS announce that on 24 September 2018, Next Gen Biosciences Sdn. Bhd. ("Purchaser"), a wholly-owned subsidiary of the Company, had entered into a Sale and Purchase Agreement ("Agreement or SPA") with a developer, Venus Assets Sdn. Bhd. ("Vendor"), for the acquisition of a condominium apartment distinguished as Parcel No. 43-2, measuring 228 square metres in area within Storey No. 43 of the buildings held under Geran 70444 for Lot 230, Section 58, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur ("Property") for a total purchase consideration of RM7,000,000.00 ("Purchase Price") and upon the terms and conditions as stipulated in the Agreement ("Acquisition"). The Purchaser has since taken vacant possession of the condominium apartment on 1st October 2018.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

A13. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE QUARTER

There were no material events subsequent to the end of current quarter.

A14. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in composition of the Group during the financial period ended 31 March 2019.

A15. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or assets for the Group as at 31 March 2019.

As at 28 May 2019, (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.

A16. CAPITAL COMMITMENTS

There was no capital commitment as at 31 March 2019.

A17. 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 31 March 2019.

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EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019

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

	Individual Quarter				Cumulative Quarter			
	Ended	Ended	Changes		Ended	Ended	Changes	
	31.3.2019	31.3.2018	RM'000	%	31.3.2019	31.3.2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	201	205	(4)	(2)	4,628	2,104	2,524	120
Gross Profit	(0)	(5)	5	96	363	771	(408)	(53)
Loss Before Interest and Tax	(2,323)	(2,160)	(163)	(8)	(5,510)	(4,040)	(1,470)	(36)
Loss Before Tax	(2,323)	(2,160)	(163)	(8)	(5,510)	(4,040)	(1,470)	(36)
Loss After Tax	(2,323)	(2,160)	(163)	(8)	(5,510)	(4,040)	(1,470)	(36)
Loss Attributable to Ordinary Equity Holders of the Parent	(2,240)	(2,008)	(232)	(12)	(5,341)	(3,894)	(1,447)	(37)

For the current quarter ended 31 March 2019, the Group recorded revenue of RM0.201 million, compared to the corresponding quarter in previous year of RM0.205 million. The loss before tax was higher than corresponding quarter in previous year mainly due to change of depreciation policy on plant & equipment from 10 years to 5 years.

Revenue for the current year to-date ended 31 March 2019 represents an improvement of 120% compared to RM2.104 million in the preceding year to-date mainly due to the company's strategy to increase its revenue by reducing its gross profit margin to increase demand for its software products. The Group recorded loss before taxation of RM5.510 million in current year to-date compared to RM4.040 million in previous year to-date, mainly due to lower gross profit margin and higher marketing expenses.

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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B2. VARIATION OF CURRENT QUARTER RESULTS AGAINST PRECEDING QUARTER (Q4 19 VS Q3 19)

	Current Quarter	Preceding Quarter		
	Ended 31.3.2019 RM'000	Ended 31.12.2018 RM'000	Changes	
			RM'000	%
Revenue	201	572	(371)	(65)
Gross Profit	(0)	101	(101)	(100)
Loss Before Interest and Tax	(2,323)	(506)	(1,817)	(359)
Loss Before Tax	(2,323)	(506)	(1,817)	(359)
Loss After Tax	(2,323)	(506)	(1,817)	(359)
Loss Attributable to Ordinary Equity Holders of the Company	(2,240)	(486)	(1,754)	(361)

The Group registered lower revenue of RM0.201 million in the current quarter compared to previous quarter of RM0.572 million. Revenue lowered by 65% to RM0.201 million in 4Q19 with minimal profit margin mainly due to sale of Pacifica display units to clear stock. The Group's reported higher loss before tax for the current quarter of RM2.323 million, compared to 0.506 million in the preceding quarter, mainly due to lower gross profit margin and higher operating expenses. The higher in operating expenses was mainly due to fixed assets written off of RM0.721 million, impairment of trade receivable of RM0.303 million and inventories written off / down of RM0.140 million.

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 Group is continually looking at new business opportunities locally and regionally to diversify its markets. The Group's next generation mobile application is now ready for launch. The launch of this product will help to contribute revenue for the Group.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no forecast was published.

B5. TAXATION

For the current quarter and year to-date ended 31 March 2019, there is no tax liability.

B6. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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B7. STATUS OF CORPORATE PROPOSALS

There was no corporate proposal under review.

B8. 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.

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
Development and marketing for mobile application	10,000	10,000	-	Within 18 months
Working Capital	5,000	5,000	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	40,326	10,152	30,174	Within 24 months
Expenses in relation to the proposals	730	730	-	Immediate
	<u>56,056</u>	<u>25,882</u>	<u>30,174</u>	

B9. 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.

B10. TRADE RECEIVABLES

The Group's normal trade credit terms range from 30 days to 180 days (2018: 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 at 31.3.2019 RM'000
Neither past due nor impaired	704
Past due but not impaired	
- 31 days to 60 days	2
- More than 60 days	4,351
	<u>5,057</u>
	=====

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**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
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B11. DERIVATIVE FINANCIAL INSTRUMENTS

There were no off balance sheet financial instrument as at 28 May 2019 (being the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly financial statements).

B12. MATERIAL LITIGATION

The Group is 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.

B13. DIVIDENDS

No dividend has been declared or paid during the current quarter and current year to-date under review.

B14. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter	Current Year Todate Ended	Preceding Year Todate Ended
	31.3.2019 RM'000	31.3.2018 RM'000	31.3.2019 RM'000	31.3.2018 RM'000
Profit/(Loss) before tax is stated after charging/(crediting) :-				
Depreciation of P.P.E	346	(108)	517	236
Amortisation of intangible assets	161	619	643	619
(Gain) / Loss on disposal of P.P.E	-	323	-	323
Bad debts written off	-	85	4	85
Impairment of trade receivables	303	-	303	-
Property, plant and equipment written off	721	12	721	12
Foreign exchange (gain) / loss	-	-	6	-
Income distribution from short term fund	(224)	(365)	(1,236)	(840)
Interest income	(40)	(30)	(135)	(30)
Share-based Compensation expenses	-	831	-	831
Inventories written off	12	88	12	88

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

**EXPLANATORY NOTES TO QUARTERLY FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

B15. EARNINGS PER SHARE

- (a) 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:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year ToDate Ended	Preceding Year ToDate Ended
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Net loss attributable to owners of the parent (RM'000)	(2,240)	(2,008)	(5,341)	(3,894)
Weighted average number of ordinary shares	670,504	413,356	670,504	413,356
Basic loss per share (sen)	(0.33)	(0.49)	(0.80)	(0.94)

(b) Diluted

The Group has no dilution in its loss per ordinary shares as the exercise price of the outstanding warrants has exceeded the average market price of ordinary shares during the period, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.