

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2019 RM'000 (unaudited)	Preceding Year Quarter 30.09.2018 RM'000 (unaudited)	Current Year To Date 30.09.2019 RM'000 (unaudited)	Preceding Year To Date 30.09.2018 RM'000 *
Revenue	6,531	3,476	6,531	N/A
Cost of sales	(5,869)	(3,376)	(5,869)	N/A
Gross profit	662	100	662	N/A
Other income	290	473	290	N/A
Administrative expenses	(1,684)	(2,795)	(1,684)	N/A
Other expenses	(277)	(49)	(277)	N/A
Loss before tax	(1,009)	(2,271)	(1,009)	N/A
Tax expense	-	-	-	N/A
Loss for the financial period	(1,009)	(2,271)	(1,009)	N/A
Other comprehensive loss:- Item that will be subsequently to profit or loss				
Exchange differences on translating foreign operation, net of tax	50	-	50	N/A
Other comprehensive loss for the financial period, net of tax	50	-	50	N/A
Total comprehensive loss for the financial period	(959)	(2,271)	(959)	N/A
Loss for the financial period attributable to:				
- Owners of the Company	(748)	(2,240)	(748)	N/A
- Non-controlling interests	(261)	(31)	(261)	N/A
	(1,009)	(2,271)	(1,009)	N/A
Total comprehensive loss attributable to:				
- Owners of the Company	(721)	(2,240)	(721)	N/A
- Non-controlling interests	(238)	(31)	(238)	N/A
	(959)	(2,271)	(959)	N/A
Losses per share attributable to the owner of the company				
Basic (sen)	(0.11)	(0.33)	(0.11)	N/A

\* There are no comparative figures disclosed for the preceding cumulative period-to-date results following the change in the financial year end from 31 March to 30 June.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 30.09.2019 RM'000 (unaudited)	As At 30.06.2019 RM'000 (audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	2,625	1,083
Intangible assets	19,504	19,993
Investment properties	9,728	8,510
Other investment	3,965	4,156
Non-trade receivables, deposits and prepayments	2,058	2,060
Total non-current assets	37,880	35,802
<b>Current assets</b>		
Inventories	346	348
Trade receivables	7,315	4,550
Non-trade receivables, deposits and prepayments	3,207	6,873
Cash, bank balances and short-term fund	13,772	22,591
Total current assets	24,640	34,362
<b>Total assets</b>	<b>62,520</b>	<b>70,164</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
<b>Equity attributable to owners of the company</b>		
Share capital	30,626	30,626
Warrant reserve	43,930	43,930
Foreign translation reserve	26	(1)
Accumulated losses	(14,580)	(13,832)
	60,002	60,723
Non-controlling interest	1,924	2,162
Total equity	61,926	62,885
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Payables	586	7,271
Taxation	8	8
Total current liabilities	594	7,279
<b>Total equity and liabilities</b>	<b>62,520</b>	<b>70,164</b>
<b>Net asset per share (RM)</b>	<b>0.092</b>	<b>0.094</b>



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	[----- Non-distributable -----]		Distributable		
	Share capital RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total RM'000
As at 30 June 2019	30,626	(1)	43,930	(13,832)	60,723
Loss for the financial period	-	-	-	(748)	(748)
Other comprehensive income for the financial period	-	27	-	-	27
- Exchange translation differences, net of tax	-	27	-	-	27
Total comprehensive loss for the financial period	-	27	-	(748)	(721)
As at 30 Sept 2019 (unaudited)	30,626	26	43,930	(14,580)	60,002
As at 30 June 2018*	N/A	N/A	N/A	N/A	N/A
Loss for the financial period	N/A	N/A	N/A	N/A	N/A
Other comprehensive loss for the financial period	N/A	N/A	N/A	N/A	N/A
- Exchange translation differences, net of tax	N/A	N/A	N/A	N/A	N/A
Total comprehensive loss for the financial period	N/A	N/A	N/A	N/A	N/A
As at 30 Sept 2018*	N/A	N/A	N/A	N/A	N/A

\* There are no comparative figures disclosed for the preceding quarter results following the change in the financial year end from 31 March to 30 June.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Current Year To Date 30.09.2019 RM'000 (unaudited)	Preceding Year To Date 30.09.2018 RM'000 *
<b>Operating activities</b>		
Loss before tax	(1,009)	N/A
Adjustments for:-		
Amortisation of intangible assets	502	N/A
Depreciation of property, plant and equipment	135	N/A
Interest income	(27)	N/A
Income distribution from short-term fund	(49)	N/A
Gain on disposal of property, plant and equipment	(9)	N/A
Fair value adjustment on investment	238	N/A
Operating loss before working capital changes	(219)	N/A
Changes in working capital:-		
Inventories	2	N/A
Payables	(6,685)	N/A
Receivables	903	N/A
Net cash generated used in operating activities	(5,999)	N/A
<b>Investing activities</b>		
Acquisition of:		
- Property, plant and equipment	(1,691)	N/A
- Investment properties	(1,238)	N/A
- Intangible assets and software development	(14)	N/A
Income received from short-term fund	49	N/A
Interest received	27	N/A
Proceed on disposal of property, plant and equipment	44	N/A
Net cash used in investing activities	(2,823)	N/A
<b>CASH AND CASH EQUIVALENTS</b>		
Net changes	(8,822)	N/A
Effects of changes in foreign exchange rate	3	N/A
Brought forward	22,591	N/A
Carried forward	13,772	N/A
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances and short-term funds	13,772	N/A

\* There are no comparative figures disclosed for the preceding cumulative period-to-date results following the change in the financial year end from 31 March to 30 June.



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

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

---

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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

---

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in Malaysia Financial Reporting Standards (“MFRS”) 134 – Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

These explanatory notes 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 period ended 30 June 2019.

The accounting policies and methods of computation used in the interim financial statements are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 June 2019 except for the changes in accounting policies and presentation resulting from the adoption of new and revised MFRSs and amendments to MFRSs that are effective for financial periods beginning on or after 1 January 2019.

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

**MFRS effective 1 January 2019**

MFRS 16	<i>Leases</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>

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



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

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

---

**A1. Basis of Preparation (Cont'd)**

The Group has not adopted the following new MFRSs and amendments to MFRSs issued by the Malaysian Accounting Standards Board:

**MFRS effective 1 January 2020**

Amendment to MFRS 3 *Definition of a Business*

Amendment to MFRS 101 and  
MFRS 108 *Definition of material*

**MFRS effective 1 January 2021**

MFRS 17 *Insurance Contracts*#

**Amendments to MFRSs (deferred effective dates to be announced by MASB)**

Amendments to MFRS 10 and *Sale or Contribution of Assets between an Investor and its Associate or*  
MFRS 128 *Joint Venture*#

# *Not applicable to Group's existing operations*

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.

**A2. Auditors' Report on the Preceding Annual Financial Statements**

The auditor's report on the latest audited financial statements for the financial period ended 30 June 2019 was not subject to any audit qualification.

**A3. Seasonal or Cyclical Factors of Interim Operations**

The results of the Group were not materially affected by any significant seasonal or cyclical factors during the current financial quarter and period.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the current financial quarter and period.

**A5. Material Changes in Estimates**

There were no material changes in estimates of amounts reported in prior financial period, which may have a material effect in the current financial quarter and period results.

**A6. Issues, Repurchases, and Repayments of Debt and Equity Securities**

There no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter and period.

**A7. Dividends Paid**

There were no dividends declared and paid for the current financial quarter.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**A8. Segmental 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 champagne, kitchen equipment and related products

Period To date 30 Sept 2019	Research and development, and assembling	Trading	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	6,271	260	-	6,531
<b>Result:</b>				
Segment result	(1,245)	(54)	-	(1,299)
Other Income	290	-	-	290
Loss Before Tax	(955)	(54)		(1,009)
Segment Assets	70,099	6,414	(13,993)	62,520
Segment Liabilities	45,009	7,474	(51,889)	594

**Geographical segments**

The business segment is managed in few principal locations namely Malaysia, Thailand, China and Taiwan. In presenting information on the basis of geographical segments. Segmental revenue is presented based on the geographical location of customers.

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

Period To date 30 Sept 2019	Malaysia	Outside Malaysia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	5,788	743	-	6,531
<b>Result:</b>				
Segment result	(779)	(520)	-	(1,299)
Other Income	261	29	-	290
Loss Before Tax	(518)	(491)	-	(1,009)



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

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

---

**A9. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its property, plant and equipment during the current financial quarter and period.

**A10. Events after the End of the Quarter**

There were no other material events subsequent to the end of the current financial quarter up to 23 November 2019.

**A11. Changes in Composition of the Group**

There were no other changes in the composition of the Group for the current financial quarter under review.

**A12. Contingent Assets or Changes on Contingent Liabilities**

There were no contingent assets or contingent liabilities since the last statement of financial position date.

**A13. Significant Related Party Transaction**

The Directors are of the opinion that there are no related party transactions which would have material impact on the financial position and the business of the Group during the current financial quarter.

**A14. Capital Commitments**

Capital commitments at the reporting date as follows:-

**Approved and contracted for:**  
Acquisition of investment property

As At  
**30.09.2019**  
RM

225,000



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENT OF BURSA SECURITIES FOR THE ACE MARKET**

**B1. Review of Performance**

**Statement of Profit & Loss and Other Comprehensive Income**

	Current Quarter Ended 30.09.2019 RM'000 (unaudited)	Preceding Year Corresponding Quarter Ended 30.09.2018 RM'000 (unaudited)	Changes (%)
Revenue	6,531	3,476	88%
Gross profit	662	100	>100%
Loss before interest and tax	(1,036)	(2,744)	62%
Loss before tax	(1,009)	(2,271)	56%
Loss after tax	(1,009)	(2,271)	56%
Loss attributable to ordinary equity holders of the parent	(748)	(2,240)	67%

The Group registered revenue of RM6.5 million for the three (3) months ended 30 September 2019 which is higher than the preceding corresponding quarter of RM3.5 million. Following the launching of "Let's Talk" mobile application, the Group recorded a higher revenue contributed from the sales of the licensing fee. The higher gross profit of RM0.7 million was offset by the operating expenses resulting in a loss of RM1.0 million. The preceding corresponding quarter recorded a higher loss attributable to the advertising expenses.

**B2. Material Changes in Loss before Tax for the Quarter Compared with Immediate Preceding Quarter**

	Current Quarter Ended 30.09.2019 RM'000	Preceding Quarter Ended 30.06.2019 RM'000	Changes (%)
<b>Group Results</b>			
Revenue	6,531	3,158	>100%
Gross profit	662	1,193	-45%
Loss before interest and tax	(1,036)	(319)	->100%
Loss before tax	(1,009)	(294)	->100%
Loss after tax	(1,009)	(294)	->100%
Loss attributable to ordinary equity holders of the parent	(748)	(294)	->100%

The Group registered higher revenue of RM6.5 million in the current quarter compared to preceding quarter of RM3.2 million. The increase in revenue is contributed by the sales of mobile application in current quarter.

The loss before tax in preceding quarter of RM0.3 million is lower than the current quarter of RM1.0 million mainly due to the higher operating expenses in the newly acquired subsidiary, Inbase Partners Limited.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**B3. Commentary on Prospects**

The Group has embarked on a number of business initiatives to increase revenue. These include the introduction of new products, new businesses and entry into new markets to complement its existing business. These initiatives will spearhead a new business model that is intended to diversify and expand the Group's future revenue base and create new opportunities for business growth.

**B4. Variation on Revenue or Profit Estimate, Forecast, Projection or Internal Targets**

Not applicable.

**B5. Variance of Actual Profit After Tax and Minority Interest and the Forecast Profit after Tax and Minority Interest**

Not applicable.

**B6. Shortfall in the Profit Guarantee**

Not applicable.

**B7. Taxation**

For the current quarter ended 30 September 2019, there is no tax liability.

**B8. Status of Corporate Proposals**

There were no corporate proposals announced and completed as at 23 November 2019.

**B9. Utilisation of Proceeds Raised from Corporate Proposal**

On 11<sup>th</sup> 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	40,326	-	Within 24 months
Expenses in relation to the proposals	730	730	-	Immediate
	<u>56,056</u>	<u>56,056</u>	<u>-</u>	

**B10. Borrowings and Debts Securities**

There were no borrowings or debt securities in the Group as at 30 September 2019.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**B11. Material Litigation**

There were no significant changes in material litigation as at 23 November 2019.

**B12. Dividends**

No dividend was declared and paid during the current financial quarter.

**B13. Losses 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:

	Current Year Quarter 30.09.2019	Preceding Year Quarter 30.09.2018	Current Year To Date 30.09.2019	Preceding Year To Date 30.09.2018
Losses attributable to ordinary shareholders of the Company (RM'000)	(721)	N/A	(721)	N/A
Weighted average number of ordinary shares in issue ('000)	670,504	N/A	670,504	N/A
Basic & diluted losses per share (sen)	(0.11)	N/A	(0.11)	N/A

- (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.

**B14. Note to the Statements of Profit or Loss and Other Comprehensive Income**

Loss before tax has been determined after (crediting)/charging, amongst others, the followings items:-

	Individual Quarter Current Year Quarter 30.09.2019 RM'000	Preceding Year Quarter 30.09.2018 RM'000
Interest income	(27)	(13)
Income distribution from short term fund	(49)	(387)
Depreciation and amortisation	637	439
Gain on disposal of property, plant and equipment	(9)	-
Fair value changes on investment	238	-
Gain on foreign exchange	(120)	-

Save for the above, the other items as required under Chapter 9 Appendix 9B (16) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 SEPTEMBER 2019**

**B15. TRADE RECEIVABLE**

	As at 30.9.2019 RM'000 (unaudited)	As at 30.6.2019 RM'000 (audited)
Trade receivables	7,773	5,008
Less: Impairment losses	(458)	(458)
	7,315	4,550

Aging analysis of trade receivables of the Group are as follows:

	As at 30.09.2019 RM'000 (unaudited)	As at 30.06.2019 RM'000 (audited)
Neither past due nor impaired	7,270	3,400
Past due but not impaired:		
1-30 days	18	-
31-60 days	27	-
More than 90 days	-	1,150
Past due and impaired	458	458
	7,773	5,008

**B16. AUTHORISATION FOR ISSUE**

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors.