

MLABS SYSTEMS BERHAD
Company No. 200401014724 (653227-V)
(Incorporated in Malaysia)

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 DECEMBER 2020**

The Board of Directors of Mlabs Systems Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 December 2020 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June (“FYE”) 2020 and the accompanying explanatory notes attached to the unaudited consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER Quarter Ended		CUMULATIVE QUARTER Period Ended	
		31.12.2020 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)	31.12.2020 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)
Revenue	A8	2,489	383	5,475	6,914
Cost of sales		<u>(2,154)</u>	<u>(472)</u>	<u>(4,313)</u>	<u>(6,341)</u>
Gross profit		335	(89)	1,162	573
Other income		402	12	858	302
Administrative and operating expenses		(2,429)	(2,262)	(8,215)	(3,946)
Selling and distribution expenses		(42)	-	(105)	-
Other operating expenses		<u>(526)</u>	<u>47</u>	<u>(928)</u>	<u>(230)</u>
Loss from operations		<u>(2,260)</u>	<u>(2,292)</u>	<u>(7,228)</u>	<u>(3,301)</u>
Finance costs		<u>(12)</u>	<u>(2)</u>	<u>(25)</u>	<u>(2)</u>
Loss before tax	B14	<u>(2,272)</u>	<u>(2,294)</u>	<u>(7,253)</u>	<u>(3,303)</u>
Tax expense	B7	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Loss for the financial period		<u>(2,272)</u>	<u>(2,294)</u>	<u>(7,253)</u>	<u>(3,303)</u>
Other comprehensive loss:- Item that will be subsequently to profit or loss					
Exchange differences on translating foreign operation		<u>(174)</u>	<u>(102)</u>	<u>(326)</u>	<u>(52)</u>
Other comprehensive loss for the financial period		<u>(174)</u>	<u>(102)</u>	<u>(326)</u>	<u>(52)</u>
Total comprehensive loss for the financial period		<u><u>(2,446)</u></u>	<u><u>(2,396)</u></u>	<u><u>(7,579)</u></u>	<u><u>(3,355)</u></u>
Loss for the financial period attributable to:					
- Owners of the Company		<u>(2,136)</u>	<u>(2,231)</u>	<u>(7,218)</u>	<u>(2,979)</u>
- Non-controlling interests		<u>(136)</u>	<u>(63)</u>	<u>(35)</u>	<u>(324)</u>
		<u><u>(2,272)</u></u>	<u><u>(2,294)</u></u>	<u><u>(7,253)</u></u>	<u><u>(3,303)</u></u>
Total comprehensive loss attributable to:					
- Owners of the Company		<u>(2,219)</u>	<u>(2,283)</u>	<u>(7,374)</u>	<u>(3,004)</u>
- Non-controlling interests		<u>(227)</u>	<u>(113)</u>	<u>(205)</u>	<u>(351)</u>
		<u><u>(2,446)</u></u>	<u><u>(2,396)</u></u>	<u><u>(7,579)</u></u>	<u><u>(3,355)</u></u>
Losses per share attributable to the owner of the company					
Basic (sen)	B13	<u>(1.08)</u>	<u>(3.33)*</u>	<u>(3.63)</u>	<u>(4.44)*</u>

* The calculation of the weighted average number of shares in issue for the preceding corresponding period and year was adjusted for the consolidation of 10 existing shares into 1 new share on 5 November 2020. Accordingly, the basic earnings per share for the said periods was adjusted retrospectively.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.12.2020 RM'000 (unaudited)	As At 30.06.2020 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant & equipment		2,389	2,386
Intangible assets		11,401	5,136
Investment properties		8,850	8,885
Right-of-use assets		896	1,064
Other investment		4,063	4,091
Non-trade receivables, deposits and prepayments		63	63
Total non-current assets		<u>27,662</u>	<u>21,625</u>
Current assets			
Inventories		398	280
Trade receivables	B15	3,996	867
Non-trade receivables, deposits and prepayments		12,024	5,668
Films under production		722	-
Cash, bank balances and short-term fund		81,748	22,490
Total current assets		<u>98,888</u>	<u>29,305</u>
Total assets		<u>126,550</u>	<u>50,930</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		79,379	42,553
Reserves		42,120	4,429
Equity attributable to owners of the parent		<u>121,499</u>	<u>46,982</u>
Non-controlling interest		1,668	2,000
Total equity		<u>123,167</u>	<u>48,982</u>
LIABILITIES			
Non-current liability			
Lease liabilities		382	689
Current liabilities			
Payables		2,379	704
Lease liabilities		614	547
Taxation		8	8
Total current liabilities		<u>3,001</u>	<u>1,259</u>
Total liabilities		<u>3,383</u>	<u>1,948</u>
Total equity and liabilities		<u>126,550</u>	<u>50,930</u>
Net asset per share (RM)		<u>0.136</u>	<u>0.484*</u>

* The number of shares in issue as at 30 June 2020 was adjusted for the consolidation of 10 existing shares into 1 new share on 5 November 2020. Accordingly, the net assets per as at 30 June 2020 was adjusted retrospectively.

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	[----- Non-distributable -----]			Distributable				
	Share capital RM'000	ESOS Reserve RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total RM'000	Non- controlling interests RM'000	Total RM'000
As at 30 June 2020	42,553	-	109	43,930	(39,610)	46,982	2,000	48,982
Loss for the financial period	-	-	-	-	(7,218)	(7,218)	(35)	(7,253)
Other comprehensive income for the financial period								
- Exchange translation differences	-	-	(156)	-	-	(156)	(170)	(326)
Total comprehensive loss for the financial period	-	-	(156)	-	(7,218)	(7,374)	(205)	(7,579)
Warrant expired	-	-	-	(43,930)	43,930	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	(269)	(269)
Subscription of shares by Non-Controlling Interest in a subsidiary	-	-	-	-	-	-	142	142
Grant of Employee Share Option Scheme ("ESOS")	-	3,511	-	-	-	3,511	-	3,511
Ordinary share issued pursuant to:-								
-ESOS	8,704	(3,244)	-	-	-	5,460	-	5,460
-Private placement	5,759	-	-	-	-	5,759	-	5,759
-Right issue	22,363	-	-	44,798	-	67,161	-	67,161
As at 31 Dec 2020	79,379	267	(47)	44,798	(2,898)	121,499	1,668	123,167
As at 30 June 2019	30,626	-	(1)	43,930	(13,832)	60,723	2,162	62,885
Loss for the financial period	-	-	-	-	(2,979)	(2,979)	(324)	(3,303)
Other comprehensive income for the financial period								
- Exchange translation differences	-	-	(25)	-	-	(25)	(27)	(52)
Total comprehensive loss for the financial period	-	-	(25)	-	(2,979)	(3,004)	(351)	(3,355)
Warrant exercised	7	-	-	-	-	7	-	7
As at 31 Dec 2019	30,633	-	(26)	43,930	(16,811)	57,726	1,811	59,537

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.12.2020 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)
Operating activities		
Loss before tax	(7,253)	(3,303)
Adjustments for:-		
Amortisation of intangible assets	1,001	1,006
Depreciation of investment property	35	35
Depreciation of property, plant and equipment	271	264
Depreciation of right-of-use asset	295	-
Interest expense	25	2
Interest income	-	(42)
Income distribution from short-term fund	(285)	(49)
Gain on disposal of property, plant and equipment	(1)	(9)
Fair value adjustment on investment	(453)	(51)
Reversal of impairment loss on right-of-use asset	(81)	-
Reversal of impairment loss on inventories	(85)	-
Share-based payments	3,511	-
Unrealised foreign exchange loss	936	-
Operating loss before working capital changes	(2,084)	(2,147)
Changes in working capital:-		
Inventories	(33)	5
Film in production	(722)	-
Payables	817	(6,781)
Receivables	(10,334)	(4,085)
Net cash used in operating activities	(12,356)	(13,008)
Investing activities		
Acquisition of:		
- Property, plant and equipment	(138)	(1,808)
- Investment properties	-	(1,238)
- Intangible assets and software development	(6,879)	(14)
- Subsidiary	(46)	-
Income received from short-term fund	285	49
Interest received	1	42
Fair value adjustment on investment	11	26
Proceed on withdrawal of investment	-	416
Proceed on disposal of property, plant and equipment	-	44
Net cash used in investing activities	(6,766)	(2,483)
Financing activities		
Proceed from issuance of ordinary shares pursuant to		
- ESOS	5,460	-
- Private placement	5,759	-
- Warrant exercised	-	7
- Right issues	67,161	-
Interest paid	(25)	(2)
Repayment of lease liabilities	(286)	(2)
Net cash from financing activities	78,069	3

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

CASH AND CASH EQUIVALENTS

Net changes	58,947	(15,488)
Effects of changes in foreign exchange rate	311	(12)
Brought forward	22,490	22,591
Carried forward	81,748	7,091

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances and short-term funds	81,748	7,091
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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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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 MFRS 134 – Interim Financial Reporting, the International Accounting Standard 34 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 FYE 2020 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 FYE 2020.

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 FYE 2020 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 2020.

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

MFRS effective for financial periods beginning on or after 1 January 2020

Amendment to MFRS 3	<i>Business Combination - Definition of a Business</i>
Amendment to MFRS 101	<i>Presentation of Financial Statements: Definition of Material</i>
Amendments to MFRS 108	<i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material</i>

MFRS effective for financial periods beginning on or after 1 June 2020

Amendment to MFRS 16	<i>Leases – Covid-19 – Related Rent Concessions</i>
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The adoption of the above pronouncements did not have material impact on the financial statements of the Group and of the Company.

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

MFRS effective for financial periods beginning on or after 1 January 2021

Amendment to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS4 Insurance Contract and MFRS 16 Leases – Interest Rate Benchmark Reform-Phase 2

MFRS effective for financial periods beginning on or after 1 January 2022

Amendment to MFRS 3	<i>Business Combinations- Reference to the Conceptual Framework</i>
Amendment to MFRS 116	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to MFRS 137	<i>Provisions, Contingent Liabilities and Contingent Assts – Onerous Contract – Cost of Fulfilling a Contract</i>
Amendment to MFRS 1	<i>First time Adoption of Malaysian Financial Reporting Standards -Annual Improvements to MFRS Standards 2018-2020</i>

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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 (cont'd):

MFRS effective for financial periods beginning on or after 1 January 2022

Amendment to MFRS 9	<i>Financial Instruments - Annual Improvements to MFRS Standards 2018-2020</i>
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MFRS effective for financial periods beginning on or after 1 January 2023

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 17	<i>Insurance Contracts</i>
Amendment to MFRS 101	<i>Presentation of Financial Statements - Classification of liabilities as current or non-current</i>

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 FYE 2020 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 is no issues, repurchases, and repayments of debts and equity securities of the Group during the current financial quarter and period except for:-

- i. On 6 July 2020, the Company announced the fixed issue price of 110,000,000 private placement shares at RM0.0318 each and were issued on 8 July 2020.
- ii. On 7 July 2020, the Company announced the fixed issue price of 57,365,000 private placement shares at RM0.0452 each and were issued on 21 July 2020.
- iii. On 17 July 2020, 65,000,000 shares option were offered to eligible employee at an exercise price of RM0.05 each and were issued on 6 August 2020.

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A6. Issues, Repurchases, and Repayments of Debt and Equity Securities (cont'd)

- iv. On 1 September 2020, the Company proposed to consolidate of every 10 existing ordinary shares in the Company into 1 share. The consolidation had been completed on 5 November 2020, in which 1,258,539,027 shares had consolidated into 125,853,870 Consolidated Shares.
- v. On 1 September 2020, the Company proposed renounceable right issue of up to 755,123,412 new shares together with up to 440,488,657 free detachable warrants in the Company (“Warrant C”) on the basis of 12 Rights Shares together with 7 free Warrants C for every 2 existing shares. The abridged prospectus has been released to the public on 13 November 2020. The right issue were completed on 14 December 2020.
- vi. On 10 September 2020, total number of 186,855,358 Warrant B which remained unexercised had expired.
- vii. On 5 November 2020, the Company had completed the Share Consolidation with 1,258,539,027 number of shares consolidated to 125,853,902 shares.
- viii. On 17 December 2020, 153,498,000 shares option were offered to eligible employee at an exercise price of RM0.085 each and 26,000,000 shares option were issued on 23 December 2020.
- ix. On 29 December 2020, 212,049,000 shares option were offered to eligible employee at an exercise price of RM0.0725 each and 30,000,000 shares option were issued on 8 January 2021.

A7. Dividends Paid

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

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 three reportable segments as follows:

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

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A8. Segmental Information (Cont'd)

Business segments (Cont'd)

Period Ended 31.12.2020	Research and development, and assembling	Films production	Trading	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	4,288	-	1,530	(343)	5,475
Result:					
Segment result	(6,017)	(592)	(333)	(1,169)	(8,111)
Other Income	497	4	276	81	858
Loss Before Tax	(5,520)	(588)	(57)	(1,088)	(7,253)
Segment Assets	154,285	1,101	29,372	(58,208)	126,550
Segment Liabilities	77,577	1,007	30,043	(105,244)	3,383

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 Ended 31.12.2020	Malaysia	Outside Malaysia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	978	4,840	(343)	5,475
Result:				
Segment result	(7,129)	187	(1,169)	(8,111)
Other Income	62	715	81	858
Loss Before Tax	(7,067)	902	(1,088)	(7,253)

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

On 8 February 2021, the Company announced the fixed issue price of 30,000,000 shares option were offered to eligible employee at an exercise price of RM0.06 each and were issued on 15 February 2021.

On 17 February 2021, the Company announced the fixed issued price of 30,000,000 share option were offered to eligible employee at an exercise price of RM0.06 each and were issued on 19 February 2021.

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A10. Events after the End of the Quarter (Cont'd)

On 22 February 2021, the Company announced the fixed issued price of 30,000,000 share option were offered to eligible employee at an exercise price of RM0.065 each and were issued on 24 February 2021.

On 24 February 2021, the Company announced the fixed issued price of 60,000,000 share option were offered to eligible employee at an exercise price of RM0.0625 each and 30,000,000 were issued on 4 March 2021 and 15 March 2021 respectively.

On 4 March 2021, the Company incorporated a wholly owned subsidiary, Mlabs Capital Sdn Bhd with a paid up capital of RM1.

On 26 February 2021, the Company announced the fixed issued price of 100,000,000 share option were offered to eligible employee at an exercise price of RM0.06 each and were issued on 19 March 2021.

On 18 March 2021, the Company announced the fixed issued price of 100,000,000 share option were offered to eligible employee at an exercise price of RM0.0575 each and were issued on 22 March 2021.

A11. Changes in Composition of the Group

On 15 July 2020, Champagne Carbon Asia Limited incorporated a wholly owned subsidiary, Shenzhen Carbon Champagne Development Limited (“SCCDL”) with a registered paid up capital of RMB1,000,000.

On 10 August 2020, the Company subscribed 52,000 new ordinary shares at RM1.00 for a total consideration of RM52,000 representing 51% shareholdings of Longhouse. Upon completion, Longhouse became a 51% owned subsidiary of the Group.

On 7 September 2020, the Company subscribed 150,000 new ordinary share at HKD1.00 for total consideration of HKD150,000 representing 60% shareholdings of Linkodes International Limited.

On 6 October 2020 and 11 November 2020, the Company subscribed Redeemable Convertible Preference Shares (“RCPS”) in Longhouse Films Sdn Bhd (“Longhouse”) amounted to RM1,000,000.

Save for the above, there were no other changes in the composition of the Group for the current financial quarter and period.

A12. Contingent Assets or Changes on Contingent Liabilities

There were no contingent assets or contingent liabilities as at 31 December 2020.

A13. Significant Related Party Transaction

All related party transactions and balances within the Group had been entered into in the normal course of business and were carried out on normal commercial terms during the current financial quarter and period.

A14. Fair Value Measurement

The financial assets maturing within the next 12 months reasonably approximate their fair values due to the relatively short-term maturity of the financial instruments.

Fair value hierarchy

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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A14. Fair Value Measurement (Cont'd)

Fair value hierarchy (Cont'd)

The table below analyses financial instrument carried at fair value, by valuation method. The different levels have been defined as follows (cont'd):

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Group	As at 31.12.2020 RM'000 (unaudited)	As at 30.06.2020 RM'000 (audited)
<u>Level 1</u>		
Unit trust fund	14	14
Trust assets	4,049	4,077
	4,063	4,091
	4,063	4,091

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 31 December 2020.

A15. Capital Commitments

Capital commitments at 31 December 2020 as follows:-

Approved and contracted for:	As at 31.12.2020 RMB	As at 31.12.2020 RM
RCPS subscriptions	-	2,000,000
Registered share capital of SCCDL to be paid up by 31 December 2046	1,000,000	605,400
Acquisition of investment property	-	225,000
	-	225,000
	-	225,000

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**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

Group Results	INDIVIDUAL QUARTER Quarter Ended			CUMULATIVE QUARTER Period Ended		
	31.12.2020 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)	Changes (%)	31.12.2020 RM'000 (unaudited)	31.12.2019 RM'000 (unaudited)	Changes (%)
Revenue	2,489	383	>100%	5,475	6,914	-21%
Gross profit/(loss)	335	(89)	>100%	1,162	573	>100%
Loss before interest and tax	(2,261)	(2,279)	1%	(7,229)	(3,263)	->100%
Loss before tax	(2,272)	(2,294)	1%	(7,253)	(3,303)	->100%
Loss after tax	(2,272)	(2,294)	1%	(7,253)	(3,303)	->100%
Loss attributable to ordinary equity holders of the parent	(2,136)	(2,231)	1%	(7,218)	(2,979)	->100%

The Group registered revenue of RM2.49 million for the three (3) months ended 31 December 2020, mainly generated from Inbase Partners Limited (“Inbase”) on technology and corporate advisory services and provision of mobile application solutions and Research on trading of web conferencing related products and services coupled with Champagne Carbon Asia Limited’s trading of champagne contributed a higher revenue compared to preceding corresponding financial quarter of RM0.38 million. The current financial quarter recorded a slightly lower loss of RM2.27 million compared to preceding corresponding financial quarter of RM2.29 million.

B2. Material Changes in Financial Performance for the Quarter Compared with Immediate Preceding Quarter

Group Results	Quarter Ended		Changes (%)
	31.12.2020 RM'000 (unaudited)	30.09.2020 RM'000 (unaudited)	
Revenue	2,489	2,986	-17%
Gross profit	335	827	-59%
Loss before interest and tax	(2,261)	(4,968)	54%
Loss before tax	(2,272)	(4,981)	54%
Loss after tax	(2,272)	(4,981)	54%
Loss attributable to ordinary equity holders of the parent	(2,136)	(5,082)	58%

The Group registered lower revenue of RM2.49 million in the current financial quarter compared to immediate preceding financial quarter of RM2.99 million. The higher revenue and gross profit from immediate preceding quarter are mainly generated from our subsidiary Inbase and Research on trading of web conferencing related products and services.

The Group loss of RM2.27 million was lower as compared to immediate preceding financial quarter of RM4.98 million mainly attributable to the share based payment recorded in immediate preceding financial quarter of RM2.96 million.

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B3. Commentary on Prospects

On January 2021, Bank Negara Malaysia decided to maintain the Overnight Policy Rate at 1.75 percent. The global economy is expected to recover following the mass vaccination program rolled out globally together with ongoing policies. International Monetary Fund has revised upwards their 2021 global growth forecast to 5.5%.

Malaysia have been hit by another wave of Covid-19 with cases on the rise in the mid December resulting in the re-introduction of stricter containment measures. Movement Control Order (“MCO”) started on 13 January 2021 on selected states which expanded to all states except Sarawak. These measures continue to create opportunity for the Group for its multimedia video conferencing business with the rising on demand for communication tool to connect clients, colleagues, business partners and other stakeholders. The Group intends to expand the video conferencing business by collaborating into the field of telemedicine as well as broadcasting and livestreaming. Nevertheless, the Group continues to explore potential investment or acquisition in complementary business or asset.

At this juncture, the Group is in discussion for potential collaboration of providing video conferencing facilities to healthcare providers. The Group targets to provide video-conferencing equipment to healthcare providers and other industries over the next 3 years. The potential of these collaboration is expected to provide a stable and recurring income stream via the monthly subscription fees. The demand for telemedicine is expected to grow in future corresponding to the increase in the demand of healthcare services.

As the business of technology and corporate advisory services and provision of mobile application solutions of Inbase stabilised, the company continued to explore potential businesses. Inbase planned to venture into the gold trading business in which potential to generate a diversified return to the Group.

The Group had completed the first tranche subscription of Longhouse RCPS amounted to RM1,000,000. The coupon rate of 5% is expected to generate income for the Group, diversifying the reliance on ICT products to generate income for the Group. The revenue for Longhouse had been delayed impacted by the implementation of MCO, which expects to pick up with the reopening of cinemas in March following the relaxation of Covid-19 restrictions.

The Group will continuously seek opportunities to expand its business in the ICT industry, complementing the current business and tap into the ongoing trend of digitalisation of the economy.

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

The Group has no tax liability during the current financial quarter.

B8. Status of Corporate Proposals

There was no corporate proposal announced as at the date of this report.

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B9. Utilisation of Proceeds Raised from Corporate Proposal

On 21 July 2020, the Company had raised total proceeds of RM9.2 million from the private placement by issuance of 267,350,000 new ordinary shares.

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
Marketing expenses for the Let's Talk mobile application	3,000	1,000	2,000	Within 24 months
Working Capital	5,909	3,943	1,966	Within 24 months
Expenses in relation to the proposals	332	332	-	Immediate
	9,241	5,275	3,966	

On 14 December 2020, the Company had raised total proceeds of RM68.0 million from the right issues by issuance of 755,123,412 new ordinary shares.

Purpose	Proposed Utilisation	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	
Remote meeting and videotelephony enablers	23,000	-	23,000	Within 36 months
Broadcasting and livestreaming centre	7,600	7,600	-	Within 6 months
Acquisition and/or investments in complementary business and/or assets	25,000	-	25,000	Within 24 months
Working Capital	11,561	-	11,561	Within 24 months
Expenses in relation to the proposals	800	800	-	Immediate
	67,961	8,400	59,561	

B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 December 2020.

B11. Material Litigation

There were no pending litigation as at the date of this report.

B12. Dividends

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

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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:

	INDIVIDUAL QUARTER Quarter Ended		CUMULATIVE QUARTER Period Ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Losses attributable to ordinary shareholders of the Company (RM'000)	(2,136)	(2,231)	(7,218)	(2,979)
Weighted average number of ordinary shares in issue ('000)	198,644	67,058	198,644	67,058
Basic & diluted losses per share (sen)	(1.08)	(3.33)	(3.63)	(4.44)

The previous year's basic loss per ordinary share has been restated to reflect the effect of the share consolidation exercise carried out during the year under review.

- (b) Diluted

The Group has no potential dilutive shares outstanding as at 31 December 2020.

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 Quarter Ended		CUMULATIVE QUARTER Period Ended	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Interest expense	13	-	25	2
Interest income	(1)	(15)	(1)	(42)
Income distribution from short term fund	(158)	-	(285)	(49)
Depreciation and amortisation	637	667	1,602	1,305
Gain on disposal of property, plant and equipment	-	-	-	(9)
Fair value adjustment on investment and short-term fund	(175)	(289)	(442)	(25)
Unrealised foreign exchange loss	933	-	936	-
Realised foreign exchange loss/(gain)	(399)	86	5	(34)

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.

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B15. Trade Receivables

	As at 30.09.2020 RM'000 (unaudited)	As at 30.6.2020 RM'000 (audited)
Trade receivables	6,256	3,127
Less: Impairment losses	(2,260)	(2,260)
	3,996	867

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

	As at 31.12.2020 RM'000 (unaudited)	As at 30.06.2020 RM'000 (audited)
Neither past due nor impaired	324	846
Past due but not impaired:		
Less than 3 months	3,500	20
3 to 6 months	162	1
More than 6 months	10	-
Past due and impaired	2,260	2,260
Trade receivables (gross)	6,256	3,127

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.