

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2022**

The Board of Directors of Mlabs Systems Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2022 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June (“FYE”) 2021 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 | |
|--|------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| | | 31.03.2022 RM'000 (unaudited) | 31.03.2021 RM'000 (unaudited) | 31.03.2022 RM'000 (unaudited) | 31.03.2021 RM'000 (unaudited) |
| Revenue | A8 | 3,485 | 26,527 | 15,651 | 32,002 |
| Cost of sales | | (2,825) | (25,304) | (12,159) | (29,617) |
| Gross profit | | 660 | 1,223 | 3,492 | 2,385 |
| Other income | | 2,982 | 683 | 4,326 | 1,541 |
| Administrative and operating expenses | | (5,255) | (6,079) | (11,160) | (14,294) |
| Selling and distribution expenses | | (231) | (1,186) | (1,885) | (1,291) |
| Other operating expenses | | (1,328) | (799) | (645) | (1,727) |
| Loss from operations | | (3,172) | (6,158) | (5,872) | (13,386) |
| Finance costs | | (6) | (11) | (307) | (36) |
| Loss before tax | B14 | (3,178) | (6,169) | (6,179) | (13,422) |
| Tax expense | B7 | (533) | - | (533) | - |
| Loss for the financial period | | (3,711) | (6,169) | (6,712) | (13,422) |
| Other comprehensive (loss)/income:- | | | | | |
| Item that will be subsequently reclassified to profit or loss | | | | | |
| Exchange differences on translating foreign operation | | (384) | 165 | 277 | (161) |
| Other comprehensive (loss)/income for the financial period | | (384) | 165 | 277 | (161) |
| Total comprehensive loss for the financial period | | (4,095) | (6,004) | (6,435) | (13,583) |
| Loss for the financial period attributable to: | | | | | |
| - Owners of the Company | | (3,407) | (5,718) | (6,289) | (12,936) |
| - Non-controlling interests | | (304) | (451) | (423) | (486) |
| | | (3,711) | (6,169) | (6,712) | (13,422) |
| Total comprehensive loss attributable to: | | | | | |
| - Owners of the Company | | (3,755) | (5,632) | (6,091) | (13,006) |
| - Non-controlling interests | | (340) | (372) | (344) | (577) |
| | | (4,095) | (6,004) | (6,435) | (13,583) |
| Losses per share attributable to the owner of the company | | | | | |
| Basic (sen) | B13 | (0.25) | (1.25) | (0.46) | (2.84) |

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As At 31.03.2022 RM'000 (unaudited) | As At 30.06.2021 RM'000 (audited) |
|---|------------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant & equipment | | 10,539 | 2,258 |
| Intangible assets | | 9,892 | 9,955 |
| Investment properties | | 18,514 | 8,815 |
| Right-of-use assets | | 448 | 898 |
| Other investment | | 14,570 | 2,026 |
| Non-trade receivables, deposits and prepayments | | 11,719 | 64 |
| Total non-current assets | | 65,682 | 24,016 |
| Current assets | | | |
| Inventories | | 771 | 446 |
| Trade receivables | B15 | 12,038 | 3,268 |
| Non-trade receivables, deposits and prepayments | | 4,275 | 19,965 |
| Contract asset | | 290 | 594 |
| Tax recoverable | | 42 | - |
| Cash, bank balances and short-term fund | | 68,107 | 100,236 |
| Total current assets | | 85,523 | 124,509 |
| Total assets | | 151,205 | 148,525 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital | | 110,049 | 101,402 |
| Reserves | | 26,694 | 33,748 |
| Equity attributable to owners of the Company | | 136,743 | 135,150 |
| Non-controlling interests | | 1,407 | 889 |
| Total equity | | 138,150 | 136,039 |
| LIABILITIES | | | |
| Non-current liability | | | |
| Lease liabilities | | 167 | 381 |
| Current liabilities | | | |
| Trade payables | | 100 | 434 |
| Non-trade payables and accruals | | 10,877 | 9,242 |
| Contract liabilities | | 281 | 1,056 |
| Lease liabilities | | 269 | 542 |
| Amount due to directors | | 824 | 823 |
| Taxation | | 537 | 8 |
| Total current liabilities | | 12,888 | 12,105 |
| Total liabilities | | 13,055 | 12,486 |
| Total equity and liabilities | | 151,205 | 148,525 |
| Net asset per share (RM) | | 0.095 | 0.114 |

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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 2021 | 101,402 | - | (331) | 44,798 | (10,719) | 135,150 | 889 | 136,039 |
| Loss for the financial period | - | - | - | - | (6,289) | (6,289) | (423) | (6,712) |
| Other comprehensive income for the financial period | | | | | | | | |
| - Exchange translation differences | - | - | 198 | - | - | 198 | 79 | 277 |
| Total comprehensive loss for the financial period | - | - | 198 | - | (6,289) | (6,091) | (344) | (6,435) |
| Arising from increase in equity interest in a subsidiary | - | - | - | - | (963) | (963) | 862 | (101) |
| Ordinary share issued pursuant to:- | | | | | | | | |
| - Private placement | 8,647 | - | - | - | - | 8,647 | - | 8,647 |
| As at 31 Mar 2022 | 110,049 | - | (133) | 44,798 | (17,971) | 136,743 | 1,407 | 138,150 |
| As at 30 June 2020 | 42,553 | - | 109 | 43,930 | (39,610) | 46,982 | 2,000 | 48,982 |
| Loss for the financial period | - | - | - | - | (12,936) | (12,936) | (486) | (13,422) |
| Other comprehensive income for the financial period | | | | | | | | |
| - Exchange translation differences | - | - | (70) | - | - | (70) | (91) | (161) |
| Total comprehensive loss for the financial period | - | - | (70) | - | (12,936) | (13,006) | (577) | (13,583) |
| Warrant expired | - | - | - | (43,930) | 43,930 | - | - | - |
| Acquisition of subsidiaries | - | - | - | - | - | - | (268) | (268) |
| Subscription of shares by Non-Controlling Interest in a subsidiary | - | - | - | - | - | - | 142 | 142 |
| Grant of Employee Share Option Scheme ("ESOS") | - | 6,656 | - | - | - | 6,656 | - | 6,656 |
| Ordinary share issued pursuant to:- | | | | | | | | |
| -ESOS | 30,514 | (6,656) | - | - | - | 23,858 | - | 23,858 |
| -Private placement | 5,759 | - | - | - | - | 5,759 | - | 5,759 |
| -Right issue | 22,363 | - | - | 44,798 | - | 67,161 | - | 67,161 |
| As at 31 Mar 2021 | 101,189 | - | 39 | 44,798 | (8,616) | 137,410 | 1,297 | 138,707 |

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**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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CONSOLIDATED STATEMENT OF CASH FLOWS

| | Period Ended | |
|--|-------------------------------------|-------------------------------------|
| | 31.03.2022 RM'000 (unaudited) | 31.03.2021 RM'000 (unaudited) |
| Operating activities | | |
| Loss before tax | (6,179) | (13,422) |
| Adjustments for:- | | |
| Amortisation of intangible assets | 142 | 1,500 |
| Depreciation of investment property | 102 | 53 |
| Depreciation of property, plant and equipment | 479 | 412 |
| Depreciation of right-of-use asset | 422 | 447 |
| Interest expense | 307 | 36 |
| Interest income | (3) | (3) |
| Income distribution from short-term fund | (482) | (618) |
| Fair value adjustment on investment | 281 | (596) |
| Fair value gain on quoted shares | (1,140) | - |
| Gain on disposal of development right | (285) | - |
| Reversal of impairment loss on right-of-use asset | - | (122) |
| Inventories written off | 37 | 118 |
| Reversal of impairment loss on inventories | - | (85) |
| Share-based payments | - | 6,656 |
| Unrealised foreign exchange (gain)/loss | (211) | 1,570 |
| Operating loss before working capital changes | (6,530) | (4,054) |
| Changes in working capital:- | | |
| Inventories | (363) | (313) |
| Film in production | - | (1,724) |
| Payables | 526 | 12,854 |
| Receivables | 7,536 | (18,134) |
| Cash generated from/(used in) operating activities | 1,169 | (11,371) |
| Tax paid | (3) | - |
| Net cash from/(used in) operating activities | 1,166 | (11,371) |
| Investing activities | | |
| Acquisition of: | | |
| - Property, plant and equipment | (8,760) | (228) |
| - Investment properties | (9,800) | - |
| - Intangible assets and software development | (11,215) | (6,859) |
| - Subsidiary | - | (40) |
| - Quoted shares | (4,620) | - |
| - Film production | (1,000) | - |
| - Income received from short-term fund | 616 | 618 |
| - Interest received | 3 | 3 |
| Proceed on disposal of right-of-use asset | 29 | - |
| Proceed on withdrawal of investment | (6,447) | - |
| Net cash used in investing activities | (41,194) | (6,506) |

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Financing activities

| | | |
|--|-------|--------|
| Proceed from issuance of ordinary shares pursuant to | | |
| - ESOS | - | 23,858 |
| - Private placement | 8,647 | 5,759 |
| - Right issues | - | 67,161 |
| Interest paid | (307) | (36) |
| Repayment of lease liabilities | (487) | (434) |
| | 7,853 | 96,308 |
| Net cash from financing activities | 7,853 | 96,308 |

CASH AND CASH EQUIVALENTS

| | | |
|---|----------|---------|
| Net changes | (32,175) | 78,431 |
| Effects of changes in foreign exchange rate | 46 | 368 |
| Brought forward | 100,236 | 22,490 |
| | 68,107 | 101,289 |
| Carried forward | 68,107 | 101,289 |

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

| | | |
|---|--------|---------|
| Cash, bank balances and short-term fund | 68,107 | 101,289 |
| | 68,107 | 101,289 |

**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 2021 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 2021.

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 2021 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 2021.

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

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, MFRS 4 Insurance Contracts and MFRS 16 Leases – Interest Rate Benchmark Reform - Phase 2

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

Amendment to MFRS 16 *Leases: Covid-19 – Related Rent Concessions beyond 30 June 2021*

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 2022

| | |
|------------------------|--|
| Amendments to MFRS 3 | <i>Business Combinations- Reference to the Conceptual Framework</i> |
| Amendments 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 Contracts – Cost of Fulfilling a Contract</i> |
| Amendments to MFRS 1 | <i>First-time Adoption of Malaysian Financial Reporting Standards -Annual Improvements to MFRS Standards 2018-2020</i> |
| Amendments to MFRS 9 | <i>Financial Instruments - 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 2023

| | |
|------------------------|---|
| MFRS 17 | <i>Insurance Contracts</i> |
| Amendments to MFRS 17 | <i>Insurance Contracts</i> |
| Amendments to MFRS 101 | <i>Presentation of Financial Statements - Classifications of Liabilities as Current or Non-current</i> |
| Amendments to MFRS 101 | <i>Presentation of Financial Statements – Disclosure of Accounting Policies</i> |
| Amendments to MFRS 108 | <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i> |
| Amendments to MFRS 112 | <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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 2021 contained qualified opinion on the basis as below :-

- i. A subsidiary had invested in Coinful Capital Fund, which the fund participated in Coinful Growth Fund I "CGFI". CGFI is unquoted with investments in Digital Assets and derivatives with underlying Digital Assets a reference rate or index, utilising options, futures, swaps and other derivative instruments as well as Digital Assets' "decentralised finance" products. As at FYE 2021, the fair value of the investment is determined based on the net asset value of the Fund according to the policies stated in the agreement and was accounted for as unquoted financial asset at fair value though profit or loss amounted to RM1,711,602. The auditor was unable to satisfy themselves as they were unable to determine the fair value of the investment as well as the subsidiary's participating shares in the fund due to the nature of the investment.
- ii. The bank confirmation for a subsidiary to confirm the cash in bank of RM5,016,174 was unable to reach the auditor at the date of the audited financial statements. As such, the auditor was unable to ascertain the completeness of the balances and disclosures.

The management will seek professional advice on additional procedure to complement the existing confirmation of value method by the Fund administrator. This will include determining what is the acceptable market practice and procedure on digital currency valuation and confirmation. Management will also consider liquidating the cryptocurrency investment if it encounters challenges in meeting audit requirement for the purpose of determining their fair value.

The bank confirmation issue is resolved with the confirmation received by the auditor on 8 November 2021 at 10.30pm and there was no discrepancy on the balances.

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.

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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 13 September 2021, the Company announced the fixed issue price of 241,568,000 private placement shares at RM0.036 each and were issued on 14 September 2021.
- ii. On 14 September 2021, 73,915,000 shares options were offered to eligible employee at an exercise price of RM0.0425 each and were expired.
- iii. On 25 November 2021, 73,915,000 shares option were offered to eligible employee at an exercise price of RM0.035 each and were expired.

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, IT, fintech and digitalisation related products and services, and mobile application solutions |
| Films | : | Film distribution rights, investment, production and related services |
| Trading | : | Trading of alcohol products, kitchen equipment and related products |
| Factoring | : | Business of factoring, development financing, leasing and building credit. |

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A8. Segmental Information (Cont'd)

Business segments (Cont'd)

| Period Ended 31.03.2022 | Research and development, and assembling | Films | Trading | Factoring | Elimination | Consolidated |
|----------------------------|---|--------|---------|-----------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 12,852 | 1,759 | 605 | 509 | (74) | 15,651 |
| Result: | | | | | | |
| Segment result | (8,036) | (762) | (495) | (984) | (228) | (10,505) |
| Other Income | 3,787 | 7 | 239 | 293 | - | 4,326 |
| Loss Before Tax | (4,249) | (755) | (256) | (691) | (228) | (6,179) |
| Segment Assets | 189,107 | 2,366 | 34,066 | 22,544 | (96,878) | 151,205 |
| Segment Liabilities | 113,403 | 2,530 | 34,955 | 18,241 | (156,075) | 13,054 |

Geographical segments

The business segment is managed in few principal locations namely Malaysia 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 31.03.2022 | Malaysia | Outside Malaysia | Elimination | Consolidated |
|----------------------------|----------|---------------------|-------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 12,570 | 3,155 | (74) | 15,651 |
| Result: | | | | |
| Segment result | (5,395) | (4,882) | (228) | (10,505) |
| Other Income | 2,166 | 2,160 | - | 4,326 |
| Loss Before Tax | (3,229) | (2,722) | (228) | (6,179) |

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 is no event after the end of the quarter.

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A11. Changes in Composition of the Group

On 30 August 2021, the Company entered into a share sales agreement to acquire 2,500,000 ordinary shares at RM1.00 for a total consideration of RM5,000,000 representing 100% shareholdings of Ikhlas Al Dain Sdn Bhd (“IKHLAS”). The acquisition was completed on 9 November 2021.

On 6 December 2021, the Company acquired an additional 49% equity interest in its subsidiary, Pacifica Direct Sdn. Bhd. (“PDSB”) comprising 98,000 ordinary shares from a non-controlling shareholder for a cash consideration of RM100,000. Subsequently, PDSB become a wholly-owned subsidiary of the Company.

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 March 2022.

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.
- 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).

| | As at 31.03.2022 RM'000 (unaudited) | As at 30.06.2021 RM'000 (audited) |
|-----------------|--|--|
| Group | | |
| <u>Level 1</u> | | |
| Unit trust fund | 15 | 14 |
| Trust assets | 1,315 | 1,712 |
| | 1,330 | 1,726 |
| | 1,330 | 1,726 |

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 March 2022.

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A15. Capital Commitments

Capital commitments at 31 March 2022 as follows:-

| | As at 31.03.2022 RMB | As at 31.03.2022 RM |
|--|-------------------------------------|------------------------------------|
| Approved and contracted for: | | |
| RCPS subscriptions | - | 500,000 |
| Registered share capital of SCCDL to be paid up by 31 December 2046 | 1,000,000 | 665,700 |

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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

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|--|--------------------|--------------------|---------|--------------------|--------------------|---------|
| | Quarter Ended | | | Period Ended | | |
| | 31.03.2022 | 31.03.2021 | Changes | 31.03.2022 | 31.03.2021 | Changes |
| | RM'000 | RM'000 | (%) | RM'000 | RM'000 | (%) |
| Group Results | (unaudited) | (unaudited) | | (unaudited) | (unaudited) | |
| Revenue | 3,485 | 26,527 | (87) | 15,621 | 32,002 | (51) |
| Gross profit | 660 | 1,223 | (46) | 3,492 | 2,385 | 46 |
| Loss before interest and tax | (3,172) | (6,158) | (48) | (5,872) | (13,386) | (56) |
| Loss before tax | (3,178) | (6,169) | (48) | (6,179) | (13,422) | (54) |
| Loss after tax | (3,711) | (6,169) | (40) | (6,712) | (13,422) | (50) |
| Loss attributable to ordinary equity holders of the parent | (3,407) | (5,718) | (40) | (6,289) | (12,936) | (51) |

The Group registered revenue of RM3.49 million for the three (3) months ended 31 March 2022, was mainly generated from Mlabs Research Sdn. Bhd. (“Research”) on provision of digitalization solution and services (RM0.87 million) and Inbase Partners Limited (“Inbase”) on technology and corporate advisory services and provision of mobile application solutions (RM1.32 million). The current financial quarter losses of RM3.71 million compared to preceding corresponding financial quarter losses of RM6.17 million is attributable to the share-based payments in the preceding financial quarter.

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

| | Quarter Ended | | Changes (%) |
|--|--------------------|--------------------|-------------|
| | 31.03.2022 | 31.12.2021 | |
| | RM'000 | RM'000 | |
| Group Results | (unaudited) | (unaudited) | |
| Revenue | 3,485 | 9,383 | 63 |
| Gross profit | 660 | 1,726 | 62 |
| Loss before interest and tax | (3,172) | (586) | (441) |
| Loss before tax | (3,178) | (879) | (262) |
| Loss after tax | (3,711) | (879) | (322) |
| Loss attributable to ordinary equity holders of the parent | (3,407) | (1,009) | (238) |

The Group registered lower revenue of RM3.49 million in the current financial quarter compared to immediate preceding financial quarter of RM9.38 million. The lower revenue and gross profit from the current financial quarter was mainly due to Research’s main project on the supply and trading of IT and web conferencing related products and services being completed in Q2 2022.

The Group recorded losses of RM3.71 million as compared to immediate preceding financial quarter loss of RM0.88 million mainly due to additional tax assessment for prior years and professional fees incurred on acquisition of a new subsidiary, Ikhlas.

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B3. Commentary on Prospects

The economic outlook for FYE2022 remains uncertain with the COVID-19 pandemic continuing to affect economies globally with rising infection rate impacting businesses and communities. Despite these challenges, the Group is optimistic on the business potential of the ICT industry.

The Group will continue to enhance its current digitalisation solutions to remain competitive in the industry. To further strengthen the Group's position as one of the key players in the market, we collaborate with strategic partners to create synergy and enhance our portfolio of innovative technological offerings. The Group's virtual event platform and services were launched in FYE 2020 to cater for demand from organisations to hold virtual events to meet their statutory and regulatory compliance requirements during and after the Covid restriction periods. To date, we have conducted over 120 virtual general meetings for public limited companies.

The Group's subsidiary in Taiwan, Inbase Partners Limited ("Inbase") offers cutting edge fintech and digital advisory services. Despite the pandemic affecting economic activities in Taiwan, Inbase's business and operations were not materially affected as most of its businesses were conducted online. Inbase is continually identifying and developing other business opportunities to enhance its business. These include investment in digital assets and precious metals by using its in-house proprietary and other digital platforms. Inbase's new digital platform codenamed "Catch Markets" started live operations in Q4 2021. The Group expects to see revenue generated from this platform in the third quarter of 2022.

After the long period of MCO since 2020, Longhouse Films Sdn Bhd ("Longhouse") is currently on track to kick start a number of projects this financial year. The investment in Movie "The Assistant" was launched in cinema on 19 May 2022. "My Ofis" a drama produced by Longhouse is scheduled to launch on 26 May 2022 through iQiyi Over-the-Top (OTT) platform.

The acquisition of Ikhlas was completed on 9 November 2021. Ikhlas is approved by Ministry of Finance to conduct the business of factoring, development financing, leasing and building credit since 2011. The newly acquired subsidiary will provide an opportunity for the Group to enhance its revenue and earnings by tapping into factoring business which business model can be transformed and improved with the use of the Group's digital technology. Ikhlas started operation in January 2022. Ikhlas is expected to contribute positively in this financial year.

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.

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B6. Shortfall in the Profit Guarantee

Not applicable.

B7. Taxation

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|----------------------------------|--------------------|------------|--------------------|------------|
| | Quarter Ended | | Period Ended | |
| | 31.03.2022 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current income tax | | | | |
| - Current year | - | - | - | - |
| - Under provision in prior years | 533 | - | 533 | - |
| | <u>533</u> | <u>-</u> | <u>533</u> | <u>-</u> |

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2021: 24%) of the estimated assessable profit for the financial year.

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 | 2,367 | 633 | Within 24 months |
| Working Capital | 5,909 | 5,909 | - | Within 24 months |
| Expenses in relation to the proposals | 332 | 332 | - | Immediate |
| | 9,241 | 8,608 | 633 | |

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 | 5,278 | 6,283 | Within 24 months |
| Expenses in relation to the proposals | 800 | 800 | - | Immediate |
| | 67,961 | 13,678 | 54,283 | |

On 14 September 2021, the Company had raised total proceeds of RM8.7 million from the private placement by issuance of 241,568,000 new ordinary shares

| Purpose | Proposed Utilisation | Actual Utilisation | Balance | Intended Timeframe for Utilisation |
|---------------------------------------|----------------------|--------------------|---------|------------------------------------|
| | RM'000 | RM'000 | RM'000 | |
| Development of animated series | 8,538 | - | 8,538 | Within 36 months |
| Expenses in relation to the proposals | 158 | 158 | - | Immediate |
| | 8,696 | 158 | 8,538 | |

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B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 March 2022.

B11. Material Litigation

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

B12. Dividends

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

B13. Losses per share

(a) The basic losses 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 | |
|--|--------------------|------------|--------------------|------------|
| | Quarter Ended | | Period Ended | |
| | 31.03.2022 | 31.03.2021 | 31.03.2022 | 31.03.2021 |
| Losses attributable to ordinary shareholders of the Company (RM'000) | (3,407) | (5,718) | (6,289) | (12,936) |
| Weighted average number of ordinary shares in issue ('000) | 1,381,523 | 455,680 | 1,381,523 | 455,680 |
| Basic & diluted losses per share (sen) | (0.25) | (1.25) | (0.46) | (2.84) |

(b) Diluted

The Group has no potential dilutive shares outstanding as at 31 March 2022.

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

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

| | INDIVIDUAL QUARTER Quarter Ended | | CUMULATIVE QUARTER Period Ended | |
|---|-------------------------------------|----------------------|------------------------------------|----------------------|
| | 31.03.2022 RM'000 | 31.03.2021 RM'000 | 31.03.2022 RM'000 | 31.03.2021 RM'000 |
| Interest expense | 292 | 11 | 307 | 36 |
| Interest income | (1) | (3) | (3) | (3) |
| Income distribution from short term fund | (326) | (334) | (482) | (618) |
| Inventory written off | 35 | 118 | 2 | 118 |
| Depreciation and amortisation | 436 | 809 | 1,144 | 2,412 |
| Share based payment | - | 3,145 | - | 6,656 |
| Reversal of impairment loss on: | | | | |
| - Inventories | - | (85) | - | (85) |
| - Right-of-use assets | - | (122) | - | (122) |
| Fair value adjustment on investment and short-term fund | (11) | (143) | 281 | (596) |
| Fair value gain on quoted share | (360) | - | (1,140) | - |
| Unrealised foreign exchange (gain)/loss | (96) | 634 | (211) | 1,570 |
| Realised foreign exchange gain | (13) | (96) | (7) | (91) |

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.

B15. Trade Receivables

| | As at 31.03.2022 RM'000 (unaudited) | As at 30.06.2021 RM'000 (audited) |
|-------------------------|--|--|
| Trade receivables | 14,298 | 5,528 |
| Less: Impairment losses | (2,260) | (2,260) |
| | 12,038 | 3,268 |

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

| | As at 31.03.2022 RM'000 (unaudited) | As at 30.06.2021 RM'000 (audited) |
|-------------------------------|--|--|
| Neither past due nor impaired | 10,694 | 596 |
| Past due but not impaired: | | |
| Less than 3 months | 577 | 287 |
| 3 to 6 months | 11 | 1,186 |
| More than 6 months | 756 | 1,199 |
| Past due and impaired | 2,260 | 2,260 |
| Trade receivables (gross) | 14,298 | 5,528 |

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.