

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2022**

The Board of Directors of Mlabs Systems Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 30 June 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 Year Ended	
		30.06.2022 RM'000 (unaudited)	30.06.2021 RM'000 (unaudited)	30.06.2022 RM'000 (unaudited)	30.06.2021 RM'000 (audited)
Revenue	<b>A8</b>	5,228	3,242	20,879	10,585
Cost of sales		(2,661)	(4,009)	(14,820)	(9,219)
Gross profit/(loss)		2,567	(767)	6,059	1,366
Other income		318	2,235	4,644	2,458
Administrative and operating expenses		(4,258)	(2,902)	(15,418)	(17,196)
Selling and distribution expenses		(684)	(244)	(2,569)	(1,535)
Other operating expenses		(5,351)	(842)	(5,996)	(999)
<b>Loss from operations</b>		(7,408)	(2,520)	(13,280)	(15,906)
Finance costs		(90)	(10)	(397)	(46)
<b>Loss before tax</b>	<b>B14</b>	<b>(7,498)</b>	<b>(2,530)</b>	<b>(13,677)</b>	<b>(15,952)</b>
Tax expense	<b>B7</b>	(81)	-	(614)	-
<b>Loss for the financial period/year</b>		<b>(7,579)</b>	<b>(2,530)</b>	<b>(14,291)</b>	<b>(15,952)</b>
<b>Other comprehensive income/(loss):-</b>					
<b>Item that will be subsequently reclassified to profit or loss</b>					
Exchange differences on translating foreign operation		1,545	(365)	1,822	(526)
Other comprehensive income/(loss) for the financial period/year		1,545	(365)	1,822	(526)
<b>Total comprehensive loss for the financial period/year</b>		<b>(6,034)</b>	<b>(2,895)</b>	<b>(12,469)</b>	<b>(16,478)</b>
<b>Loss for the financial period/year attributable to:</b>					
- Owners of the Company		(6,773)	(2,102)	(13,062)	(15,038)
- Non-controlling interests		(806)	(428)	(1,229)	(914)
		<b>(7,579)</b>	<b>(2,530)</b>	<b>(14,291)</b>	<b>(15,952)</b>
<b>Total comprehensive loss attributable to:</b>					
- Owners of the Company		(5,245)	(2,472)	(11,336)	(15,478)
- Non-controlling interests		(789)	(423)	(1,133)	(1,000)
		<b>(6,034)</b>	<b>(2,895)</b>	<b>(12,469)</b>	<b>(16,478)</b>
<b>Losses per share attributable to the owners of the company</b>					
Basic & diluted (sen)	<b>B13</b>	(0.48)	(0.32)	(0.93)	(2.32)

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2022**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As At 30.06.2022 RM'000 (unaudited)	As At 30.06.2021 RM'000 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant & equipment		11,665	2,258
Intangible assets		6,775	9,955
Investment properties		18,657	8,815
Right-of-use assets		3,545	898
Development right		11,215	-
Other investments		4,740	2,026
Non-trade receivables, deposits and prepayments		-	64
Total non-current assets		<u>56,597</u>	<u>24,016</u>
<b>Current assets</b>			
Inventories		618	446
Trade receivables	<b>B15</b>	15,143	3,268
Non-trade receivables, deposits and prepayments		3,912	19,965
Contract assets		223	594
Tax recoverable		42	-
Other investment		265	-
Cash, bank balances and short-term fund		66,969	100,236
Total current assets		<u>87,172</u>	<u>124,509</u>
<b>Total assets</b>		<b><u>143,769</u></b>	<b><u>148,525</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		110,049	101,402
Reserves		21,449	33,749
<b>Equity attributable to owners of the Company</b>		<u>131,498</u>	<u>135,151</u>
Non-controlling interests		618	889
Total equity		<u>132,116</u>	<u>136,040</u>
<b>LIABILITIES</b>			
<b>Non-current liability</b>			
Lease liabilities		2,636	381
<b>Current liabilities</b>			
Trade payables		896	434
Non-trade payables and accruals		5,320	9,241
Contract liabilities		399	1,056
Lease liabilities		1,091	542
Amount due to directors		916	823
Taxation		395	8
Total current liabilities		<u>9,017</u>	<u>12,104</u>
<b>Total liabilities</b>		<b><u>11,653</u></b>	<b><u>12,485</u></b>
<b>Total equity and liabilities</b>		<b><u>143,769</u></b>	<b><u>148,525</u></b>
<b>Net asset per share (RM)</b>		<u>0.093</u>	<u>0.114</u>

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**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 year	-	-	-	-	(13,062)	(13,062)	(1,229)	(14,291)
Other comprehensive income for the financial year								
- Exchange translation differences	-	-	1,726	-	-	1,726	96	1,822
Total comprehensive loss for the financial year	-	-	1,726	-	(13,062)	(11,336)	(1,113)	(12,469)
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 30 June 2022	110,049	-	1,395	44,798	(24,744)	131,498	618	132,116
As at 30 June 2020	42,553	-	109	43,930	(39,610)	46,982	2,000	48,982
Loss for the financial year	-	-	-	-	(15,038)	(15,038)	(914)	(15,952)
Other comprehensive loss for the financial year								
- Exchange translation differences	-	-	(440)	-	-	(440)	(86)	(526)
Total comprehensive loss for the financial year	-	-	(440)	-	(15,038)	(15,478)	(1,000)	(16,478)
Warrant expired	-	-	-	(43,930)	43,930	-	-	-
Acquisition of subsidiaries	-	-	-	-	-	-	(253)	(253)
Subscription of shares by Non-Controlling Interest in a subsidiary	-	-	-	-	-	-	142	142
Grant of Employee Share Option Scheme ("ESOS")	-	6,686	-	-	-	6,686	-	6,686
Ordinary shares issued pursuant to:-								
-ESOS	30,737	(6,686)	-	-	-	24,051	-	24,051
-Private placement	5,759	-	-	-	-	5,759	-	5,759
-Right issue	22,353	-	-	44,798	-	67,151	-	67,151
As at 30 June 2021	101,402	-	(331)	44,798	(10,718)	135,151	889	136,040

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Year Ended	
	30.06.2022 RM'000 (unaudited)	30.06.2021 RM'000 (Audited)
<b>Operating activities</b>		
Loss before tax	(13,677)	(15,952)
Adjustments for:-		
Amortisation of intangible assets	923	2,186
Depreciation of investment properties	71	70
Depreciation of property, plant and equipment	680	556
Depreciation of right-of-use assets	875	546
Interest expense	397	46
Interest income	(4)	(6)
Income distribution from short-term fund	(497)	(987)
Fair value adjustment on investment	1,265	(583)
Fair value gain on quoted shares	(105)	-
Loss on disposal of property, plant and equipment	38	-
Impairment loss on trade receivables	4	-
Impairment loss on other receivables	95	-
Impairment loss on intangible assets	3,902	584
Inventories written down	-	16
Inventories written off	57	118
Property, plant & equipment written off	30	-
Reversal of write-down on inventories	-	(84)
Share-based payments	-	6,686
Unrealised foreign exchange (gain)/loss	(270)	230
Operating loss before working capital changes	(6,216)	(6,574)
Changes in working capital:-		
Inventories	(229)	(216)
Payables and contract liabilities	(4,120)	8,864
Receivables and contract assets	4,741	(17,072)
Cash generated used in operating activities	(5,824)	(14,998)
Tax paid	(227)	-
Net cash used in operating activities	(6,051)	(14,998)
<b>Investing activities</b>		
Acquisition of:		
- Property, plant and equipment	(10,178)	(323)
- Investment properties	(9,913)	-
- Intangible assets and software development	(160)	(7,186)
- Development right	(11,215)	-
- Subsidiary	-	(46)
- Quoted shares	(4,620)	-
- Film production	(1,167)	(300)
- Film investment	(1,000)	-
- Income received from short-term fund	764	987
- Interest received	4	5
Proceed on disposal of property, plant & equipment	1	6
Proceed on withdrawal of investment	1,320	2,602
Net cash used in investing activities	(36,164)	(4,255)

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE QUARTER ENDED 30 JUNE 2022**

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)**

	<b>30.06.2022</b>	<b>Year Ended</b>	<b>30.06.2021</b>
	<b>RM'000</b>		<b>RM'000</b>
	<b>(unaudited)</b>		<b>(Audited)</b>
<b>Financing activities</b>			
Advance from director	93		822
Proceed from issuance of ordinary shares pursuant to:			
- ESOS	-		24,050
- Private placement	8,647		5,759
- Right issue	-		67,150
Interest paid	(397)		(46)
Payment of lease liabilities	(732)		(693)
Net cash from financing activities	<u>7,611</u>		<u>97,042</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Net changes	(34,604)		77,789
Effects of changes in foreign exchange rate	1,337		(43)
Brought forward	<u>100,236</u>		<u>22,490</u>
Carried forward	<u>66,969</u>		<u>100,236</u>
Cash and cash equivalents at the end of the financial period comprise the following:			
Cash, bank balances and short-term fund	<u>66,969</u>		<u>100,236</u>

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**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 year.

**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>

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**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. the auditors were unable to receive a bank confirmation on the cash balance of a subsidiary; and
- ii. the auditors were unable to determine the fair value of an investment in digital assets of RM1,711,602.

Subsequent to the Auditors' Report, the Company has made an announcement to Bursa to inform the subsequent receipt of the bank confirmation and the steps taken to address the other issue that relates to the qualified opinion.

**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.

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

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

There is no issue, repurchase, and repayment 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 four 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.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**A8. Segmental Information (Cont'd)**

**Business segments (Cont'd)**

Year Ended 30.06.2022	Research and development, and assembling	Films	Trading	Factoring	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	17,006	1,825	1,056	1,145	(153)	20,879
<b>Result:</b>						
Segment result	(12,820)	(2,491)	(935)	(972)	(1,103)	(18,321)
Other Income	4,520	969	289	13	(1,147)	4,644
Loss Before Tax	(8,300)	(1,522)	(646)	(959)	(2,250)	(13,677)
Segment Assets	192,114	974	35,011	27,015	(111,345)	143,769
Segment Liabilities	120,325	1,906	36,292	23,031	(169,901)	11,653

**Geographical segments**

The business segment is managed in two 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:-

Year Ended 30.06.2022	Malaysia	Outside Malaysia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	16,239	4,793	(153)	20,879
<b>Result:</b>				
Segment result	(9,369)	(7,849)	(1,103)	(18,321)
Other Income	3,151	2,640	(1,147)	4,644
Loss Before Tax	(6,218)	(5,209)	(2,250)	(13,677)

**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.

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**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 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 10 September 2021, the Company incorporated a wholly-owned subsidiary, Carbon International Sdn. Bhd., comprising 1 ordinary share for a cash consideration of RM1.

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.

On 13 December 2021, Linkodes International Limited, a 60% owned subsidiary of the Company, incorporated a wholly-owned subsidiary, Swapp Asia Sdn. Bhd. comprising 1 ordinary share for a cash consideration of RM1.

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 30 June 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 30.06.2022 RM'000 (unaudited)	As at 30.06.2021 RM'000 (audited)
<b>Group</b>		
<u>Level 1</u>		
Unit trust fund	15	14
Trust assets	-	1,712
	15	1,726
	15	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 30 June 2022.

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

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**A15. Capital Commitments**

Capital commitments at 30 June 2022 as follows:-

	<b>As at 30.06.2022 RMB</b>	<b>As at 30.06.2022 RM</b>
<b>Approved and contracted for:</b>		
RCPS subscriptions	-	500,000
Registered share capital of SCCDL to be paid up by 31 December 2046	1,000,000	655,630

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**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 Year Ended		
	30.06.2022 RM'000 (unaudited)	30.06.2021 RM'000 (unaudited)	Changes (%)	30.06.2022 RM'000 (unaudited)	30.06.2021 RM'000 (audited)	Changes (%)
Revenue	5,228	3,242	61	20,879	10,585	97
Gross profit/(loss)	2,567	(767)	(435)	6,059	1,366	344
Loss before interest and tax	(7,408)	(2,520)	194	(13,280)	(15,906)	(17)
Loss before tax	(7,498)	(2,530)	196	(13,677)	(15,952)	(14)
Loss after tax	(7,579)	(2,530)	200	(14,291)	(15,952)	(10)
Loss attributable to ordinary equity holders of the parent	(6,773)	(2,102)	222	(13,062)	(15,038)	(13)

The Group registered revenue of RM5.23 million for the three (3) months ended 30 June 2022, was mainly generated from Mlabs Research Sdn. Bhd. (“**Research**”) on provision of digitalization solution and services (RM2.46 million) and Inbase Partners Limited (“**Inbase**”) on technology and corporate advisory services and provision of mobile application solutions (RM1.49 million). The current financial quarter losses of RM7.58 million compared to preceding corresponding financial quarter losses of RM2.53 million is attributable to amortisation and impairment loss of intangible assets amounted to RM0.92 million and RM3.90 million respectively and fair value loss on film investment amounting to RM1.03 million in the current financial quarter.

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

Group Results	Quarter Ended		Changes (%)
	30.06.2022 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)	
Revenue	5,228	3,485	50
Gross profit	2,567	660	289
Loss before interest and tax	(7,408)	(3,172)	(134)
Loss before tax	(7,498)	(3,178)	(136)
Loss after tax	(7,579)	(3,711)	(104)
Loss attributable to ordinary equity holders of the parent	(6,773)	(3,407)	(99)

The Group registered higher revenue of RM5.23 million in the current financial quarter compared to immediate preceding financial quarter of RM3.49 million. The higher 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 Q4 2022.

The Group recorded losses of RM7.58 million as compared to immediate preceding financial quarter loss of RM3.71 million is attributable to amortisation and impairment loss of intangible assets amounted to RM0.92 million and RM3.90 million respectively and fair value loss on film investment amounting to RM1.03 million in the current financial quarter.

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**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 and factoring 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 130 virtual general meetings for public limited companies.

The Company'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" has started live operation in April 2022.

Longhouse Films Sdn. Bhd. ("Longhouse") launched a movie drama entitled "The Assistant" in cinemas on 19 May 2022. "My Ofis" another drama also produced by Longhouse was launched on 26 May 2022 through iQiyi Over-the-Top (OTT) platform.

Our factoring business under Ikhlas started operation in January 2022 and continues to contribute revenue and earnings to the Group. We expect this business to perform profitably this calendar year and also in the coming financial years.

Another subsidiary of the Company, Swapp Asia Sdn. Bhd.'s ("Swapp") digital business card creation and management mobile application "Let's Swapp" went live in January 2022. The Group foresees digital business cards will gradually replace traditional paper business cards in the near future and expects Let's Swapp to contribute to the Group's revenue in FYE 2023.

The Group intends to venture into the digital nomad hub business. This investment plan is in line with the government's announcement on the DE Rantau programme aimed at establishing Malaysia as the preferred digital nomad hub in ASEAN while boosting digital adoption and promoting digital professional mobility and tourism across the country. Entry into this business involves the purchase of landed properties at strategic locations to transform them into digital hubs and equipped them with the relevant IT tools and services which the Group possesses and can be transferred and put to use for this purpose.

**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.

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

---

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**B6. Shortfall in the Profit Guarantee**

Not applicable.

**B7. Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended		Year Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Current year	31	-	31	-
- Under provision in prior years	-	-	533	-
- Real Property Gains Tax (RPGT)	50	-	50	-
	<u>81</u>	<u>-</u>	<u>614</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.

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**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	3,000	-	Within 24 months
Working Capital	5,909	5,909	-	Within 24 months
Expenses in relation to the proposals	332	332	-	Immediate
	9,241	9,241	-	

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	13,568	11,432	Within 24 months
Working Capital	11,561	7,329	4,232	Within 24 months
Expenses in relation to the proposals	800	800	-	Immediate
	67,961	29,297	38,664	

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	

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
 FOR THE QUARTER ENDED 30 JUNE 2022**

**B10. Borrowings and Debts Securities**

There were no borrowings or debt securities in the Group as at 30 June 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 Quarter Ended		CUMULATIVE QUARTER Year Ended	
	30.06.2022 RM'000	30.06.2021 RM'000	30.06.2022 RM'000	30.06.2021 RM'000
Losses attributable to ordinary shareholders of the Company (RM'000)	(6,773)	(2,102)	(13,062)	(15,038)
Weighted average number of ordinary shares in issue ('000)	1,398,448	647,585	1,398,448	647,585
Basic & diluted losses per share (sen)	(0.48)	(0.32)	(0.93)	(2.32)

(b) Diluted

The Group has no potential dilutive shares outstanding as at 30 June 2022.



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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

**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		CUMULATIVE QUARTER	
	Quarter Ended		Year Ended	
	30.06.2022	30.06.2021	30.06.2022	30.06.2021
	RM'000	RM'000	RM'000	RM'000
Interest expense	90	10	397	46
Interest income	(1)	(3)	(4)	(6)
Income distribution from short-term fund	(15)	(370)	(497)	(987)
Inventories written down	-	16	-	16
Inventories written off	20	-	57	118
Amortisation and depreciation	1,405	946	2,549	3,358
Share-based payments	-	30	-	6,686
Reversal of write-down on inventories	-	-	-	(84)
Fair value adjustment on investment and short-term fund	984	13	1,265	(583)
Fair value loss/(gain) on quoted share	1,035	-	(105)	-
Unrealised foreign exchange (gain)/loss	(59)	(1,340)	(270)	230
Realised foreign exchange gain	7	66	-	(25)
Impairment loss on intangible assets	3,902	584	3,902	584
Impairment loss on trade receivables	4	-	4	-
Impairment loss on other receivables	95	-	95	-
Property, plant & equipment written off	30	-	30	-
Loss on disposal of property, plant and equipment	38	-	38	-

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 30.06.2022 RM'000 (unaudited)	As at 30.06.2021 RM'000 (audited)
Trade receivables	17,407	5,528
Less: Impairment losses	(2,264)	(2,260)
	15,143	3,268

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

	As at 30.06.2022 RM'000 (unaudited)	As at 30.06.2021 RM'000 (audited)
Neither past due nor impaired	4,323	596
Past due but not impaired:		
Less than 3 months	10,303	287
3 to 6 months	112	1,186
More than 6 months	405	1,199
Past due and impaired	2,264	2,260
Trade receivables (gross)	17,407	5,528

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2022**

---

**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.