

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2023

The Board of Directors of Mlabs Systems Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2023 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June (“FYE”) 2022 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	
		31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)
Revenue	A8	4,707	3,485	15,721	15,651
Cost of sales		(2,535)	(2,825)	(7,399)	(12,159)
Gross profit		2,172	660	8,322	3,492
Other income		2,345	1,889	7,005	4,326
Administrative and operating expenses		(5,109)	(5,255)	(13,677)	(11,160)
Selling and distribution expenses		(437)	(231)	(1,205)	(1,885)
Other operating expenses		(491)	(235)	(3,170)	(645)
Loss from operations		(1,520)	(3,172)	(2,725)	(5,872)
Finance costs		(34)	(6)	(115)	(307)
Share of results of associates, net of tax		(12)	-	-	-
Loss before tax	B14	(1,566)	(3,178)	(2,840)	(6,179)
Tax expense	B7	(63)	(533)	(63)	(533)
Loss for the financial period		(1,629)	(3,711)	(2,903)	(6,712)
Other comprehensive (loss)/income:-					
Item that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		(883)	(384)	(208)	277
Other comprehensive (loss)/gain for the financial period		(883)	(384)	(208)	277
Total comprehensive loss for the financial period		(2,512)	(4,095)	(3,111)	(6,435)
Loss for the financial period attributable to:					
- Owners of the Company		(992)	(3,407)	(1,614)	(6,289)
- Non-controlling interests		(637)	(304)	(1,289)	(423)
		(1,629)	(3,711)	(2,903)	(6,712)
Total comprehensive loss attributable to:					
- Owners of the Company		(1,832)	(3,755)	(1,796)	(6,091)
- Non-controlling interests		(680)	(340)	(1,315)	(344)
		(2,512)	(4,095)	(3,111)	(6,435)
Losses per share attributable to Owners of the Company					
Basic & diluted (sen)	B13	(0.07)	(0.25)	(0.11)	(0.46)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.03.2023 RM'000 (unaudited)	As At 30.06.2022 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		15,177	11,665
Intangible assets		4,917	6,775
Investment properties		18,531	18,657
Right-of-use assets		2,766	3,545
Development right		11,215	11,215
Investment in associates		-	-
Other investments		7,715	4,740
Trade receivables	B15	2,392	-
Total non-current assets		<u>62,713</u>	<u>56,597</u>
Current assets			
Inventories		728	618
Trade receivables	B15	25,587	15,113
Non-trade receivables, deposits and prepayments		4,864	4,185
Other investments		6,960	-
Contract assets		68	223
Tax recoverable		42	42
Cash, bank balances and short-term fund		40,001	66,969
Total current assets		<u>78,250</u>	<u>87,150</u>
Total assets		<u>140,963</u>	<u>143,747</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		110,049	110,049
Reserves		19,679	21,475
Equity attributable to Owners of the Company		<u>129,728</u>	<u>131,524</u>
Non-controlling interests		1,602	541
Total equity		<u>131,330</u>	<u>132,065</u>
LIABILITIES			
Non-current liability			
Lease liabilities		1,906	2,636
Current liabilities			
Trade payables		471	896
Non-trade payables and accruals		4,015	5,588
Contract liabilities		2,177	399
Lease liabilities		1,053	1,091
Amount due to directors		3	916
Taxation		8	156
Total current liabilities		<u>7,727</u>	<u>9,046</u>
Total liabilities		<u>9,633</u>	<u>11,682</u>
Total equity and liabilities		<u>140,963</u>	<u>143,747</u>
Net asset per share (RM)		<u>0.092</u>	<u>0.093</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

< ----- Non-distributable ----- > Distributable

	Share capital RM'000	Foreign currency translation reserve RM'000	Warrants reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
As at 30 June 2022	110,049	1,395	44,798	(24,718)	131,524	541	132,065
Loss for the financial period	-	-	-	(1,614)	(1,614)	(1,289)	(2,903)
Other comprehensive income for the financial period							
- Exchange translation differences	-	(182)	-	-	(182)	(26)	(208)
Total comprehensive loss for the financial period	-	(182)	-	(1,614)	(1,796)	(1,315)	(3,111)
Dilution of interest in subsidiaries	-	-	-	-	-	2,376	2,376
As at 31 March 2023	110,049	1,213	44,798	(26,332)	129,728	1,602	131,330
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 shares issued pursuant to:-							
- Private placement	8,647	-	-	-	8,647	-	8,647
As at 31 March 2022	110,049	(133)	44,798	(17,971)	136,743	1,407	138,150

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CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)
Operating activities		
Loss before tax	(2,840)	(6,179)
Adjustments for:-		
Amortisation of intangible assets	1,899	142
Depreciation of investment properties	126	102
Depreciation of property, plant and equipment	1,429	479
Depreciation of right-of-use assets	794	422
Fair value adjustment on investment	(1,864)	281
Fair value gain on quoted shares	(225)	(1,140)
Gain on disposal of development right	-	(285)
Gain on disposal of right-of-use assets	(35)	-
Gain on derecognition of right-of-use assets	(136)	-
Gain on dilution of interest in subsidiaries	(2,671)	-
Income distribution from short-term fund	(279)	(482)
Interest expense	115	307
Interest income	(5)	(3)
Inventories written off	6	37
Preferences shares dividend income	(7)	-
Property, plant and equipment written off	452	-
Reversal of impairment on trade receivables	(4)	-
Unrealised foreign exchange gain	(36)	(211)
Operating loss before working capital changes	(3,281)	(6,530)
Changes in working capital:-		
Inventories	(116)	(363)
Payables and contract liabilities	1,354	526
Receivables and contract assets	(13,471)	7,536
Cash (used in)/generated from operating activities	(15,514)	1,169
Tax paid	(211)	(3)
Net cash (used in)/generated from operating activities	(15,725)	1,166
Investing activities		
Acquisition of:		
- Property, plant and equipment	(5,511)	(8,760)
- Investment properties	-	(9,800)
- Intangible assets and software development	-	(11,215)
- Quoted shares	-	(4,620)
- Film production	-	(1,000)
Proceeds from disposal of property, plant and equipment	1	-
Proceeds from disposal of right-of-use-assets	270	29
Net cash outflow from dilution of interest in subsidiaries	(196)	-
Income received from short-term fund	279	616
Interest received	5	3
Fair value change from short-term investment	268	-
Placement of investments	(5,455)	(6,447)
Net cash used in investing activities	(10,339)	(41,194)

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CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	31.03.2023	31.03.2022
	RM'000	RM'000
	(unaudited)	(unaudited)
Financing activities		
Advance from director	35	-
Proceed from issuance of ordinary shares pursuant to private placement	-	8,647
Interest paid	(115)	(307)
Payment of lease liabilities	(879)	(487)
Net cash (used in)/generated from financing activities	(959)	7,853
CASH AND CASH EQUIVALENTS		
Net changes	(27,023)	(32,175)
Effects of changes in foreign exchange rate	55	46
Brought forward	66,969	100,236
Carried forward	40,001	68,107
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash, bank balances and short-term fund	40,001	68,107

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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 2022 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 2022.

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 2022 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 2022.

The Group has adopted the following amendments/improvements to MFRSs during the financial period.

Amendments/Improvements to MFRSs

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 Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>
Amendments to MFRSs	<i>Annual Improvements to MFRS Standards 2018-2020</i>

The adoption of the above amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and of the Company.

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

New MFRS and amendments/improvements to MFRSs effective for financial periods beginning on or after 1 January 2023

MFRS 17	<i>Insurance Contracts</i>
Amendments to MFRS 4	<i>Extension of the Temporary Exemption from Applying MFRS 9</i>
Amendments to MFRS 17	<i>Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Classifications of Liabilities as Current or Non-current & 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>

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A1. Basis of Preparation (Cont'd)

Amendments/improvements to MFRSs effective for financial periods beginning on or after 1 January 2024

Amendments to MFRS 16	<i>Leases – Lease Liability in a Sale and Leaseback</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Non-current Liabilities with Covenants</i>

Amendments/improvements to MFRSs which the effective date is deferred to a date to be determined and announced

Amendments to MFRS 10 and MFRS 128	<i>Consolidated Financial Statements and Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
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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 auditors' report on the annual audited financial statements for the financial year ended 30 June 2022 was not qualified.

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 flows 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 were no issues, repurchases, and repayments of debt and equity securities of the Group during the current financial quarter and period.

A7. Dividends Paid

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

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A8. Segmental Information

Segmental information is presented in respect of the Group's business and geographical segments. The primary format of business segments is 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. |
| Trading | : | Trading of alcohol products, kitchen equipment and related products. |
| Factoring | : | Business of factoring, development financing, leasing and building credit. |
| Others | : | Investment holding, property management agent and related activities, employment agency services and provide all types of training and business management consultancy services, film distribution, film investment, film production and film related services, event management services and related activities. |

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A8. Segmental Information (Cont'd)

Business segments (Cont'd)

Period Ended 31.03.2023	Research and development, and assembling	Trading	Factoring	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	9,715	1,041	4,249	884	(168)	15,721
Results:						
Segment results	(5,581)	(745)	1,120	(4,779)	140	(9,845)
Other income	1,777	15	-	2,604	2,609	7,005
(Loss)/profit before tax	(3,804)	(730)	1,120	(2,175)	2,749	(2,840)
Segment assets	46,001	37,882	44,717	181,487	(169,124)	140,963
Segment liabilities	17,867	37,094	39,651	38,014	(122,993)	9,633

Geographical segments

The business segments are 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 of the Group is as follows:

Period Ended 31.03.2023	Malaysia	Outside Malaysia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	9,857	6,032	(168)	15,721
Results:				
Segment results	(6,220)	(3,765)	140	(9,845)
Other income	1,558	2,838	2,609	7,005
Loss before tax	(4,662)	(927)	2,749	(2,840)

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.

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A10. Events after the End of the Quarter

On 5 April 2023, the Company had announced the variation of utilisation of proceeds raised from the private placement will solely be utilised as capital to finance the existing and future factoring business in relation to procurement contracts by the Government of Malaysia and selected contracts by government-linked companies in Malaysia.

On 17 May 2023, the Company had announced proposes to undertake the Proposed Diversification into factoring business.

A11. Changes in Composition of the Group

On 9 December 2022, Mlabs Capital Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a 100% owned foreign subsidiary, Mlabs Capital Limited, comprising 1 ordinary share for a cash consideration of HK\$1.

On 16 December 2022, the Company's equity interest in Longhouse Films Sdn. Bhd. ("LFSB") reduced from 51% to 49% due to corporate exercise undertaken by LFSB. Subsequently, the Company loses control over LFSB and LFSB's wholly-owned subsidiary, Longhouse Animation Sdn. Bhd.

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 2023.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is recognised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

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A14. Fair Value Measurement (Cont'd)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

	As at 31.03.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
Group		
Financial assets		
<u>Level 1</u>		
Unit trust fund	-	15
Quoted shares	4,950	4,725
 <u>Level 3</u>		
Other receivables – film investments	-	265
 Financial liabilities		
<u>Level 3</u>		
Other payables – film investments	-	265

The Group does not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 as at 31 March 2023.

A15. Capital Commitments

Capital commitments at 31 March 2023 as follows:-

	As at 31.03.2023 RMB	As at 31.03.2023 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	642,700

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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		Changes (%)	Period Ended		Changes (%)
Group Results	31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)		31.03.2023 RM'000 (unaudited)	31.03.2022 RM'000 (unaudited)	
Revenue	4,707	3,485	35	15,721	15,651	0
Gross profit	2,172	660	229	8,322	3,492	138
Gross profit margin (%)	46.1	18.9		52.9	22.3	
Loss before interest and tax	(1,520)	(3,172)	52	(2,725)	(5,872)	54
Loss before tax	(1,566)	(3,178)	51	(2,840)	(6,179)	54
Loss after tax	(1,629)	(3,711)	56	(2,903)	(6,712)	57
Loss after tax margin (%)	(34.6)	(106.5)		(18.5)	(42.9)	
Loss attributable to ordinary equity holders of the parent	(992)	(3,407)	71	(1,614)	(6,289)	74

The Group recorded increase in revenue amounting to RM1.22 million in the current quarter as compared to the preceding year quarter mainly due to increase of income from debt factoring amounting to RM1.12 million derived from Ikhlas Al Dain Sdn Bhd.

For the 9-months period ended 31 March 2023, the Group recorded revenue of RM15.72 million, a slight improvement amounting to RM0.07 million as compared to revenue for the preceding 9-months period ended 31 March 2022 amounting to RM15.65 million. The improvement in revenue was mainly due to increase of income from debt factoring amounting to RM3.74 million and increase in revenue from technology and corporate advisory services and provision of mobile application solutions amounting to RM2.70 million. On the other hand, revenue from provision of digitalization solution and services decreased by RM5.62 million mainly due to challenging market condition during this financial period.

The improvement in gross profit and gross profit margin in the current quarter and cumulative quarter in comparison to preceding quarter and cumulative quarter was mainly due to higher gross profit derived from debt factoring services.

The Group recorded current quarter loss after tax of RM1.63 million as compared to preceding year quarter loss after tax of RM3.71 million mainly due to higher revenue and gross profit derived from debt factoring services and lower income tax expenses arising from under provision in prior years.

For the 9-months period ended 31 March 2023, the Group recorded loss after tax of RM2.90 million as compared to the preceding 9-months period ended 31 March 2022 loss after tax of RM6.71 million. The lower loss after tax recorded was due to one-off gain on dilution of interest in subsidiaries amounting to RM2.67 million, fair value adjustment in investment amounting to RM1.86 million offset with higher amortization of intangible assets amounting to RM1.90 million, higher depreciation of property, plant and equipment amounting to RM1.43 million and right-of-use assets amounting to RM0.79 million.

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

Group Results	Quarter Ended		Changes (%)
	31.03.2023 RM'000 (unaudited)	31.12.2022 RM'000 (unaudited)	
Revenue	4,707	6,505	(28)
Gross profit	2,172	3,937	(45)
Gross profit margin (%)	46.1	60.5	
(Loss)/Profit before interest and tax	(1,520)	1,474	(203)
(Loss)/Profit before tax	(1,566)	1,443	(209)
(Loss)/Profit after tax	(1,629)	1,443	(213)
(Loss)/Profit after tax margin (%)	(34.6)	22.2	
(Loss)/Profit attributable to ordinary equity holders of the parent	(992)	1,792	(155)

The Group registered lower revenue and gross profit of RM4.71 million and RM2.17 million respectively for the current quarter as compared to the immediate preceding quarter revenue and gross profit of RM6.51 million and RM3.94 million. The decrease in revenue and gross profit was mainly attributed to lower revenue from the technology and corporate advisory services and provision of mobile application solutions.

The Group recorded loss after tax of RM1.63 million as compared to the immediate preceding quarter profit after tax of RM1.44 million mainly due to one-off gain on dilution of interest in subsidiaries amounting to RM2.67 million recognised in the immediate preceding quarter and property, plant and equipment written off amounting to RM0.45 million recorded in the current quarter.

B3. Commentary on Prospects

The year 2023 poses many challenges for the Group to navigate from infuriating global inflation, increasing interest rates and spill over effect from the Russia-Ukraine conflict causing uncertainty over global hope for economic recovery. These factors have reduced demands from individuals and corporations alike while waiting for a better macro-outlook. Nevertheless, some of our business segments have shown positive business performance despite the economic situation with factoring, enterprise digitalization, and digital marketing segment.

During the quarter, Ikhlas Al-Dain has been growing rapidly and benefitted from steady government spending in procuring services and supplies for everyday operations. With the government approval of RM32 billion in the 2023 budget to procure recurring services and supplies, Ikhlas is presented with a significant opportunity to source for vetted government suppliers who require financing assistance to complete the delivery of their tenders. Additionally, on 17 May 2023, the Group announced the proposed diversification which is to include the factoring business segment as a core business of the Group as the management foresees that Ikhlas financial contribution will grow to a significant portion.

Our digital marketing segment, Inshub has been actively promoting the newly completed state-of-the-art broadcasting and live-streaming event space. The team have since brought in various events ranging from TV series shoot, virtual general meetings, festive open house, wine fair, beauty classes, tech product launch, and training seminars. The team has successfully secured a digital marketing management contract with an upcoming Malaysian-Swiss singer, Timur Schnyder, to manage all official digital marketing assets, create impactful connections with her fans and followers and expand her reach across various online platforms.

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B3. Commentary on Prospects (Cont'd)

Our enterprise digitalization segment has been actively engaging with prospective customers for new business opportunities focusing on fast-moving consumer products (e.g. personal computers, anti-virus, and peripherals) to further expand and diversify their customer base. Concurrently, the team has been expanding the product offerings and had since been onboarded with new brands (i.e. Kaspersky, LG digital signages, Acer, TP-Link).

Inbase Partners, our fintech development segment is excited to share their recent development in the commodity trading industry. Their proprietary Catch Markets, a digital trading platform to match commodity buyers and sellers in a secured and regulated trading manner. The platform aims to eliminate inefficiencies in commodity trading by replacing outdated methods with real-time market orders and streamlined reporting. Inbase Partners remain ambitious in securing more product offerings while embracing latest technology and innovations to meet clients and industry demands. The team is working to expand their product offerings and secure partnership with a cornerstone client to drive new revenue stream through diverse services leveraging this Catch Markets platform.

Our trading business segment has been active during the quarter by organizing various artisan wine tasting and pairing classes for invited guests showcasing the integral wine-making philosophy of each vineyard and final taste. We have recently conducted a wine fair bringing over 60 brands for paid guests to experience and understand fine wines along with a wine educational masterclass conducted by Mr. Roderick Wong, Wine Sommelier & Founder of Wine Academy (Malaysia) to educate guests to “know your wine”. These classes and events had been encouraging and received positive feedback and generated sales.

The Group remains optimistic about the long-term outlook underpinned by our growth strategy and prudent management approach to ensure all business segments achieve their targets, barring any unforeseen circumstances.

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended		Period Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Current year	-	-	-	-
- Under provision in prior years	63	533	63	533
	63	533	63	533

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial period.

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B8. Status of Corporate Proposals

The Company had on 17 May 2023 announced that the Company proposes to undertake the Proposed Diversification into factoring business. The Proposed Diversification is subject to the approval from the shareholders of Mlabs at the EGM to be convened.

B9. Utilisation of Proceeds Raised from Corporate Proposals

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 36 months
Working Capital	11,561	11,561	-	Within 36 months
Expenses in relation to the proposals	800	800	-	Immediate
	67,961	44,961	23,000	

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. On 5 April 2023, the Company had announced the variation of utilisation of proceeds raised from the private placement as follows.

Purpose	Proposed Utilisation	Variation	Revised Utilisation of Proceeds	Actual Utilisation	Balance	Intended Timeframe for Utilisation
	RM'000	RM'000	RM'000	RM'000	RM'000	
Development of animated series	8,538	(8,538)	-	-	-	Within 36 months
Capital for loan disbursement in relation to factoring business	-	8,538	8,538	4,195	4,343	Within 12 months
Expenses in relation to the proposals	158	-	-	158	-	Immediate
	8,696	-	8,538	4,353	4,343	

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B10. Borrowings and Debts Securities

There were no borrowings or debt securities in the Group as at 31 March 2023.

B11. Material Litigation

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

B12. Dividends

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

B13. Losses per share

(a) The basic losses per share is computed by dividing the Group's loss attributable to ordinary equity holders of the parent with the weighted average number of ordinary shares in issue as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended		Period Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss attributable to ordinary equity holders of the parent (RM'000)	(992)	(3,407)	(1,614)	(6,289)
Weighted average number of ordinary shares in issue ('000)	1,449,409	1,381,523	1,449,409	1,381,523
Basic & diluted losses per share (sen)	(0.07)	(0.25)	(0.11)	(0.46)

(b) Diluted

The Group has no potential dilutive ordinary shares outstanding as at 31 March 2023.

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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 following items:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended		Period Ended	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of intangible assets	621	80	1,899	142
Depreciation of investment properties	42	43	126	102
Depreciation of property, plant and equipment	691	59	1,429	479
Depreciation of right-of-use-assets	232	255	794	422
Fair value adjustment on investment and short-term fund	(520)	(11)	(1,864)	281
Fair value gain on quoted share	(675)	(360)	(225)	(1,140)
Gain on disposal of right-of-use assets	-	-	(35)	-
Gain on derecognition of right-of-use assets	-	-	(136)	-
Gain on dilution of interest in subsidiaries	-	-	(2,671)	-
Income distribution from short-term fund	(145)	(326)	(279)	(482)
Interest expense	34	292	115	307
Interest income	-	(1)	(5)	(3)
Inventories written off	1	35	6	37
Preferences shares dividend income	-	-	(7)	-
Property, plant and equipment written off	446	-	452	-
Realised foreign exchange loss/(gain)	6	(13)	105	(7)
Reversal of impairment on trade receivables	-	-	(4)	-
Share of result of associates	12	-	-	-
Unrealised foreign exchange gain	(36)	(96)	(36)	(211)

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 31.03.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
Trade receivables		
Non-current assets	2,392	-
Current assets	27,847	17,377
Total	30,239	17,377
Less: Impairment losses	(2,260)	(2,264)
	27,979	15,113

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B15. Trade Receivables (Cont'd)

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

	As at 31.03.2023 RM'000 (unaudited)	As at 30.06.2022 RM'000 (audited)
Neither past due nor impaired	20,926	4,314
Past due but not impaired:		
Less than 3 months	1,680	10,303
3 to 6 months	4,446	111
More than 6 months	927	385
Past due and impaired	2,260	2,264
Trade receivables (gross)	30,239	17,377

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.