

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

The Board of Directors of Mlabs Systems Berhad is pleased to announce the following unaudited consolidated financial statements for the quarter ended 31 March 2024 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 June (“FYE”) 2023 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 Period Ended	
		31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)
Revenue	A8	5,634	4,707	19,416	15,721
Cost of sales		(3,746)	(2,535)	(11,242)	(7,399)
Gross profit		1,888	2,172	8,174	8,322
Other income		107	2,345	1,486	7,005
Administrative and operating expenses		(4,492)	(5,109)	(13,925)	(13,677)
Selling and distribution expenses		(1,606)	(437)	(3,548)	(1,205)
Other operating expenses		(600)	(491)	(2,544)	(3,170)
Loss from operations		(4,703)	(1,520)	(10,357)	(2,725)
Finance costs		(77)	(34)	(228)	(115)
Share of results of associates, net of tax		-	(12)	-	-
Loss before tax	B14	(4,780)	(1,566)	(10,585)	(2,840)
Tax expense	B7	(79)	(63)	(260)	(63)
Loss for the financial period		(4,859)	(1,629)	(10,845)	(2,903)
Other comprehensive income/ (loss):					
Item that will be subsequently reclassified to profit or loss					
Exchange differences on translating foreign operations		1,464	(883)	486	(208)
Other comprehensive income(loss)/ for the financial period		1,464	(883)	486	(208)
Total comprehensive loss for the financial period		(3,395)	(2,512)	(10,359)	(3,111)
Loss for the financial period attributable to:					
- Owners of the Company		(3,891)	(992)	(8,896)	(1,614)
- Non-controlling interests		(968)	(637)	(1,949)	(1,289)
		(4,859)	(1,629)	(10,845)	(2,903)
Total comprehensive loss attributable to:					
- Owners of the Company		(2,451)	(1,832)	(8,402)	(1,796)
- Non-controlling interests		(944)	(680)	(1,957)	(1,315)
		(3,395)	(2,512)	(10,359)	(3,111)
Loss per share attributable to Owners of the Company					
Basic & diluted (sen)	B13	(0.27)	(0.07)	(0.61)	(0.11)

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As At 31.03.2024 RM'000 (unaudited)	As At 30.06.2023 RM'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		9,898	13,837
Right-of-use assets		1,430	2,590
Land development rights		11,215	11,215
Investment properties		18,401	18,424
Intangible assets		2,590	4,536
Other investments		5,700	4,725
Finance lease receivables		516	1,387
Trade receivables		-	239
Total non-current assets		<u>49,750</u>	<u>56,953</u>
Current assets			
Inventories		2,572	1,501
Finance lease receivables		1,133	959
Trade receivables	B15	21,786	11,541
Other receivables, deposits and prepayments		2,614	3,452
Contract assets		196	-
Tax recoverable		43	-
Other investments		7,801	-
Cash, bank balances and short-term fund		44,603	60,883
Total current assets		<u>80,748</u>	<u>78,336</u>
Total assets		<u>130,498</u>	<u>135,289</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital		110,049	110,049
Reserves		7,984	16,385
Equity attributable to Owners of the Company		<u>118,033</u>	<u>126,434</u>
Non-controlling interests		(487)	1,471
Total equity		<u>117,546</u>	<u>127,905</u>

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Note	As At 31.03.2024 RM'000 (unaudited)	As At 30.06.2023 RM'000 (audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		1,095	1,843
Deferred tax liabilities		198	198
Total non-current liabilities		<u>1,293</u>	<u>2,041</u>
Current liabilities			
Trade payables		4,750	698
Other payables and accruals		5,397	3,416
Contract liabilities		968	71
Lease liabilities		440	944
Amount due to directors		3	3
Provision of taxation		101	211
Total current liabilities		<u>11,659</u>	<u>5,343</u>
Total liabilities		<u>12,952</u>	<u>7,384</u>
Total equity and liabilities		<u>130,498</u>	<u>135,289</u>
Net asset per share (RM)		<u>0.081</u>	<u>0.088</u>

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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/Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total RM'000
As at 30 June 2023	110,049	3,592	44,798	(32,005)	126,434	1,471	127,905
Loss for the financial period	-	-	-	(8,896)	(8,896)	(1,949)	(10,845)
Other comprehensive income/(loss) for the financial period							
- Exchange translation differences	-	495	-	-	495	(9)	486
Total comprehensive loss for the financial period	-	495	-	(8,896)	(8,401)	(1,958)	(10,359)
Issuance of ordinary shares pursuant to exercise of Warrants C	*	-	-	-	*	-	*
Transfer of reserves upon expiry of Warrants C	-	-	(44,798)	44,798	-	-	-
As at 31 March 2024	110,049	4,087	-	3,897	118,033	(487)	117,546
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 loss 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

* On 12 December 2023, the Company increased its issued and paid up ordinary share capital from RM110,048,856.00 to RM110,048,887.50 by way of issuance of 350 new ordinary shares through the exercise of the warrants at an issue price of RM0.09 per share which amounted to RM31.50.

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF CASH FLOWS

	Period Ended	
	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)
Operating activities		
Loss before tax	(10,585)	(2,840)
Adjustments for:		
Amortisation of intangible assets	1,984	1,899
Depreciation of investment properties	135	126
Depreciation of property, plant and equipment	3,048	1,429
Depreciation of right-of-use assets	638	794
Fair value gain on other investments	(717)	(1,864)
Fair value loss/(gain) on quoted shares	1,725	(225)
Gain on disposal of right-of-use assets	-	(35)
Gain on derecognition of right-of-use assets	(101)	(136)
Gain on dilution of interest in subsidiaries	-	(2,671)
Income distribution from short-term fund	(22)	(279)
Interest expense	85	115
Interest income	(345)	(5)
Inventories written off	-	6
Loss on disposal of property, plant and equipment	529	-
Preferences shares dividend income	-	(7)
Property, plant and equipment written off	-	452
Reversal of impairment on trade receivables	(153)	(4)
Unrealised loss/(gain) on foreign exchange	79	(36)
Operating loss before working capital changes	(3,700)	(3,281)
Changes in working capital:		
Inventories	(1,071)	(116)
Payables and contract liabilities	7,173	1,354
Receivables and contract assets	(8,914)	(13,471)
Cash used in operating activities	(6,512)	(15,514)
Tax paid	(413)	(211)
Net cash used in operating activities	(6,925)	(15,725)
Investing activities		
Acquisition of:		
- Property, plant and equipment	(103)	(5,511)
- Investment properties	(113)	-
Fair value change from short-term investment	-	268
Income received from short-term fund	22	279
Interest received	345	5
Net cash outflow from dilution of interest in subsidiaries	-	(196)
Placement of investments	(9,724)	(5,455)
Proceeds from disposal of property, plant and equipment	459	1
Proceeds from disposal of right-of-use assets	-	270
Net cash used in investing activities	(9,114)	(10,339)

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Period Ended	
	31.03.2024	31.03.2023
	RM'000	RM'000
	(unaudited)	(unaudited)
Financing activities		
Advance from directors	-	35
Interest paid	(85)	(115)
Payment of lease liabilities	(658)	(879)
Proceeds from issuance of shares pursuant to exercise of Warrants C	*	-
	(743)	(959)
Net cash used in financing activities		
 CASH AND CASH EQUIVALENTS		
Net changes	(16,782)	(27,023)
Effects of changes in foreign exchange rate	502	55
Brought forward	60,883	66,969
Carried forward	44,603	40,001
 Cash and cash equivalents at the end of the financial period comprise the following:		
Cash, bank balances and short-term fund	44,603	40,001

* Denotes amount below RM1,000.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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 2023 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 2023.

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 2023 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 2023.

The Group has adopted the following new MFRS and amendments/improvements to MFRSs during the financial year.

New MFRS

MFRS 17	<i>Insurance Contracts</i>
---------	----------------------------

Amendments/Improvements to MFRSs

Amendments to MFRS 4	<i>Extension of the Temporary Exemption from Applying MFRS 9</i>
Amendments to MFRS 17	<i>Initial Application of MFRS 17 and MFRS 9 – Comparative Information</i>
Amendments to MFRS 101	<i>Classification of Liabilities as Current or Non-current & Disclosure of Accounting Policies</i>
Amendments to MFRS 108	<i>Definition of Accounting Estimates</i>
Amendments to MFRS 112	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction & International Tax Reform – Pillar Two Model Rules</i>

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

A1. Basis of Preparation (Cont'd)

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

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

Amendments to MFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to MFRS 101	<i>Non-current Liabilities with Covenants</i>
Amendments to MFRS 107 and MFRS 7	<i>Supplier Finance Arrangements</i>

Amendments/improvements to MFRSs effective for financial periods beginning on or after 1 January 2025

Amendments to MFRS 121	<i>Lack of Exchangeability</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>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</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 auditors' report on the annual audited financial statements for the financial year ended 30 June 2023 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

The Company had on 11 December 2023 announced the issuance of 350 new ordinary shares through the exercise of Warrants C at an issue price of RM0.09 per share which amounted to RM31.50.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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 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:

ICT and fintech	: Research and development, and trading of ICT and fintech related products and services.
Trading	: Trading of alcohol products, kitchen equipment and related products, distribution of household appliances and computer hardware, software and peripherals.
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, event management services and related activities.

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

A8. Segmental Information (Cont'd)

Business segments (Cont'd)

Period Ended 31.03.2024	ICT and fintech	Trading	Factoring	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	11,479	2,970	5,558	1,068	(1,659)	19,416
Results:						
Segment results	(5,350)	(1,586)	230	(5,495)	130	(12,071)
Other income	971	214	3	595	(297)	1,486
(Loss)/profit before tax	(4,379)	(1,372)	233	(4,900)	(167)	(10,585)
Segment assets	42,508	54,740	30,569	174,959	(172,278)	130,498
Segment liabilities	18,606	56,420	25,442	42,607	(130,123)	12,952

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 31.03.2024	Malaysia	Outside Malaysia	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
Revenue	18,562	2,513	(1,659)	19,416
Results:				
Segment results	(7,410)	(4,791)	130	(12,071)
Other income	584	1,199	(297)	1,486
Loss before tax	(6,826)	(3,592)	(167)	(10,585)

A9. Valuation of Property, Plant and Equipment

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

A10. Events after the End of the Quarter

On 19 March 2024, the Company announced the consolidation of every 20 existing ordinary shares in the Company into 1 share. On 4 April 2024, the shares consolidation has been completed following the listing and quotation of 72,470,289 Consolidated Shares on the ACE Market of Bursa Securities.

A11. Changes in Composition of the Group

There were no 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 2024.

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.

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

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 31.03.2024 RM'000 (unaudited)	As at 30.06.2023 RM'000 (audited)
Group		
Financial assets		
<u>Level 1</u>		
Quoted shares	5,700	4,725

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 2024.

A15. Capital Commitments

Capital commitments as at 31 March 2024 are as follows:

	As at 31.03.2024 RMB	As at 31.03.2024 RM
Approved and contracted for:		
Registered share capital of Shenzhen Carbon Champagne Development Limited to be paid up by 31 December 2046	1,000,000	653,600

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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 Period Ended		
	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)	Changes (%)	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)	Changes (%)
Revenue	5,634	4,707	20	19,416	15,721	24
Gross profit	1,888	2,172	13	8,174	8,322	2
Gross profit margin (%)	33.5	46.1		42.1	52.9	
Loss before interest and tax	(4,703)	(1,520)	(209)	(10,357)	(2,725)	(280)
Loss before tax	(4,780)	(1,566)	(205)	(10,585)	(2,840)	(272)
Loss after tax	(4,859)	(1,629)	(198)	(10,845)	(2,903)	(273)
Loss after tax margin (%)	(86.2)	(34.6)		(55.9)	(18.5)	
Loss attributable to Owners of the Company	(3,891)	(992)	(292)	(8,896)	(1,614)	(451)

In the current quarter, the Group recorded increase in revenue amounting to RM0.93 million as compared to the preceding year quarter mainly due to increase in revenue from trading business and ICT and fintech business amounting to RM0.24 million and RM0.65 million respectively offset against decrease in factoring business of RM0.21 million.

For the 9-months period ended 31 March 2024, the Group recorded revenue of RM19.42 million, a huge improvement amounting to RM3.70 million as compared to the preceding 9-months period ended 31 March 2023 amounting to RM15.72 million. The improvement in revenue was mainly due to increase of income from trading business amounting to RM1.37 million, increase in revenue from overall ICT and fintech business amounting to RM0.85 million and increase in revenue from factoring business amounting to RM1.30 million. On the other hand, the revenue contribution from Taiwan's fintech business decreased by RM3.39 million as a result of downsizing and streamlining of its operations.

For the current quarter, gross profit and gross profit margin has reduced as compared to the preceding year quarter resulting from lower gross profit derived from the ICT and fintech business and factoring business amounting to RM0.37 million and RM0.25 million respectively.

In the current quarter, the Group recorded loss after tax of RM4.86 million as compared to preceding year's quarter loss after tax of RM1.63 million mainly due to downsizing and streamlining of Taiwan's fintech business and increase of depreciation of property, plant and equipment amounting RM0.24 million and one-off loss on disposal of property, plant and equipment amounting RM0.53 million in the current financial year quarter.

For the 9-months period ended 31 March 2024, the Group recorded loss after tax of RM10.85 million as compared to the preceding 9-months period ended 31 March 2023 loss after tax of RM2.90 million. The higher loss after tax recorded for the current 9-months period ended 31 March 2024 was due to one-off fair value loss on quoted shares amounting to RM1.73 million and lower fair value gain on other investment recorded by RM1.15 million and one-off gain on dilution of interest in subsidiaries amounting to RM2.67 million in the preceding 9-months period ended 31 March 2023.

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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

Group Results	Quarter Ended		Changes (%)
	31.03.2024 RM'000 (unaudited)	31.12.2023 RM'000 (unaudited)	
Revenue	5,634	8,503	(34)
Gross profit	1,888	3,661	(48)
Gross profit margin (%)	33.5	43.1	
Loss before interest and tax	(4,703)	(1,410)	(234)
Loss before tax	(4,780)	(1,491)	(221)
Loss after tax	(4,859)	(1,672)	(191)
Loss after tax margin (%)	(86.2)	(19.7)	
Loss attributable to Owners of the Company	(3,891)	(1,490)	(161)

The Group registered lower revenue and gross profit of RM5.63 million and RM1.89 million respectively for the current quarter as compared to the immediate preceding quarter's revenue and gross profit of RM8.50 million and RM3.66 million respectively. The reduced in revenue and gross profit was mainly attributed to decrease of revenue from the factoring business by RM0.82 million and trading of ICT products business by RM2.23 million and mitigated by increase in trading business amounting to RM0.28 million in the current quarter.

The Group recorded loss after tax of RM4.86 million as compared to the immediate preceding quarter's loss after tax of RM1.67 million mainly due to downsizing of Taiwan's ICT operations which resulted a loss after tax amounting to RM1.79 million in the current financial year quarter.

B3. Commentary on Prospects

Malaysia's economy continues to show resilience with a 4.2% GDP growth in this current quarter, driven by private expenditure and improved exports, and stabilising inflation rate. With this in view, the Group continues to focus strategically expanding our footprint within our existing businesses especially for financial services, ICT and Fintech, and trading segments.

ICT and Fintech

Our digitilisation business continues to seek new project prospects in both the private and government sectors. We are actively engaged in ongoing projects, including data center builds, cybersecurity initiatives, collaborations, Microsoft solutions, and co-location fulfillments, all of which are slated for completion throughout 2024.

Concurrently, we have successfully secured a major networking infrastructure project located in One Northern Hub, Bukit Kayu Hitam. This project involves an integrated, sustainable logistics hub for the Royal Malaysian Customs Department, designed to handle an annual throughput of 200,000 containers. The project includes warehouses and cross-dock facilities for cargo consolidation and container stuffing. Our target completion date for this project is June 2024.

Financial Services

Our financial services segment has consistently grown, with the Group actively pursuing more factoring business, resulting in an upward trend in revenue to date. Simultaneously, we are exploring additional funding opportunities beyond the recent corporate exercise to further enhance business expansion. Meanwhile, our trading division has achieved positive revenue growth due to strategic marketing efforts, including various promotional activities and product sales.

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

B3. Commentary on Prospects (Cont'd)

Trading

Pacifica Direct, our wholesale distribution business, has now expanded to over 500 SKUs in various ranges, including digital signage, ICT hardware, lifestyle products, mobile phones, and small kitchen appliances. We are currently working on a corporate marketplace, an e-commerce website targeting corporations, as part of the B2B wholesale initiative to increase our distribution presence. At the same time, we are looking into setting a physical distribution location within the golden triangle.

Our WineLourve business has been making inroads with wine accessories after securing the sole distributorship for the Lehmann and Zalto brands. Currently, we are exploring setting up a retail store to increase the wine brand's offerings that would complement our exclusive private lounge and dining setting.

The Group remains dedicated to careful decision-making, conducting thorough feasibility studies and analyses before finalising any actions, while also decisively shifting towards more sustainable methodologies to capitalise on opportunities presented by this new direction.

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 Ended		Period Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- Current period	21	-	202	-
- Under provision in prior year	58	63	58	63
	79	63	260	63

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2023: 24%) of the estimated assessable profit for the financial quarter and period.

B8. Status of Corporate Proposals

On 19 March 2024, the Company announced to consolidate every 20 existing ordinary shares in the Company into 1 share. On 4 April 2024, the shares consolidation has been completed following the listing and quotation of 72,470,289 Consolidated Shares on the Ace Market of Bursa Securities.

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

B9. Utilisation of Proceeds Raised from Corporate Proposals

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

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000	Intended Timeframe for Utilisation
Remote meeting and videotelephony enablers	23,000	-	23,000	Within 48 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	

B10. Borrowings and Debts Securities

There were no borrowings or debt securities as at 31 March 2024.

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 and period.

B13. Loss per share

(a) The basic (loss)/earnings per share is computed by dividing the Group's (loss)/profit attributable to Owners of the Company with the weighted average number of ordinary shares in issue as follows:

	INDIVIDUAL QUARTER Quarter Ended		CUMULATIVE Period Ended	
	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)	31.03.2024 RM'000 (unaudited)	31.03.2023 RM'000 (unaudited)
Loss attributable to Owners of the Company (RM'000)	(3,891)	(992)	(8,896)	(1,614)
Weighted average number of ordinary shares in issue ('000)	1,449,409	1,449,409	1,449,409	1,449,409
Basic & diluted loss per share (sen)	(0.27)	(0.07)	(0.61)	(0.11)

(b) Diluted

The Group has no potential dilutive ordinary share outstanding as at 31 March 2024.

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

**CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024**

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 Ended		Period Ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Amortisation of intangible assets	667	621	1,984	1,899
Depreciation of investment properties	47	42	135	126
Depreciation of property, plant and equipment	935	691	3,048	1,429
Depreciation of right-of-use assets	160	232	638	794
Fair value gain on other investments	(3)	(520)	(717)	(1,864)
Fair value loss/(gain) on quoted shares	75	(675)	1,725	(225)
Gain on disposal of right-of-use assets	-	-	-	(35)
Gain on derecognition of right-of-use assets	(101)	-	(101)	(136)
Gain on dilution of interest in subsidiaries	-	(2,671)	-	(2,671)
Income distribution from short-term fund	(3)	(145)	(22)	(279)
Interest expense	77	34	228	115
Interest income	(112)	-	(345)	(5)
Inventories written off	-	1	-	6
Loss on disposal of property, plant and equipment	529	-	529	-
Preferences shares dividend income	-	-	-	(7)
Property, plant and equipment written off	-	446	-	452
Realised loss on foreign exchange	-	6	65	105
Reversal of impairment on trade receivables	(37)	-	(153)	(4)
Share of result of associates	-	12	-	-
Unrealised (gain)/loss on foreign exchange	(65)	(36)	79	(36)

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

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

CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2024

B15. Trade Receivables

	As at 31.03.2024 RM'000 (unaudited)	As at 30.06.2023 RM'000 (audited)
Trade receivables		
Non-current assets	-	239
Current assets	25,114	14,869
Total	25,114	15,108
Less: Impairment losses	(3,328)	(3,328)
	21,786	11,780

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

	As at 31.03.2024 RM'000 (unaudited)	As at 30.06.2023 RM'000 (audited)
Neither past due nor impaired	13,423	10,015
Past due but not impaired:		
Less than 3 months	5,532	1,107
3 to 6 months	1,074	658
More than 6 months	1,757	-
Past due and impaired	3,328	3,328
Trade receivables (gross)	25,114	15,108

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.