



KRONOLOGI ASIA BERHAD - Registration no. 201301037868 (1067697-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3-MONTHS PERIOD ENDED 30 JUNE 2020**

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED CUMULATIVE QUARTER	AUDITED
	3-MONTHS ENDED		6-MONTHS ENDED	
	30-Jun-2020	30-Jun-2019	30-Jun-2020	30-Jun-2019
	RM'000	RM'000	RM'000	RM'000
Revenue	41,256	52,071	93,225	84,571
Cost of sales	(34,395)	(40,233)	(80,028)	(63,779)
Gross profit	6,861	11,838	13,197	20,792
Other operating income	1,256	695	2,166	1,257
Selling and distribution expenses	(3,478)	(3,100)	(7,282)	(5,608)
Administrative expenses	(2,658)	(2,870)	(5,246)	(5,349)
Share of results of an associate	181	223	328	225
Profit from operations	2,162	6,786	3,163	11,317
Interest expense	(368)	(491)	(844)	(1,007)
Profit before tax expense & extraordinary item	1,794	6,295	2,319	10,310
Extraordinary item (EI) *				
- Impairment on property, plant and equipment	-	-	(11,636)	-
Profit/(Loss) before tax expense	1,794	6,295	(9,317)	10,310
Tax expense	(555)	(1,235)	(680)	(1,560)
Profit/(Loss) for the period	1,239	5,060	(9,997)	8,750
Other comprehensive income				
- Foreign exchange translation from foreign operations	(495)	909	3,508	311
Total comprehensive (loss)/income	744	5,969	(6,489)	9,061
Profit/(Loss) attributable to :				
Equity holders of the Company	1,239	5,060	(9,997)	8,750
Minority shareholders	-	-	-	-
	1,239	5,060	(9,997)	8,750
Total comprehensive income/(loss) :				
Equity holders of the company	744	5,969	(6,489)	9,061
Minority shareholders	-	-	-	-
	744	5,969	(6,489)	9,061
Weighted average no. of ordinary shares ('000)	515,325	459,782	515,325	459,782
Earnings per share (EPS) attributable to the equity holders of the Company (sen)				
- Basic EPS/(LPS)	0.24	1.10	(1.94)	1.90
- Diluted EPS	N/A	N/A	N/A	N/A

* Extraordinary item - as per MFRS136

Note:-

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



KRONOLOGI ASIA BERHAD - Registration no. 201301037868 (1067697-K)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE 3-MONTHS PERIOD ENDED 30 JUNE 2020

	UNAUDITED AS AT 30-Jun-2020 RM'000	AUDITED As At 31-Dec-2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	43,569	45,590
Goodwill on consolidation	120,849	119,590
Investment in an associate	13,366	12,928
Development costs	3,924	4,126
Other receivables	8,617	7,836
Deferred tax assets	427	503
	<u>190,752</u>	<u>190,573</u>
Current Assets		
Inventories	22,472	20,640
Trade receivables	42,656	59,856
Other receivables	25,646	27,903
Associate	8,711	6,760
Cash and bank balances	40,994	57,050
	<u>140,479</u>	<u>172,209</u>
TOTAL ASSETS	<u><u>331,231</u></u>	<u><u>362,782</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	201,121	181,851
Reserves	34,680	41,169
Total Equity	<u>235,801</u>	<u>223,020</u>
Non Current Liabilities		
Deferred revenue	11,010	11,877
Lease liabilities	6,179	5,582
Other payables	60	43
Retirement benefits obligations	997	938
Deferred tax liability	1,935	2,638
	<u>20,181</u>	<u>21,078</u>
Current Liabilities		
Trade payables	22,090	27,776
Other payables	11,120	31,968
Deferred revenue	19,995	22,538
Associate	1,857	1,307
Borrowings	14,300	30,551
Lease liabilities	4,069	3,713
Current tax liabilities	1,818	831
	<u>75,249</u>	<u>118,684</u>
Total Liabilities	<u>95,430</u>	<u>139,762</u>
TOTAL EQUITY AND LIABILITIES	<u><u>331,231</u></u>	<u><u>362,782</u></u>
 Net assets per share (RM)	 <u>0.45</u>	 <u>0.46</u>

Note:-

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



KRONOLOGI ASIA BERHAD - Registration no. 201301037868 (1067697-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 3-MONTHS PERIOD ENDED 30 JUNE 2020

	Non-Distributable				Distributable	Total Equity
	Share Capital RM'000	Retirement Benefit Obligations RM'000	Foreign Exchange Fluctuation Reserve RM'000	Merger Reserve RM'000	Retained earnings RM'000	RM'000
2020						
At 1 January 2020	181,851	211	2,455	(17,406)	55,909	223,020
Foreign exchange translation	-	-	3,508	-	-	3,508
Profit for the financial period	-	-	-	-	(9,997)	(9,997)
Total comprehensive income for the financial period	-	-	3,508	-	(9,997)	(6,489)
Transaction with owners						
Issuance of share capital	19,270	-	-	-	-	19,270
At 30 June 2020	<u>201,121</u>	<u>211</u>	<u>5,963</u>	<u>(17,406)</u>	<u>45,912</u>	<u>235,801</u>
2019						
At 1 January 2019	130,601	-	3,161	(17,406)	47,164	163,520
- As previously stated	-	-	-	-	(66)	(66)
- Effect of adoption of MFRS 16	130,601	-	3,161	(17,406)	47,098	163,454
As restated						
Foreign exchange translation	-	-	311	-	-	311
Profit for the financial period	-	-	-	-	8,750	8,750
Total comprehensive income for the financial period	-	-	311	-	8,750	9,061
Transaction with owners						
Issuance of share capital	51,250	-	-	-	-	51,250
Dividends	-	-	-	-	(9,786)	(9,786)
Total transaction with owners	51,250	-	-	-	(9,786)	41,464
At 31 June 2019	<u>181,851</u>	<u>-</u>	<u>3,472</u>	<u>(17,406)</u>	<u>46,062</u>	<u>213,979</u>

Note:-

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



KRONOLOGI ASIA BERHAD - Registration no. 201301037868 (1067697-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3-MONTHS PERIOD ENDED 30 JUNE 2020

	UNAUDITED CURRENT YEAR TO DATE ENDED 30-Jun-2020 RM'000	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax expense	(9,317)	23,918
Adjustments for:		
Amortisation of development cost	202	404
Depreciation of property, plant and equipment	6,641	9,820
Gain on disposal of preproperty, plant and equipment	(11)	-
Impairment on inventories	-	103
Impairment on receivables	-	23
El - Impairment on property, plant and equipment	11,636	-
Property, plant and equipment written off	-	45
Reversal of inventories write-down	-	(1,440)
Share of results of an associate	(328)	(309)
Unrealised loss/(gain) on foreign exchange differences	76	(640)
Interest income	(87)	(369)
Interest expense	844	2,032
Operating profit before working capital changes	9,656	33,587
Inventories	(1,831)	25,742
Receivables	18,511	7,307
Payables	(7,063)	(28,671)
Associate	(1,951)	(2,765)
Deferred revenue	(3,410)	5,296
Cash generated from operations	13,912	40,496
Interest received	87	369
Tax paid	(453)	(7,293)
Net cash generated from operating activities	13,546	33,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,898)	(31,081)
Proceeds from disposal of property, plant and equipment	31	2
Acquisition of subsidiary	-	268
Net cash used in investing activities	(11,867)	(30,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from issuance of share capital	520	-
Repayment of lease liabilities	(2,319)	(5,300)
Dividend paid	-	(9,785)
Interest expenses paid	(844)	(2,032)
Net drawdown/(Repayment) of borrowings	(16,238)	(1,265)
Net cash used in financing activities	(18,881)	(18,382)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(17,202)	(15,621)
Foreign exchange fluctuation reserve	1,146	3,230
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	57,050	69,441
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	40,994	57,050
<u>Cash and cash equivalents at the end of the financial year comprises of:-</u>		
Cash and bank balances	31,193	34,113
Short term investment	9,801	10,655
Fixed deposit with a license bank	-	12,282
Cash and bank balances	40,994	57,050

Note:-

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

The Group has adopted merger method for the preparation of this interim financial statement.

A2. Changes of Financial Year End

The Group has changed the financial year end from 31 December to 31 January. The next audited financial statements shall be for a period of thirteen (13) months, made up from 1 January 2020 to 31 January 2021.

A3. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2020:

MFRS 101 and MFRS 108 :	Definition of Material (Amendments to MFRS 101 and MFRS 108)
MFRS 3 :	Definition of a Business (Amendments to MFRS 3)
MFRS 9, MFRS 139 and MFRS 7 :	Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)
Conceptual Framework :	Amendments to References to the Conceptual Framework MFRS Standards

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

A4. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A5. 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 under review.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review except for the issuance of 1,000,000 shares at RM0.52 per share being offered of ordinary share to a director under the Company Share Grant Plan.

A8. Dividends paid

No dividends were paid by the Company in the current financial quarter and period under review.

A9. Segmental information

(a) Analysis of revenue by geographical area

	Current Quarter Ended 30/6/2020 RM'000	Preceding Corresponding Quarter Ended 30/6/2019 RM'000	Current Year To Date Ended 30/6/2020 RM'000	Preceding Corresponding Year To Date Ended 30/6/2019 RM'000
Singapore	22,259	14,986	49,978	35,299
Philippines	9,969	9,202	27,547	9,531
Hong Kong & Taiwan	3,175	15,107	6,396	18,476
India	5,038	6,635	7,131	8,836
SEA (1)	730	970	1,937	2,462
Others	85	5,171	236	9,967
Total revenue	41,256	52,071	93,225	84,571
Add: Inter-company transactions	4,017	3,568	8,459	5,961
Total revenue before eliminating inter company transaction	45,273	55,639	101,684	90,532

Note : (1) SEA represents South East Asia countries excluding Singapore and Philippines

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/6/2020 RM'000	Preceding Corresponding Quarter Ended 30/6/2019 RM'000	Current Year To Date Ended 30/6/2020 RM'000	Preceding Corresponding Year To Date Ended 30/6/2019 RM'000
EDM Infrastructure Technology	33,896	48,926	78,270	79,537
EDM Managed Services	7,360	3,145	14,955	5,034
Total revenue	41,256	52,071	93,225	84,571
Add: Inter-company Transactions	4,017	3,568	8,459	5,961
Total revenue before eliminating inter company transaction	45,273	55,639	101,684	90,532



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

A9. Segmental information (cont'd)

(c) Analysis of segment results, assets and liabilities

	EDM Infrastructure Technology RM'000	EDM Managed Services RM'000	Investment Holdings RM'000	Others RM'000	Elimination/ Adjustment RM'000	Total RM'000
As at 30.6.2020 Results						
Segment results	1,188	1,330	955	-	(638)	2,835
Share of results of associate	-	-	328	-	-	328
Interest expenses	(796)	(345)	(5)	-	302	(844)
Profit before tax expense and impairment on property, plant and equipment ("PPE")	392	985	1,278	-	(336)	2,319
Impairment on PPE	(876)	(10,760)	-	-	-	(11,636)
(Loss)/Profit before tax expense	(484)	(9,775)	1,278	-	(336)	(9,317)
Tax expense	(274)	(406)	-	-	-	(680)
(Loss)/Profit after tax expense	(758)	(10,181)	1,278	-	(336)	(9,997)
Segment assets	198,048	41,512	202,578	3,924	(114,831)	331,231
Segment liabilities	116,044	48,317	1,614	-	(70,545)	95,430
As at 30.6.2019 Results						
Segment results	10,864	1,954	(1,610)	-	(116)	11,092
Share of results of associate	-	-	225	-	-	225
Interest expenses	(623)	(495)	(5)	-	116	(1,007)
Profit before tax expense	10,241	1,459	(1,390)	-	-	10,310
Tax expense	(1,383)	(177)	-	-	-	(1,560)
Profit after tax expense	8,858	1,282	(1,390)	-	-	8,750
Segment assets	228,708	17,215	59,024	4,328	66,734	376,009
Segment liabilities	169,774	25,567	19,122	-	(52,433)	162,030

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current financial quarter and period to date that have not been reflected in this interim financial report.

A12. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to-date.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

A13. Contingent assets or liabilities

The Directors are not aware of any contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14. Capital commitments

There were no capital commitments in the current financial quarter under review.

A15. Significant related party transactions

During the current financial quarter, the Directors are not aware of any related party transactions which would have a significant impact on the financial position and business of the Group.

ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance of the Group

	Cumulative Quarter	
	30/6/2020	30/6/2019
	RM'000	RM'000
Revenue	93,225	84,571
Profit from operations	3,163	11,317
Earnings before Interest, Tax, Depreciation and Amortisation "EBITDA" before EI	10,006	14,719
(Loss)/EBITDA after EI	(1,630)	14,719

For the financial period ended 30 June 2020, the Group's revenue increased by 10.23% or RM8.654 million from RM84.571 million to RM93.225 million. Despite the increase in revenue, the Group reported a loss after tax of RM9.997 million as compared to a profit after tax of RM8.750 million for financial period ended 30 June 2019. This was mainly due to a one-time PPE impairment of RM11.636 million in preceding quarter.

Majority of the Group's revenue was mainly derived from Singapore, amounting to RM49.978 million (53.61% of total revenue), followed by Philippines which recorded RM27.547 million (29.55% of total revenue).

By product category, the Enterprise Data Management ("EDM") Infrastructure Technology segment continued to dominate the Group's revenue, amounting to RM78.270 million or 83.96% of total revenue, with EDM Managed Services making up the balance.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

B2. Comparison with preceding quarter's results

	3 months ended	
	30/6/2020	31/3/2020
	RM'000	RM'000
Revenue	41,256	51,969
Profit from operations	2,162	1,001*
Profit before tax expense & EI	1,794	525
Profit/(Loss) before tax expense	1,794	(11,111)
Profit/(Loss) for the period	1,239	(11,236)

Revenue in the current quarter ended 30 June 2020 of RM41.256 million is 20.61% or RM10.713 million lower than the previous quarter. Despite the decrease in revenue, the Group recorded a higher profit before tax and extraordinary item ("EI") of RM1.794 million as a result of higher profit margin, lower operating costs and governmental wage subsidies.

*** Note:**

The "Profit/(Loss) from operations" of "(10,635)" under section B2 in preceding quarter Notes to Quarterly Report on Consolidated Results was derived after taking EI into account. If not for the EI, it would be "1,001" for the 3 months ended 31/3/2020.

B3. Prospects

As the general economy and our customers in particular learn to adapt to the new normal, we are seeing positive trends which support our belief that the first six-months of FY2020 will likely prove to be a temporary disruption in our business trajectory and where our various data management solutions and geographic footprint across key Asian markets will continue to add value to the Group.

B4. Tax expense

	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM'000	RM'000	RM'000	RM'000
Current tax				
- current year	(317)	(1,366)	(1,206)	(1,681)
- in prior years	(71)	-	(71)	-
Deferred taxation				
- current provision	(167)	131	597	121
	(555)	(1,235)	(680)	(1,560)

B5. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

B6. Status of corporate proposals

There were no corporate proposals announced by the Company during the current financial quarter under review.



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

B7. Borrowings and debt securities

The total borrowings of the Group as at 30 June are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
2020			
Lease liabilities	4,069	6,179	10,248
Bill payable	14,300	-	14,300
	18,369	6,179	24,548
2019			
Lease liabilities	3,239	6,736	9,975
Bill payable	25,888	-	25,888
	29,127	6,736	35,863

The lease liabilities are secured by lessor's title to the leased assets and the bill payable is secured by Corporate Guarantee by Kronologi Asia Berhad.

The lease liabilities and bill payable are denominated in Singapore Dollars and United States Dollars respectively.

B8. Material litigation

The Group has not been involved in any material litigation for the financial period under review.

B9. Dividends

The Board of Directors has not recommended any dividends for the current financial quarter under review and the financial period-to-date.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	1,239	5,060	(9,997)	8,750
Weighted average number of ordinary shares in issue ('000)	515,325	459,782	515,325	459,782
Basic (loss)/earnings per share ("LPS/EPS") (sen)	0.24	1.10	(1.94)	1.90



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QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the 3-Months Period Ended 30 June 2020

B11. Disclosure on selected expenses/income items as required by the Listing Requirements

Profit/(Loss) after tax expense is stated after charging/(crediting):-

	Current Quarter Ended 30/6/2020 RM'000	Preceding Corresponding Quarter Ended 30/6/2019 RM'000	Current Year To Date Ended 30/6/2020 RM'000	Preceding Corresponding Year To Date Ended 30/6/2019 RM'000
Amortisation of development cost	101	101	202	202
Depreciation on property, plant and Equipment	3,071	1,543	6,641	3,566
Impairment of PPE	-	-	11,636	-
Realised foreign currency exchange (gain)/loss	115	192	(27)	298
Unrealised foreign exchange currency (gain)/loss	(508)	(966)	(1,479)	(674)
Interest income	(33)	302	(87)	(561)
Finance costs	368	491	844	1007

B12. Authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 17 Aug 2020.

Kronologi Asia Berhad
17 Aug 2020