



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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

	UNAUDITED INDIVIDUAL QUARTER		UNAUDITED	AUDITED
	CURRENT	PRECEDING	CUMULATIVE QUARTER	PRECEDING
	QUARTER ENDED 31-Mar-2020	QUARTER ENDED 31-Mar-2019	YEAR TO DATE ENDED 31-Mar-2020	YEAR TO DATE ENDED 31-Mar-2019
	RM'000	RM'000	RM'000	RM'000
Revenue	51,969	32,500	51,969	32,500
Cost of sales	(45,633)	(23,546)	(45,633)	(23,546)
Gross profit	6,336	8,954	6,336	8,954
Other operating income	910	562	910	562
Selling and distribution expenses	(3,804)	(2,508)	(3,804)	(2,508)
Administrative expenses	(2,588)	(2,479)	(2,588)	(2,479)
Share of results of an associate	147	2	147	2
Profit from operations	1,001	4,531	1,001	4,531
Interest expenses	(476)	(516)	(476)	(516)
Profit before tax expense & extraordinary item	525	4,015	525	4,015
Extraordinary item (EI) *				
- Impairment on property, plant and equipment	(11,636)	-	(11,636)	-
(Loss)/Profit before tax expense	(11,111)	4,015	(11,111)	4,015
Tax expense	(125)	(325)	(125)	(325)
(Loss)/Profit for the period	(11,236)	3,690	(11,236)	3,690
Other comprehensive income/(loss)				
- Foreign exchange translation from foreign operations	4,003	(598)	4,003	(598)
Total comprehensive (loss)/income	(7,233)	3,092	(7,233)	3,092
(Loss)/Profit attributable to :				
Equity holders of the Company	(11,236)	3,690	(11,236)	3,690
Minority shareholders	-	-	-	-
	(11,236)	3,690	(11,236)	3,690
Total comprehensive (loss)/income :				
Equity holders of the company	(7,233)	3,092	(7,233)	3,092
Minority shareholders	-	-	-	-
	(7,233)	3,092	(7,233)	3,092
Weighted average no. of ordinary shares ('000)	514,779	398,810	514,779	398,810
(Loss)/Earnings per share (LPS/EPS) attributable to the equity holders of the Company (sen)				
- Basic (LPS)/EPS	(2.18)	0.93	(2.18)	0.93
- Diluted EPS	-	0.93	-	0.93

* 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 - Company no. . 201301037868 (1067697-K)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020**

	UNAUDITED AS AT 31-Mar-2020 RM'000	AUDITED As At 31-Dec-2019 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	32,458	45,590
Goodwill on consolidation	121,077	119,590
Investment in an associate	13,207	12,928
Development costs	4,025	4,126
Other receivables	9,138	7,836
Deferred tax assets	543	503
	<u>180,448</u>	<u>190,573</u>
Current Assets		
Inventories	20,787	20,640
Trade receivables	46,993	59,856
Other receivables	29,173	27,903
Associate	4,261	6,760
Cash and bank balances	61,982	57,050
	<u>163,196</u>	<u>172,209</u>
TOTAL ASSETS	<u>343,644</u>	<u>362,782</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share Capital	200,601	181,851
Reserves	33,936	41,169
Total Equity	<u>234,537</u>	<u>223,020</u>
Non Current Liabilities		
Deferred revenue	12,279	11,877
Lease liabilities	5,146	5,582
Other payables	-	43
Retirement benefits obligations	1,026	938
Deferred tax liability	1,994	2,638
	<u>20,445</u>	<u>21,078</u>
Current Liabilities		
Trade payables	17,780	27,776
Other payables	12,793	31,968
Deferred revenue	21,528	22,538
Associate	302	1,307
Borrowings	31,580	30,551
Lease liabilities	3,261	3,713
Current tax liabilities	1,418	831
	<u>88,662</u>	<u>118,684</u>
Total Liabilities	<u>109,107</u>	<u>139,762</u>
TOTAL EQUITY AND LIABILITIES	<u>343,644</u>	<u>362,782</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 - Company no. . 201301037868 (1067697-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 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	-	-	4,003	-	-	4,003
Profit for the financial period	-	-	-	-	(11,236)	(11,236)
Total comprehensive income for the financial period	-	-	4,003	-	(11,236)	(7,233)
Transaction with owners						
Issuance of share capital	18,750	-	-	-	-	18,750
At 31 March 2020	<u>200,601</u>	<u>211</u>	<u>6,458</u>	<u>(17,406)</u>	<u>44,673</u>	<u>234,537</u>
2019						
At 1 January 2019						
- As previously stated	130,601	-	3,160	(17,406)	47,165	163,520
- Effect of adoption of MFRS 16	-	-	-	-	(66)	(66)
As restated	130,601	-	3,160	(17,406)	47,099	163,454
Foreign exchange translation	-	-	(598)	-	-	(598)
Profit for the financial period	-	-	-	-	3,690	3,690
Total comprehensive income for the financial period	-	-	(598)	-	3,690	3,092
At 31 March 2019	<u>130,601</u>	<u>-</u>	<u>2,562</u>	<u>(17,406)</u>	<u>50,789</u>	<u>166,546</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 - Company no. . 201301037868 (1067697-K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2020

	UNAUDITED CURRENT YEAR TO DATE ENDED 31-Mar-2020	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED AT 31-Dec-2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax expense	(11,111)	23,918
Adjustments for:		
Amortisation of development cost	101	404
Depreciation of property, plant and equipment	3,570	9,820
Gain on disposal of property, plant and equipment	(11)	-
Impairment on inventories	-	103
Impairment on receivables	-	23
EI - 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	(147)	(309)
Unrealised loss/(gain) on foreign exchange differences	(971)	(640)
Interest income	(54)	(369)
Interest expenses	476	2,032
Operating profit before working capital changes	3,489	33,587
Inventories	806	25,742
Receivables	15,021	7,307
Payables	(12,222)	(28,671)
Associate	1,239	(2,765)
Deferred revenue	(2,424)	5,296
Cash generated from operations	5,909	40,496
Interest received	54	369
Tax paid	(369)	(7,293)
Net cash generated from operating activities	5,594	33,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(672)	(31,081)
Proceeds from disposal of property, plant and equipment	24	2
Acquisition of subsidiary	-	268
Net cash used in investing activities	(648)	(30,811)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of lease liabilities	(1,353)	(5,300)
Dividend paid	-	(9,785)
Interest expenses paid	(476)	(2,032)
Net drawdown/(Repayment) of borrowings	(470)	(1,265)
Net cash generated from/(used in) financing activities	(2,299)	(18,382)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,647	(15,621)
Foreign exchange fluctuation reserve	2,285	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	61,982	57,050
<u>Cash and cash equivalents at the end of the financial year comprises of:-</u>		
Cash and bank balances	28,564	34,113
Short term investment	10,736	10,655
Fixed deposit with a license bank	22,682	12,282
Cash and bank balances	61,982	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.



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QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the First (1st) Quarter Ended 31 March 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 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.

A3. Seasonal or cyclical factors

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

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 under review, except a one-time Extraordinary Item ("EI").

A5. Material changes in estimates

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

A6. Debt and equity securities

During the current financial quarter under review, there were no issuance, cancellation, repurchase, resale and repayment of debt. The Company issued equity securities during the current financial quarter under review for the issuance of the final tranche of 33,097,970 shares at RM0.5665 per share for the acquisition of 100% of the issued and paid up share capital of Sandz Solutions (Singapore) Pte. Ltd.



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A7. Dividends paid

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

A8. Segmental information

(a) Analysis of revenue by geographical area

	Current Quarter Ended 31/3/2020 RM'000	Preceding Corresponding Quarter Ended 31/3/2019 RM'000	Current Year To Date Ended 31/3/2020 RM'000	Preceding Corresponding Year To Date Ended 31/3/2019 RM'000
Singapore	27,719	20,313	27,719	20,313
Philippines	17,578	329	17,578	329
Hong Kong & Taiwan	3,221	3,369	3,221	3,369
India	2,093	2,201	2,093	2,201
SEA (1)	1,207	1,492	1,207	1,492
Others	151	4,796	151	4,796
Total revenue	51,969	32,500	51,969	32,500
Add: Inter-company transactions	4,442	2,393	4,442	2,393
 Total revenue before eliminating inter company transaction	 56,411	 34,893	 56,411	 34,893

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

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/3/2020 RM'000	Preceding Corresponding Quarter Ended 31/3/2019 RM'000	Current Year To Date Ended 31/3/2020 RM'000	Preceding Corresponding Year To Date Ended 31/3/2019 RM'000
EDM Infrastructure Technology	44,374	30,611	44,374	30,611
EDM Managed Services	7,595	1,889	7,595	1,889
Total revenue	51,969	32,500	51,969	32,500
Add: Inter-company Transactions	4,442	2,393	4,442	2,393
 Total revenue before eliminating inter company transaction	 56,411	 34,893	 56,411	 34,893



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A8. Segmental information (cont'd)

(c) Analysis of segment results, assets and liabilities

As at 31.3.2020	EDM Infrastructure Technology RM'000	EDM Managed Services RM'000	Investment Holdings RM'000	Others RM'000	Elimination/ Adjustment RM'000	Total RM'000
Results						
Segment results	68	228	689	-	(131)	854
Share of results of associate	-	-	-	-	147	147
Interest expenses	(306)	(300)	(1)	-	131	(476)
(Loss)/Profit before tax expense and impairment on property, plant and equipment ("PPE")	(238)	(72)	688	-	147	525
Impairment on PPE	(876)	(10,760)	-	-	-	(11,636)
(Loss)/Profit before tax expense	(1,114)	(10,832)	688	-	147	(11,111)
Tax income/(expense)	66	(191)	-	-	-	(125)
(Loss)/Profit after tax expense	(1,048)	(11,023)	688	-	147	(11,236)
Segment assets	214,526	34,890	201,606	4,025	(111,413)	343,634
Segment liabilities	133,408	41,478	1,198	-	(66,977)	109,107
As at 31.3.2019						
Results						
Segment results	4,028	917	(416)	-	-	4,529
Share of results of associate	-	-	-	-	2	2
Interest expenses	(341)	(229)	(2)	-	56	(516)
Profit/(Loss) before tax expense	3,687	688	(418)	-	58	4,015
Tax (expense)/income	(325)	-	-	-	-	(325)
Profit/(Loss) after tax expense	3,362	688	(418)	-	58	3,690
Segment assets	129,604	17,024	74,974	4,429	12,890	238,921
Segment liabilities	86,879	34,773	440	-	(49,717)	72,375

A9. Valuation of property, plant and equipment

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

A10. Material events subsequent to the end of the quarter

There were no 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.



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A11. 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.

A12. Contingent assets or liabilities

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

A13. Capital commitments

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

A14. 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

	3 months ended	
	31/3/2020	31/3/2019
	RM'000	RM'000
Revenue	51,969	32,500
Profit from operations	1,001	4,531
Earnings before Interest, Tax, Depreciation and Amortisation "EBITDA" before EI	4,672	6,655
(Loss)/EBITDA after EI	(6,964)	6,655

For the financial period ended 31 March 2020 (Q1'FY2020), the Group's revenue increased by 59.90% to RM51.969 million, representing an increase of RM19.469 million from RM32.500 million in Q1'FY2019. Despite the increase in revenue, the Group reported a loss after tax of RM11.236 million as compared to a profit after tax of RM3.690 million in Q1'FY2019. This was mainly due to a one-time PPE impairment of RM11.636 million.

Like most companies faced with the COVID-19 pandemic, the Group's operating results for Q1'FY20 were impacted. The Group registered EBITDA of RM4.672 million (before EI), reflecting the impact of economic and business uncertainties associated with the pandemic resulting from movement restrictions, order delays, cash flow conservation, reduced budgets, margin tightening and business slowdown experienced by our customers.

The Group's revenue during the financial year was mainly derived from Singapore and Philippines, amounting to RM45.297 million, representing 87.16% of total revenue.

By product category, the Enterprise Data Management ("EDM") Infrastructure Technology segment continued to dominate the Group's revenue, amounting to RM44.374 million or 85.39% of total revenue, with EDM Managed Services making up the balance.



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B2. Comparison with preceding quarter's results

	3 months ended	
	31/3/2020 RM'000	31/12/2019 RM'000
Revenue	51,969	69,268
(Loss)/Profit from operations	(10,635)	5,675
(Loss)/Profit before tax expense	(11,111)	5,112
(Loss)/Profit for the period	(11,236)	3,041

Revenue in the current quarter ended 31 March 2020 of RM51.969 million was 24.97% or RM17.299 million lower than the preceding quarter. The Group recorded a loss before tax of RM11.111 million as compared with the preceding quarter profit before tax of RM5.112 million, due to allowance of one-time impairment of property, plant and equipment.

B3. Prospects

Although the Group's Management opines that there exists considerable uncertainty for the rest of FY2020, we are confident in the long-term opportunities for the company, the strategy, and our return to profitable growth. Our services and solutions are mission critical; our large enterprise customer base remains strong and our employees are resilient. All of this, when combined with financial stability will enable us to weather these challenges and continue to deliver industry leading solutions and values to our customers and shareholders.

B4. Tax expense

	Current Quarter Ended 31/3/2020 RM'000	Preceding Corresponding Quarter Ended 31/3/2019 RM'000	Current Year To Date Ended 31/3/2020 RM'000	Preceding Corresponding Year To Date Ended 31/3/2019 RM'000
Current tax				
- current year	(889)	(315)	(889)	(315)
- in prior years	-	-	-	-
Deferred taxation				
- current provision	764	(10)	764	(10)
	(125)	(325)	(125)	(325)

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.



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B7. Borrowings and debt securities

The total borrowings of the Group as at 31 March are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
2020			
Lease liabilities	3,261	5,146	8,407
Bills payable	31,580	-	31,580
	<u>34,841</u>	<u>5,146</u>	<u>39,987</u>
2019			
Lease liabilities	3,466	7,248	10,714
Bills payable	24,094	-	24,094
	<u>27,560</u>	<u>7,248</u>	<u>34,808</u>

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 have 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 Quarter Ended 31/3/2020	Preceding Corresponding Quarter Ended 31/3/2019	Current Year To Date Ended 31/3/2020	Preceding Corresponding Year To Date Ended 31/3/2019
Net (loss)/profit attributable to ordinary equity holders of the Company (RM'000)	(11,236)	3,690	(11,236)	3,690
Weighted average number of ordinary shares in issue ('000)	514,779	398,810	514,779	398,810
Basic (loss)/earnings per share ("LPS/EPS") (sen)	(2.18)	0.93	(2.18)	0.93



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

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

	Current Quarter Ended 31/3/2020 RM'000	Preceding Corresponding Quarter Ended 31/3/2019 RM'000	Current Year To Date Ended 31/3/2020 RM'000	Preceding Corresponding Year To Date Ended 31/3/2019 RM'000
Amortisation of development cost	101	101	101	101
Depreciation on property, plant and equipment	3,570	2,023	3,570	2,023
Impairment on PPE	11,636	-	11,636	-
Realised foreign currency exchange (gain)/loss	(142)	106	(142)	106
Unrealised foreign exchange currency loss	(971)	292	(971)	292
Interest income	(54)	(259)	(54)	(259)
Finance costs	476	516	476	516

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 15 May 2020.

Kronologi Asia Berhad
15 May 2020