



**KRONOLOGI ASIA BERHAD (Company no. 1067697-K)**  
**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For The Second (2nd) Quarter Ended 30 June 2015**

**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 Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

This is the first interim financial statements on the consolidated results for the second (2nd) quarter ended 30 June announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding period.

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

**A2. Changes in accounting policies**

The accounting policies and method of computation adopted by the Group in these unaudited condensed interim financial statements are consistent with those adopted in the audited financial statements for the period ended 31 December 2014 except for the adoption of the new and revised Malaysian Financial Reporting Standards ("MFRS"), IC Interpretations ("IC Int") and amendment to MFRS that have been published by MASB but are not effective and have not been adopted early by the Group.

Management anticipates that all relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning/or after the effective date of pronouncement. Information on new standards, amendments and interpretations that are expected to have an impact on the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have material impact on the financial statements.

The initial application of the standards, amendments and interpretations are not expected to have any financial impact to the financial statements, except for additional disclosures in the financial statements.

**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.

**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**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

**A7. Dividends paid**

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



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**A8. Segmental information**

(a) Analysis of revenue by geographical area

	<b>Current Quarter Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2014 RM'000</b>	<b>Current Year To Date Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2014 RM'000</b>
Singapore	7,459	N/A	15,048	N/A
Malaysia	457	N/A	1,607	N/A
Philippines	390	N/A	2,364	N/A
Thailand	519	N/A	704	N/A
Others	1,262	N/A	2,699	N/A
	10,087		22,422	
Less: Inter-company transactions	(713)	N/A	(1,572)	N/A
	9,374	N/A	20,850	N/A

(b) Analysis of revenue by product categories

	<b>Current Quarter Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2014 RM'000</b>	<b>Current Year To Date Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2014 RM'000</b>
EDM infrastructure technology	8,415	N/A	19,430	N/A
EDM managed services	1,397	N/A	2,287	N/A
Investment holding	-	N/A	-	N/A
Others	275	N/A	705	N/A
	10,087		22,422	
Less: Inter-company Transactions	(713)	N/A	(1,572)	N/A
	9,374	N/A	20,850	N/A



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

(c) Analysis of segment results, assets and liabilities

	<b>EDM infrastructure technology RM'000</b>	<b>EDM managed services RM'000</b>	<b>Investment holdings RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Results</b>						
Segment results	(1,120)	(404)	(375)	5	-	(1,894)
Interest expenses	(20)	(85)	-	-	-	(105)
Loss before tax expense	(1,140)	(489)	(375)	5	-	(1,999)
Tax expense	(17)	-	-	-	-	(17)
Loss after tax expense	(1,157)	(489)	(375)	5	-	(2,016)
<b>Segment assets</b>	<b>36,186</b>	<b>8,340</b>	<b>30,742</b>	<b>5,081</b>	<b>(30,795)</b>	<b>49,559</b>
<b>Segment liabilities</b>	<b>22,095</b>	<b>8,578</b>	<b>-</b>	<b>4,857</b>	<b>(13,030)</b>	<b>22,500</b>

Comparative figures for the preceding financial period are not presented as this is the first interim financial report for the second (2nd) quarter ended 30 June being announced by the Company in compliance with the ACE Market Listing Requirements.

**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 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.

**A11. Changes in composition of the Group**

There were no changes in composition of the Group in the current financial quarter under review.

**A12. Contingent assets or liabilities**

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

**A13. Capital commitments**

There were no material capital commitments in respect of property, plant and equipment as at the end of the current financial quarter under review.

**A14. Significant related party transactions**

During the current financial quarter, the Directors are of the opinion that the Group has no related party transactions which would have a significant impact on the financial position and business of the Group.



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

**B1. Review of performance of the Group**

For the current six (6)-month financial period ended 30 June 2015, the Group recorded revenue of RM20.850 million. Majority of the Group's revenue were derived from Singapore amounting to RM15.048 million (67.11%), followed by Philippines recording RM2.364 million (10.54%). Revenue contribution from EDM infrastructure technology segment continued to dominate the Group's revenue amounting to RM19.430 million or 86.66% of the total revenue.

The Group recorded a loss before tax expense of RM1.999 million for the current six (6)-month financial period ended 30 June 2015. The loss was attributable to the lower sales recorded with higher proportion contributed from sales of consumables products which are traditionally low margin products.

There are no comparative figures for the preceding year corresponding period's results as this is the first interim financial report for the quarter ended 30 June being announced by the Company in compliance with ACE Market Listing Requirements.

**B2. Comparison with preceding quarter's results**

	<b>3 month ended</b>	
	<b>30/6/2015</b>	<b>31/3/2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	9,374	11,476
Loss from operations	(861)	(1,033)
Loss before tax expense	(913)	(1,086)
Loss for the period	(868)	(1,148)

Revenue in the current quarter ended 30 June 2015 was 18.32% or RM2.102 million lower as compared with the previous quarter. The decrease was attributable to lower sales in the EDM infrastructure technologies as a result of challenging market conditions especially in Malaysia and other South East Asia countries in which the Group operates in.

Despite the decrease in revenue, the Group recorded a loss before tax expense of RM0.913 million as opposed with a loss before tax of RM1.086 million in the previous quarter. The lower loss was attributable to the cost cutting measures undertaken by the management.

**B3. Prospects**

The regional and global economic environment continues to be challenging especially in Singapore and Malaysia where the Group derives a significant portion of its revenue. The management will review its operations and business strategies to overcome these challenges.



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**B4. Tax expense**

	<b>Current Quarter Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2014 RM'000</b>	<b>Current Year To Date Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2014 RM'000</b>
Deferred taxation - current provision	(45)	N/A	17	N/A

The Group's effective tax rate is lower than the statutory tax rate due to utilisation of unutilised capital allowance and Productivity and Innovation Credit ("PIC") scheme in our Singapore subsidiaries. Further, these subsidiaries enjoy lower tax rate than Malaysia.

**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**

The Company's entire enlarged issued and paid-up share capital of RM23,698,800 comprising 236,988,000 Kronologi Shares was listed and quoted on the ACE Market of Bursa Securities on 15 December 2014.

The gross proceeds from the Public Issue amounted to RM17.182 million and the status of the utilisation of the proceeds raised as at 30 June 2015 is as follows:-

<b>Detail of utilisation</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Deviations RM'000</b>	<b>Balance RM'000</b>	<b>Time frame for utilisation</b>
1) Business expansion	6,000	-	-	6,000	Within 36 months
2) Research and development expenditure	3,500	801	-	2,699	Within 36 months
3) Working capital	4,482	2,308	-	2,174	Within 36 months
4) Estimated listing expenses	3,200	3,032	-	168*	Within 3 months
<b>Total gross proceeds</b>	<b>17,182</b>	<b>6,141</b>	<b>-</b>	<b>11,041</b>	

\*In view of the actual listing expenses is lower than estimated, the excess will be utilised for working capital purposes.



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**B7. Borrowings and debt securities**

The total borrowings of the Group as at 30 June 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<b>Secured</b>			
Finance lease liabilities	1,416	1,044	2,460
Bill payable	4,532	-	4,532
	5,948	1,044	6,992

The finance 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 finance 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 does not recommend 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 30/6/2015	Preceding Corresponding Quarter Ended 30/6/2014	Current Year To Date Ended 30/6/2015	Preceding Year To Date Ended 30/6/2014
Net loss attributable to ordinary equity holders of the Company (RM'000)	(868)	N/A	(2,016)	N/A
Weighted average number of ordinary shares in issue ('000)	236,988	N/A	236,988	N/A
Basic loss per share (sen)	(0.37)	N/A	(0.85)	N/A

Diluted earnings per share are not disclosed herein as it is not applicable to the Group.



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

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

	<b>Current Quarter Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2014 RM'000</b>	<b>Current Year To Date Ended 30/6/2015 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2014 RM'000</b>
Allowance for obsolete inventories	310	N/A	310	N/A
Allowance for obsolete inventories write back	(2)	N/A	(605)	N/A
Depreciation on property, plant and equipment	731	N/A	1,433	N/A
Realised foreign currency exchange loss	611	N/A	719	N/A
Unrealised foreign exchange currency gain	(1,037)	N/A	(788)	N/A
Rental of premises	385	N/A	755	N/A
Rental of office equipment	9	N/A	9	N/A
Interest income	(38)	N/A	(38)	N/A
Finance costs	52	N/A	105	N/A

**B12. Disclosure of Realised and Unrealised Profits / (Losses)**

	<b>As at 30/6/2015 RM'000</b>
Realised	9,756
Unrealised	(578)
	<hr/> 9,178
Less: Consolidation adjustment	(54)
Retained Earnings	<hr/> <hr/> 9,124

**B13. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 24 August 2015.

**Kronologi Asia Berhad**  
24 August 2015