



KRONOLOGI ASIA BERHAD (Company no. 1067697-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
For The Third (3rd) Quarter Ended 30 September 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").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. 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 2014.

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

	Current Quarter Ended 30/9/2015 RM'000	Preceding Corresponding Quarter Ended 30/9/2014 RM'000	Current Year To Date Ended 30/9/2015 RM'000	Preceding Corresponding Year To Date Ended 30/9/2014 RM'000
Singapore	10,810	7,869	25,858	28,858
Malaysia	1,559	1,916	3,166	5,151
Philippines	854	829	3,218	2,952
Thailand	368	347	1,072	2,003
Others	2,848	888	5,547	2,970
	16,439	11,849	38,861	41,934
Less: Inter-company transactions	(1,041)	(821)	(2,613)	(2,807)
	15,398	11,028	36,248	39,127

(b) Analysis of revenue by product categories

	Current Quarter Ended 30/9/2015 RM'000	Preceding Corresponding Quarter Ended 30/9/2014 RM'000	Current Year To Date Ended 30/9/2015 RM'000	Preceding Corresponding Year To Date Ended 30/9/2014 RM'000
EDM infrastructure technology	15,763	10,483	35,193	34,215
EDM managed services	110	949	2,397	6,707
Investment holding	-	-	-	-
Others	566	417	1,271	1,012
	16,439	11,849	38,861	41,934
Less: Inter-company Transactions	(1,041)	(821)	(2,613)	(2,807)
	15,398	11,028	36,248	39,127



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A8. 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 RM'000	Total RM'000
2015 Results						
Segment results	(1,090)	(407)	(260)	31	-	(1,726)
Interest expenses	(26)	(122)	-	-	-	(148)
(Loss)/Profit before tax expense	(1,116)	(529)	(260)	31	-	(1,874)
Tax income/(expense)	1,196	-	-	(11)	-	1,185
Profit/(Loss) after tax expense	80	(529)	(260)	20	-	(689)
Segment assets	58,166	8,945	30,971	5,888	(32,206)	71,764
Segment liabilities	40,253	9,231	-	5,796	(14,444)	40,836
2014 Results						
Segment results	4,131	919	(111)	55	-	4,994
Interest expenses	(21)	(279)	-	-	-	(300)
Profit/(Loss) before tax expense	4,110	640	(111)	55	-	4,694
Tax income	174	-	-	-	-	174
Profit/(Loss) after tax expense	4,284	640	(111)	55	-	4,868
Segment assets	25,849	7,911	4,465	2,689	(12,165)	28,750
Segment liabilities	15,360	7,814	4,566	2,821	(12,165)	18,396

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 materials 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.



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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.

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 nine (9)-month financial period ended 30 September 2015, the Group recorded revenue of RM36.248 million as compared with RM39.127 million achieved during the preceding equivalent financial period. This represent a decrease of 7.36% or RM2.879 million resulting from challenging market conditions experienced by the Group. A majority of the Group's revenue was derived from Singapore amounting to RM25.858 million (66.54% of total revenue), followed by The Philippines and Malaysia, which recorded RM3.218 million (8.28%) and RM3.166 million (8.15%) respectively. Revenue contribution from the EDM infrastructure technology segment continued to dominate the Group's revenue amounting to RM35.193 million or 90.56% of the total revenue.

The Group recorded a loss before tax expense of RM1.874 million for the current nine (9)-month financial period ended 30 September 2015 as opposed to a profit before tax expense of RM4.694 million in the preceding equivalent financial period. The loss was attributable to lower overall sales recorded and implementation of lower margin projects during the period.

In anticipation of further business, the Group has actively secured additional inventories to be deployed in near term projects resulting in corresponding increase in trade payables.

B2. Comparison with preceding quarter's results

	3 month ended	
	30/9/2015	30/6/2015
	RM'000	RM'000
Revenue	15,398	9,374
Profit/(Loss) from operations	168	(861)
Profit/(Loss) before tax expense	125	(913)
Profit/(Loss) for the period	1,327	(868)

Revenue in the current quarter ended 30 September 2015 was 64.26% or RM6.024 million higher at RM15.398 million as compared with the previous quarter. The increase was attributable to higher sales recorded in the EDM infrastructure technology segment in Singapore and Malaysia

As a result of the increase in sales, the Group in the current reporting quarter recorded a turnaround by registering a profit before tax expense of RM0.125 million as opposed to a loss before tax of RM0.913 million in the previous quarter.

On a profit after tax expense basis, the Group managed to further achieve a profit of RM1.327 million as opposed to a loss after tax expense of RM0.868 million due to the recognition of deferred tax income arising from property, plant and equipment. This has reduced the accumulated loss after tax expenses from RM2.016 million to RM0.689 million.



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B3. Prospects

Regional and global economic environment for EDM infrastructure and managed services continue to be challenging especially in Singapore and Malaysia where the Group derives a significant portion of its revenue.

Despite the challenging economic environment, Management has instituted operational programs to improve prospects for greater productivity and efficiency. Barring unforeseen circumstances, Management is optimistic that the Group is on track to reverse the losses experienced in the first half of the financial year.

B4. Tax (expense)/income

	Current Quarter Ended 30/9/2015 RM'000	Preceding Corresponding Quarter Ended 30/9/2014 RM'000	Current Year To Date Ended 30/9/2015 RM'000	Preceding Corresponding Year To Date Ended 30/9/2014 RM'000
Current tax				
- in prior years	(11)	-	(11)	-
Deferred tax				
- current provision	1,212	(2)	1,196	174
	<u>1,202</u>	<u>(2)</u>	<u>1,185</u>	<u>174</u>

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 September 2015 is as follows:-

Detail of utilisation	Proposed utilisation RM'000	Actual utilisation RM'000	Deviations RM'000	Balance RM'000	Time frame for utilisation
1) Business expansion	6,000	-	-	6,000	Within 36 months
2) Research and development expenditure	3,500	1,041	-	2,459	Within 36 months
3) Working capital	4,482	2,972	-	1,510	Within 36 months
4) Estimated listing expenses	3,200	3,032	-	168*	Within 3 months
Total gross proceeds	<u>17,182</u>	<u>7,045</u>	<u>-</u>	<u>10,137</u>	

*In view that 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 September 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
Finance lease liabilities	1,391	831	2,222
Bill payable	5,275	-	5,275
	6,666	831	7,497

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 30/9/2015	Preceding Corresponding Quarter Ended 30/9/2014	Current Year To Date Ended 30/9/2015	Preceding Year To Date Ended 30/9/2014
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	1,327	1,463	(689)	4,868
Weighted average number of ordinary shares in issue ('000)	236,988	29,654	236,988	29,654
Basic earnings/(loss) per share (sen)	0.56	4.93	(0.29)	16.42

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):-

	Current Quarter Ended 30/9/2015 RM'000	Preceding Corresponding Quarter Ended 30/9/2014 RM'000	Current Year To Date Ended 30/9/2015 RM'000	Preceding Corresponding Year To Date Ended 30/9/2014 RM'000
Allowance for obsolete inventories	14	-	324	-
Allowance for obsolete inventories write back	(26)	-	(631)	-
Depreciation on property, plant and equipment	828	635	2,261	1,586
Realised foreign currency exchange loss/(gain)	154	(4)	873	(58)
Unrealised foreign exchange currency (gain)/loss	(569)	(159)	(1,357)	119
Rental of premises	473	240	1,228	944
Rental of office equipment	4	-	13	-
Interest income	(5)	-	(43)	-
Finance costs	43	52	148	300

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

	As at 30/9/2015 RM'000
Realised	7,996
Unrealised	2,509
	<u>10,505</u>
Less: Consolidation adjustment	(54)
Retained Earnings	<u><u>10,451</u></u>

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 26 October 2015.

Kronologi Asia Berhad
 26 October 2015