



KRONOLOGI ASIA BERHAD (Company no. 1067697-K)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
For The First (1st) Quarter Ended 31 March 2016

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 2015. 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 2015.

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 2015 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, if any. 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 31/3/2016 RM'000	Preceding Corresponding Quarter Ended 31/3/2015 RM'000	Current Year To Date Ended 31/3/2016 RM'000	Preceding Corresponding Year To Date Ended 31/3/2015 RM'000
Singapore	10,160	7,589	10,160	7,589
Malaysia	631	1,150	631	1,150
Philippines	575	1,974	575	1,974
Thailand	1,095	185	1,095	185
Others	2,477	1,437	2,477	1,437
	14,938	12,335	14,938	12,335
Less: Inter-company transactions	(799)	(859)	(799)	(859)
	14,139	11,476	14,139	11,476
Total revenue	14,139	11,476	14,139	11,476

(b) Analysis of revenue by product categories

	Current Quarter Ended 31/3/2016 RM'000	Preceding Corresponding Quarter Ended 31/3/2015 RM'000	Current Year To Date Ended 31/3/2016 RM'000	Preceding Corresponding Year To Date Ended 31/3/2015 RM'000
EDM infrastructure technology	13,876	11,015	13,876	11,015
EDM managed services	730	890	730	890
Others	332	430	332	430
	14,938	12,335	14,938	12,335
Less: Inter-company Transactions	(799)	(859)	(799)	(859)
	14,139	11,476	14,139	11,476
Total revenue	14,139	11,476	14,139	11,476



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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
2016 Results						
Segment results	2,267	(157)	(678)	10	-	1,442
Shares of results of associated company	231	-	-	-	-	231
Interest expenses	(26)	(24)	-	-	-	(50)
Profit/(Loss) before tax expense	2,472	(181)	(678)	10	-	1,623
Tax income/(expense)	(296)	47	-	-	-	(249)
Profit/(Loss) after tax expense	2,176	(134)	(678)	10	-	1,374
Investment in associated company	976	-	-	-	-	976
Other segment assets	48,027	7,510	28,168	4,528	(28,424)	59,809
Segment assets	49,003	7,510	28,168	4,528	(28,424)	60,785
Segment liabilities	28,284	6,721	-	2,550	(10,659)	26,896
2015 Results						
Segment results	(685)	(122)	(247)	21	-	(1,033)
Interest expenses	(8)	-	(45)	-	-	(53)
Profit/(Loss) before tax expense	(693)	(122)	(292)	21	-	(1,086)
Tax expense	(62)	-	-	-	-	(62)
Profit/(Loss) after tax expense	(755)	(122)	(292)	21	-	(1,148)
Segment assets	35,278	9,038	37,377	4,035	(35,862)	49,866
Segment liabilities	20,582	8,950	6,064	4,682	(18,098)	22,180

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.



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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.

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 three (3)-month financial period ended 31 March 2016, the Group recorded revenue of RM14.139 million as compared with RM11.476 million achieved during the preceding equivalent financial period. A majority of the Group's revenue was derived from Singapore amounting to RM10.160 million (68.01% of total revenue before inter-company transactions), followed by Thailand and Malaysia, which recorded RM1.095 million (7.33%) and RM0.631 million (4.22%) respectively. Revenue contribution from the EDM infrastructure technology segment continued to dominate the Group's revenue amounting to RM13.876 million or 92.89% of total revenue.

The Group recorded a profit before tax expense of RM1.623 million for the current three (3)-month financial period ended 31 March 2016 as compared to a loss before tax expense of RM1.086 million in the preceding equivalent financial period. The profit achieved was attributable to implementation of mainly higher margin projects and also reduction in selling and distribution costs during the period.

B2. Comparison with preceding quarter's results

	3 month ended	
	31/3/2016	31/12/2015
	RM'000	RM'000
Revenue	14,139	25,106
Profit from operations	1,673	4,826
Profit before tax expense	1,623	4,749
Profit for the period	1,374	3,739

Revenue in the current quarter ended 31 March 2016 of RM14.139 million was 43.68% or RM10.967 million lower as compared with the previous quarter. The higher revenue recorded in the previous quarter ended 31 December 2015 was attributed to several key projects carried over from earlier quarters and completed in that quarter.

As a result of the decrease in sales and no material changes to the operating expenses in the last two (2) quarters, the Group registered lower profit before tax expense of RM1.623 million in the current reporting quarter as compared to a profit before tax of RM4.749 million in the previous quarter.



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B3. Prospects

Regional and global economic environment for EDM infrastructure technology and EDM managed services will continue to be challenging especially in Singapore and ASEAN countries where the Group derives a major portion of its revenue.

The management will constantly review its business strategies to adapt to the different environment, and in tackling these challenges.

B4. Tax expense

	Current Quarter Ended 31/3/2016 RM'000	Preceding Corresponding Quarter Ended 31/3/2015 RM'000	Current Year To Date Ended 31/3/2016 RM'000	Preceding Corresponding Year To Date Ended 31/3/2015 RM'000
Deferred tax				
- current provision	249	62	249	62
	<hr/> 249	<hr/> 62	<hr/> 249	<hr/> 62

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 31 March 2016 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	1,266	-	2,234	Within 36 months
3) Working capital	4,482	3,579	168	1,071	Within 36 months
4) Estimated listing expenses	3,200	3,032	(168)*	-	Within 3 months
Total gross proceeds	<hr/> 17,182	<hr/> 7,877	<hr/> -	<hr/> 9,305	

*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 31 March 2016 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
2016			
Finance lease liabilities	1,131	255	1,386
Bill payable	1,185	-	1,185
	2,316	255	2,571
2015			
Finance lease liabilities	1,494	1,294	2,788

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 31/3/2016	Preceding Corresponding Quarter Ended 31/3/2015	Current Year To Date Ended 31/3/2016	Preceding Year To Date Ended 31/3/2015
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	1,374	(1,148)	1,374	(1,148)
Weighted average number of ordinary shares in issue ('000)	236,988	236,988	236,988	236,988
Basic earnings/(loss) per share (sen)	0.58	(0.48)	0.58	(0.48)

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

	Current Quarter Ended 31/3/2016 RM'000	Preceding Corresponding Quarter Ended 31/3/2015 RM'000	Current Year To Date Ended 31/3/2016 RM'000	Preceding Corresponding Year To Date Ended 31/3/2015 RM'000
Allowance for obsolete inventories write back	(1,964)	(603)	(1,964)	(603)
Depreciation on property, plant and equipment	910	702	910	702
Realised foreign currency exchange (gain)/loss	(29)	108	(29)	108
Unrealised foreign exchange currency loss	369	249	369	249
Rental of premises	463	370	463	370
Rental of office equipment	5	-	5	-
Interest income	(2)	-	(2)	-
Finance costs	50	53	50	53

B12. Disclosure of Realised and Unrealised Profits

	As at 31/3/2016 RM'000
Realised	14,708
Unrealised	625
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	15,333
Less: Consolidation adjustment	231
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Retained Earnings	<u>15,564</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 25 May 2016

Kronologi Asia Berhad
 25 May 2016