



**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

	<b>Current Quarter Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2019 RM'000</b>	<b>Current Year To Date Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2019 RM'000</b>
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
<b>Total revenue</b>	<b>41,256</b>	<b>52,071</b>	<b>93,225</b>	<b>84,571</b>
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

	<b>Current Quarter Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2019 RM'000</b>	<b>Current Year To Date Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2019 RM'000</b>
EDM Infrastructure Technology	33,896	48,926	78,270	79,537
EDM Managed Services	7,360	3,145	14,955	5,034
<b>Total revenue</b>	<b>41,256</b>	<b>52,071</b>	<b>93,225</b>	<b>84,571</b>
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

	<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/ Adjustment RM'000</b>	<b>Total RM'000</b>
<b>As at 30.6.2020 Results</b>						
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)
<b>Segment assets</b>	<b>198,048</b>	<b>41,512</b>	<b>202,578</b>	<b>3,924</b>	<b>(114,831)</b>	<b>331,231</b>
<b>Segment liabilities</b>	<b>116,044</b>	<b>48,317</b>	<b>1,614</b>	<b>-</b>	<b>(70,545)</b>	<b>95,430</b>
<b>As at 30.6.2019 Results</b>						
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
<b>Segment assets</b>	<b>228,708</b>	<b>17,215</b>	<b>59,024</b>	<b>4,328</b>	<b>66,734</b>	<b>376,009</b>
<b>Segment liabilities</b>	<b>169,774</b>	<b>25,567</b>	<b>19,122</b>	<b>-</b>	<b>(52,433)</b>	<b>162,030</b>

**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 RM'000	30/6/2019 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 RM'000	31/3/2020 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 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
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
<b>Secured</b>			
<b>2020</b>			
Lease liabilities	4,069	6,179	10,248
Bill payable	14,300	-	14,300
	<u>18,369</u>	<u>6,179</u>	<u>24,548</u>
<b>2019</b>			
Lease liabilities	3,239	6,736	9,975
Bill payable	25,888	-	25,888
	<u>29,127</u>	<u>6,736</u>	<u>35,863</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 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 Quarter Ended 30/6/2020	Preceding Corresponding Quarter Ended 30/6/2019	Current Year To Date Ended 30/6/2020	Preceding Corresponding Year To Date Ended 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



**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):-

	<b>Current Quarter Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/6/2019 RM'000</b>	<b>Current Year To Date Ended 30/6/2020 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/6/2019 RM'000</b>
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