



**QUARTERLY REPORT ON CONSOLIDATED RESULTS**  
**For the 3-Months Period Ended 30 September 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.



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**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.

**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 30/9/2020 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/9/2019 RM'000</b>	<b>Current Year To Date Ended 30/9/2020 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/9/2019 RM'000</b>
Singapore	36,990	21,952	86,968	57,251
Philippines	15,427	31,789	42,974	41,320
Hong Kong & Taiwan	1,859	4,340	8,255	22,816
India	3,806	4,203	10,937	13,039
SEA (1)	1,011	3,497	2,948	5,959
Others	150	15,881	386	25,848
<b>Total revenue</b>	<b>59,243</b>	<b>81,662</b>	<b>152,468</b>	<b>166,233</b>
Add: Inter-company transactions	5,102	7,091	13,561	13,052
Total revenue before eliminating inter company transaction	64,345	88,753	166,029	179,285

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

(b) Analysis of revenue by product categories

	<b>Current Quarter Ended 30/9/2020 RM'000</b>	<b>Preceding Corresponding Quarter Ended 30/9/2019 RM'000</b>	<b>Current Year To Date Ended 30/9/2020 RM'000</b>	<b>Preceding Corresponding Year To Date Ended 30/9/2019 RM'000</b>
EDM Infrastructure Technology	51,419	76,114	129,689	155,651
EDM Managed Services	7,824	5,548	22,779	10,582
<b>Total revenue</b>	<b>59,243</b>	<b>81,662</b>	<b>152,468</b>	<b>166,233</b>
Add: Inter-company Transactions	5,102	7,091	13,561	13,052
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**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 30.9.2020 Results</b>						
Segment results	4,816	3,196	1,152	-	(1,398)	7,766
Share of results of associate	-	-	925	-	-	925
Interest expenses	(1,112)	(476)	(8)	-	464	(1,132)
Profit before tax expense and impairment on property, plant and equipment ("PPE")	3,704	2,720	2,069	-	(934)	7,559
Impairment on PPE	(876)	(10,760)	-	-	-	(11,636)
(Loss)/Profit before tax expense	2,828	(8,040)	2,069	-	(934)	(4,077)
Tax expense	(639)	(385)	-	-	-	(1,024)
(Loss)/Profit after tax expense	2,189	(8,425)	2,069	-	(934)	(5,101)
<b>Segment assets</b>	<b>208,184</b>	<b>37,201</b>	<b>202,228</b>	<b>3,900</b>	<b>(106,227)</b>	<b>345,286</b>
<b>Segment liabilities</b>	<b>122,619</b>	<b>44,920</b>	<b>1,643</b>	<b>-</b>	<b>(62,444)</b>	<b>106,738</b>
<b>As at 30.9.2019 Results</b>						
Segment results	17,968	3,915	(1,822)	-	(254)	19,807
Share of results of associate	-	-	437	-	-	437
Interest expenses	(833)	(882)	(7)	-	253	(1,469)
Profit before tax expense	17,135	3,033	(1,392)	-	(1)	18,775
Tax expense	(2,930)	(320)	-	-	-	(3,250)
Profit after tax expense	14,205	2,713	(1,392)	-	(1)	15,525
<b>Segment assets</b>	<b>225,732</b>	<b>49,875</b>	<b>58,792</b>	<b>4,227</b>	<b>68,524</b>	<b>407,150</b>
<b>Segment liabilities</b>	<b>208,319</b>	<b>10,557</b>	<b>19,001</b>	<b>-</b>	<b>(52,184)</b>	<b>185,693</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.



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**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**

	3 months ended		Cumulative Quarters (YTD)	
	30/9/2020 RM'000	30/9/2019 RM'000	30/9/2020 RM'000	30/9/2019 RM'000
Revenue	59,243	81,662	152,468	166,233
Profit from operations	5,528	8,927	8,691	20,244
Earnings before Interest, Tax, Depreciation and Amortisation "EBITDA" before EI	8,701	11,014	18,707	25,733
EBITDA after EI	8,701	11,014	7,071	25,733

For the current financial quarter under review, the Group's recorded revenue of RM59.243 million, a decrease of 27.45% or RM22.419 million as compared to RM81.662 million in the preceding year quarter. The decrease was mainly attributed to a reduction in revenue from EDM Infrastructure Technology segment resulting from the onset of the COVID-19 global pandemic. Profit from operations and EBITDA for the current financial quarter correspondingly decreased by RM3.399 million and RM2.313 million respectively.

For the financial period ended 30 September 2020, the Group's revenue decreased by 8.28% or RM13.765 million from RM166.233 million (for the same period last year) to RM152.468 million. The Group reported a loss after tax of RM5.101 million as compared to a profit after tax of RM15.525 million for financial period ended 30 September 2019. This was mainly due to a one-time PPE impairment of RM11.636 million in previous quarter.

Majority of the Group's revenue was mainly derived from Singapore, amounting to RM86.968 million (57.04% of total revenue), followed by Philippines which recorded RM42.974 million (28.19% of total revenue).

By product category, the Enterprise Data Management ("EDM") Infrastructure Technology segment continued to dominate the Group's revenue, amounting to RM129.689 million or 85.06% 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	
	30/9/2020 RM'000	30/6/2020 RM'000
Revenue	59,243	41,256
Profit from operations	5,528	2,162
Profit before tax expense	5,240	1,794
Profit for the period	4,896	1,239

Revenue in the current quarter ended 30 September 2020 of RM59.243 million is 43.60% or RM17.987 million higher than the previous quarter. The Group recorded a higher profit before tax of RM5.240 million as a result of higher revenue contribution from Singapore and Philippines.

**B3. Prospects**

As the general economy and our customers in particular learn to adapt to the new normal, we have seen positive trends in Q3'FY20 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. We expect to see sequential revenue growth again for the remaining period of the financial year.

**B4. Tax expense**

	Current Quarter Ended 30/9/2020 RM'000	Preceding Corresponding Quarter Ended 30/9/2019 RM'000	Current Year To Date Ended 30/9/2020 RM'000	Preceding Corresponding Year To Date Ended 30/9/2019 RM'000
Current tax				
- current year	443	(1,474)	(763)	(3,155)
- in prior years	2	1	(69)	1
Deferred taxation				
- current provision	(789)	(217)	(192)	(96)
	(344)	(1,690)	(1,024)	(3,250)

**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 30 September are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<b>Secured</b>			
<b>2020</b>	4,667	6,168	10,835
Lease liabilities			
Bill payable	22,410	-	22,410
	<u>27,077</u>	<u>6,168</u>	<u>33,245</u>
<b>2019</b>			
Lease liabilities	2,936	6,050	8,986
Bill payable	34,741	-	34,741
	<u>37,677</u>	<u>6,050</u>	<u>43,727</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 30/9/2020	Preceding Corresponding Quarter Ended 30/9/2019	Current Year To Date Ended 30/9/2020	Preceding Corresponding Year To Date Ended 30/9/2019
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	4,896	6,775	(5,101)	15,525
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)	0.95	1.47	(0.99)	3.38



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**B10. Earnings per share (Cont'd)**

The diluted EPS has been calculated by dividing the Group's profit for the current quarter and financial period ended 30 September 2020 attributable to equity holders of the Company by the weighted average number of shares. The calculation is as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30/9/2020	Preceding Corresponding Quarter Ended 30/9/2019	Current Year To Date Ended 30/9/2020	Preceding Corresponding Year To Date Ended 30/9/2019
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	4,896	6,775	(5,101)	15,525
Weighted average number of ordinary shares in issue as per Basic EPS ('000)	515,325	459,782	515,325	459,782
Effect on issuance of share capital for Sandz Acquisition ('000)	-	2,360	-	2,360
Weighted average number of ordinary shares in issue ('000)	515,325	462,142	515,325	462,142
Diluted (loss)/earnings per share ("LPS/EPS") (sen)	0.95	1.47	(0.99)	3.36

**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 30/9/2020	Preceding Corresponding Quarter Ended 30/9/2019	Current Year To Date Ended 30/9/2020	Preceding Corresponding Year To Date Ended 30/9/2019
	RM'000	RM'000	RM'000	RM'000
Amortisation of development cost	115	101	317	303
Depreciation on property, plant and Equipment	3,058	1,986	9,699	5,186
Impairment of PPE	-	-	11,636	-
Realised foreign currency exchange (gain)/loss	67	(62)	40	236
Unrealised foreign exchange currency (gain)/loss	579	291	(900)	(383)
Interest income	-	(133)	(87)	(694)
Finance costs	288	462	1,132	1,469



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

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**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 9 Nov 2020.

**Kronologi Asia Berhad**  
9 Nov 2020