



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the Second (2nd) Quarter Ended 31 July 2021

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 period ended 31 January 2021. 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 period ended 31 January 2021.

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

A2. Changes of Financial Year End

As announced on 29 May 2020, the Company has changed its financial year end from 31 December to 31 January. Hence, there is no preceding year corresponding quarter or period figure due to the change of its financial year end. The comparative figures for the preceding year corresponding quarter for period from 1 April 2020 to 30 June 2020 is for illustration purpose only.

The next audited financial statements shall be for a period of twelve (12) months, made up from 1 February 2021 to 31 January 2022.

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 period ended 31 January 2021 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 February 2021:-

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above will have no significant effects on the interim financial report upon their initial application.



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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.

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

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/07/2021 RM'000	Preceding Corresponding Quarter Ended 30/06/2020 RM'000	Current Year To Date Ended 31/07/2021 RM'000	Preceding Corresponding Year To Date Ended 30/06/2020 RM'000
Singapore	35,699	22,259	53,417	49,978
Philippines	20,778	9,969	51,762	27,547
China	9,190	-	9,190	-
Hong Kong & Taiwan	6,132	3,175	10,868	6,396
India	1,581	5,038	3,386	7,131
SEA (1)	892	730	4,306	1,937
Others	236	85	401	236
Total revenue	74,508	41,256	133,330	93,225
Add: Inter-company transactions	9,571	4,017	12,578	8,459
Total revenue before eliminating inter company transaction	84,079	45,273	145,908	101,684

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



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A9. Segmental information (cont'd)

(b) Analysis of revenue by product categories

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/07/2021 RM'000	Preceding Corresponding Quarter Ended 30/06/2020 RM'000	Current Year To Date Ended 31/07/2021 RM'000	Preceding Corresponding Year To Date Ended 30/06/2020 RM'000
EDM Infrastructure Technology	64,280	33,896	110,830	78,270
EDM As-A-Service *	10,228	7,360	22,500	14,955
Total revenue	74,508	41,256	133,330	93,225
Add: Inter-company Transactions	9,571	4,017	12,578	8,459
Total revenue before eliminating inter company transaction	84,079	45,273	145,908	101,684

Note : * Formerly referred to as "EDM Managed Services"

(c) Analysis of segment results, assets and liabilities

	EDM Infrastructure Technology RM'000	EDM As-A Service RM'000	Investment Holdings RM'000	Others RM'000	Elimination/ Adjustment RM'000	Total RM'000
As at 31.07.2021						
Results						
Segment results	9,237	2,214	(541)	1,205	(93)	12,022
Share of results of associate	-	-	(77)	-	-	(77)
Interest expenses	(510)	(173)	(5)	-	68	(620)
Profit before tax expense	8,727	2,041	(623)	1,205	(25)	11,325
Tax expense	(1,702)	(500)	-	-	-	(2,202)
Profit after tax expense	7,025	1,541	(623)	1,205	(25)	9,123
Segment assets	276,094	42,771	419,855	3,594	(200,783)	541,531
Segment liabilities	163,014	41,974	128,656	-	(137,839)	195,805
As at 30.06.2020						
Results						
Segment results	1,188	1,330	(43)	998	(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	280	998	(336)	2,319
Impairment on PPE	(876)	(10,760)	-	-	-	(11,636)
(Loss)/Profit before tax expense	(484)	(9,775)	280	998	(336)	(9,317)
Tax expense	(274)	(406)	-	-	-	(680)
(Loss)/Profit after tax expense	(758)	(10,181)	280	998	(336)	(9,997)
Segment assets	198,048	41,512	202,578	3,924	(114,831)	331,231
Segment liabilities	116,044	48,317	1,614	-	(70,545)	95,430



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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 was a change in the composition of the Group for the current quarter and financial period to-date with the acquisition of the remaining 83.33% equity interest in Quantum China Limited completed on 26 July 2021. Going forward, the operating results of Quantum China Limited shall be based on acquisition (as a subsidiary) method.

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.



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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

	3 months ended			Cumulative Quarters (YTD)		
	31/07/2021	30/06/2020	30/06/2019	31/07/2021	30/06/2020	30/06/2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	74,508	41,256	52,071	133,330	93,225	84,571
Profit from operations	6,502	2,162	6,786	11,945	3,163	11,317
EBITDA/(Loss)	10,546	5,334	8,064	19,892	(1,630)	14,719
Profit/ (Loss) after tax	5,105	1,239	5,060	9,123	(9,997)	8,750

For the current financial quarter under review, the Group's revenue increased by 80.60% to RM74.508 million, representing an increase of RM33.252 million from RM41.256 million in Q2'FPE2021. The increase was mainly attributed to a growth in revenue from Singapore segment. Encouragingly, profit from operations and EBITDA for the current financial quarter correspondingly increased by RM4.340 million and RM5.212 million respectively.

For the financial period ended 31 July 2021, the Group's revenue increased by 43.02% or RM40.105 million from RM93.225 million to RM133.330 million. The Group reported a profit after tax of RM9.123 million as compared to a loss of RM9.997 million (due to a one-time impairment) for financial period ended 30 June 2020, and an increase of 4.26% as compared to RM8.750 million for the period ended 30 June 2019.

Majority of the Group's revenue was derived from Singapore, amounting to RM53.417 million (40.06% of total revenue), followed by the Philippines which recorded RM51.762 million (38.82% of total revenue).

By product category, the Enterprise Data Management ("EDM") Infrastructure Technology segment continued to dominate the Group's revenue, amounting to RM110.830 million or 83.12% of total revenue, with EDM As-A-Service making up the balance.

B2. Comparison with preceding quarter's results

	3 months ended	
	31/07/2021	30/04/2021
	RM'000	RM'000
Revenue	74,508	58,822
Profit from operations	6,502	5,443
Profit before tax expense	6,230	5,095
Profit for the period	5,105	4,018

Revenue in the current quarter ended 31 July 2021 of RM74.508 million is 26.67% or RM15.686 million higher than the previous quarter. The Group recorded a higher profit before tax of RM5.105 million as a result of higher revenue contribution from Singapore and Philippines.



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B3. Prospects

Kronologi's strength continues to build as our customers find increasing value in our As-A-Service and Data Management hybrid solutions, with accelerating penetration in new markets. Our go-to-market strategy and partner relationships are maturing, as we continue to expand "share of wallet" from our existing customer accounts and through securing new accounts. We delivered strong growth across the board, notably cloud based revenue year-over-year. Having established strong momentum in the first six months of the year, we expect to build upon that going forward.

B4. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/07/2021 RM'000	Preceding Corresponding Quarter Ended 30/06/2020 RM'000	Current Year To Date Ended 31/07/2021 RM'000	Preceding Corresponding Year To Date Ended 30/06/2020 RM'000
Current tax				
- current year	(1,220)	(317)	(1,651)	(1,206)
- in prior years	-	(71)	-	(71)
Deferred taxation				
- current provision	95	(167)	(551)	597
	<u>(1,125)</u>	<u>(555)</u>	<u>(2,202)</u>	<u>(680)</u>

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

Private Placement

On behalf of the Company's Board of Directors, TA Securities Holdings Berhad had on 22 March 2021 announced that the Company proposed private placement of new ordinary shares, representing up to 20% of the total number of issued shares in the Company.

Bursa Malaysia Securities Berhad had vide its letter dated 31 March 2021 approved the listing of and quotation for up to 104,675,000 new ordinary shares in the Company to be issued pursuant to the said private placement.

The Company has placed out 102,445,000 and 2,230,000 new ordinary shares and completed the private placement exercise on 5 May 2021 and 7 May 2021 respectively.



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B6. Status of corporate proposals (cont'd)

The gross proceeds from the private placement amounted to RM69.326 million and the details of utilisation of proceeds raised were as follows:-

	Detail of utilisation	Proposed utilisation RM'000	Actual proceeds raised RM'000	Actual utilisation RM'000	Balance RM'000	Time frame for utilisation
1	Expansion of enterprise data management ("EDM") managed services (As-A-Service)	10,000	9,163	-	9,163	Within 24 months
2	Future business expansion	50,000	50,000	50,000	-	Within 24 months
3	Construction of EDM proof-of-concept and solution centre(s)	10,000	9,162	6,163	2,999	Within 24 months
4	Estimated expenses for the private placement exercise	1,001	1,001	1,001	-	Immediately
	Total	71,001	69,326	57,164	12,162	

B7. Borrowings and debt securities

The total borrowings of the Group as at 31 July 2021 and 30 June 2020 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured			
31 July 2021			
Lease liabilities	4,907	2,622	7,529
Bill payable	33,375	-	33,375
	<u>38,282</u>	<u>2,622</u>	<u>40,904</u>
30 June 2020			
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>

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.



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B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/07/2021	Preceding Corresponding Quarter Ended 30/06/2020	Current Year To Date Ended 31/07/2021	Preceding Corresponding Year To Date Ended 30/06/2020
Net profit/(Loss) attributable to ordinary equity holders of the Company (RM'000)	5,105	1,239	9,123	(9,997)
Weighted average number of ordinary shares in issue ('000)	619,655	515,325	619,655	515,325
Basic earnings/(loss) per share ("EPS/LPS") (sen)	0.82	0.24	1.47	(1.94)

The diluted EPS/(LPS) has been calculated by dividing the Group's profit for the current quarter and financial period ended 31 July 2021 and 30 June 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 31/07/2021	Preceding Corresponding Quarter Ended 30/06/2020	Current Year To Date Ended 31/07/2021	Preceding Corresponding Year To Date Ended 30/06/2020
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	5,105	1,239	9,123	(9,997)
Weighted average number of ordinary shares in issue as per Basic EPS ('000)	619,655	515,325	619,655	515,325
Effect on issuance of share capital for Quantum China Ltd acquisition ('000)	75,000	-	75,000	-
Weighted average number of ordinary shares in issue ('000)	694,655	515,325	694,655	515,325
Diluted EPS/(LPS) (sen)	0.73	0.24	1.31	(1.94)



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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):-

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/07/2021 RM'000	Preceding Corresponding Quarter Ended 30/06/2020 RM'000	Current Year To Date Ended 31/07/2021 RM'000	Preceding Corresponding Year To Date Ended 30/06/2020 RM'000
Amortisation of development cost	98	101	196	202
Depreciation on property, plant and equipment	3,946	3,071	7,751	6,641
Impairment on PPE	-	-	-	11,636
Realised foreign currency exchange (gain)/loss	(725)	115	(713)	(27)
Unrealised foreign currency exchange gain	(463)	(508)	(944)	(1,479)
Interest income	(18)	(33)	(20)	(87)
Finance costs	272	368	620	844

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 21 September 2021.

Kronologi Asia Berhad
 21 September 2021