

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Statements Of Comprehensive Income  
For The Period Ended 31 May 2018

	Note	Unaudited Current Qtr Ended 31/05/2018 RM'000	Unaudited Comparative Qtr Ended 31/05/2017 RM'000	Unaudited Cumulative YTD 31/05/2018 RM'000	Unaudited Cumulative YTD 31/05/2017 RM'000
Revenue		8,985	N/A	29,431	N/A
Cost of sales		(5,370)	N/A	(15,548)	N/A
<b>Gross profits</b>		<b>3,615</b>	<b>N/A</b>	<b>13,883</b>	<b>N/A</b>
Other income		193	N/A	374	N/A
Administrative expenses		(145)	N/A	(1,846)	N/A
Selling and distribution expenses		(420)	N/A	(1,157)	N/A
Research and development expenses		(1,440)	N/A	(6,621)	N/A
<b>Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment</b>		<b>1,803</b>	<b>N/A</b>	<b>4,633</b>	<b>N/A</b>
Depreciation		(58)	N/A	(341)	N/A
Amortisation of Intangible Assets		(188)	N/A	(683)	N/A
<b>Earnings/(Loss) Before Interest, Taxes, and Impairment</b>		<b>1,557</b>	<b>N/A</b>	<b>3,609</b>	<b>N/A</b>
Impairment		-	N/A	-	N/A
<b>Profit/(Loss) before tax</b>		<b>1,557</b>	<b>N/A</b>	<b>3,609</b>	<b>N/A</b>
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		-	N/A	-	N/A
Depreciation and amortisation		(246)	N/A	(1,024)	N/A
Foreign exchange gain or loss		(404)	N/A	(451)	N/A
Income tax expense	19	(1)	N/A	(1)	N/A
<b>Profit/(Loss) for the period</b>		<b>1,556</b>	<b>N/A</b>	<b>3,608</b>	<b>N/A</b>
Foreign currency translation		(361)	N/A	(486)	N/A
<b>Total Comprehensive Profit/(Loss)</b>		<b>1,195</b>	<b>N/A</b>	<b>3,122</b>	<b>N/A</b>
Profit attributable to:					
Equity holders of the Company		1,556	N/A	3,608	N/A
Total comprehensive profit attributable to:					
Equity holders of the Company		1,195	N/A	3,122	N/A
Basic earning per share (sen)	28	0.17	N/A	0.41	N/A
Diluted earning per share (sen)	28	0.17	N/A	0.41	N/A

**The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes enclosed to the interim financial statements.**

**Due to change in financial year end from 31 December 2016 to 31 May 2017, the results for corresponding 3 months period in prior year were not presented.**

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Statements Of Financial Position  
For The Period Ended 31 May 2018

	<b>Unaudited As At 31/05/2018 RM'000</b>	<b>Audited As At 31/05/2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	409	737
Intangible assets	18,238	15,559
	18,647	16,296
<b>Current assets</b>		
Trade receivables	10,288	4,569
Other receivables	2,259	1,116
Inventories	1,126	1,388
Cash and cash equivalents	1,021	2,573
	14,694	9,646
	33,341	25,942
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	64,699	62,739
Share premium	2,749	-
Treasury shares	-	-
Accumulated loss	(42,322)	(45,930)
ESOS reserve	62	62
Other reserve	(964)	(478)
	24,224	16,393
<b>Total Equity</b>		
<b>Current liabilities</b>		
Trade payables	6,147	6,787
Other payables	2,780	2,762
Tax liabilities	190	-
	9,117	9,549
<b>Total liabilities</b>	9,117	9,549
	33,341	25,942
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0290	0.0196

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**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Cash Flow Statements  
For The Period Ended 31 May 2018

	<b>Unaudited 12 Months Ended 31/05/2018 RM'000</b>	<b>Unaudited 12 Months Ended 31/05/2017 RM'000</b>
<b>Cash Flow From Operating Activities</b>		
Profit/(Loss) before taxation	3,609	N/A
Adjustments for:		
Amortisation of intangible assets	683	N/A
Depreciation of property, plant and equipment	341	N/A
Foreign exchange translation	(486)	N/A
Exceptional items:		
Reversal of impairment loss on trade receivables	(868)	N/A
Interest income	-	N/A
Operating profit/(loss) before working capital changes	<u>3,279</u>	<u>N/A</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	262	N/A
(Increase) / Decrease in receivables	(5,995)	N/A
Increase/(Decrease) in payables	(620)	N/A
Cash used in operations	<u>(3,074)</u>	<u>N/A</u>
Interest received	-	N/A
Tax refund	188	N/A
Net cash flow used in operating activities	<u>(2,886)</u>	<u>N/A</u>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant & equipment	(13)	N/A
Purchase of intangible assets	(3,362)	N/A
Net cash used in investing activities	<u>(3,375)</u>	<u>N/A</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	4,709	N/A
Payment for shares buy-back	-	N/A
Proceeds from resale of treasury shares	-	N/A
Net cash used in financing activities	<u>4,709</u>	<u>N/A</u>
<b>Net decrease in cash and cash equivalents</b>	(1,552)	N/A
<b>Cash and cash equivalents as at 1 Jan</b>	2,573	N/A
<b>Cash and cash equivalents as at end of the financial period</b>	<u>1,021</u>	<u>N/A</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes enclosed to the interim financial statements.

Due to change in financial year end from 31 December 2016 to 31 May 2017, the results for corresponding 3 months period in prior year were not presented.

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Statements of Changes in Equity  
For The Period Ended 31 May 2018  
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->						Total	Non-Controlling Interest	Total Equity
	<----- Non Distributable ----->					(Accumulated Loss)			
	Share Capital	Share Premium	Treasury Shares	ESOS Reserves	Other Reserves				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 June 2017</b>	62,739	-	-	62	(478)	(45,930)	16,393	-	16,393
Total Comprehensive Profit/(Loss)	-	-	-	-	(486)	3,608	3,122	-	3,122
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares	1,960	2,749	-	-	-	-	4,709	-	4,709
<b>At 31 May 2018 (Unaudited)</b>	64,699	2,749	-	62	(964)	(42,322)	24,224	-	24,224

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2017 and the accompanying explanatory notes enclosed to the interim financial statements.

Due to change in financial year end from 31 December 2016 to 31 May 2017, the results for corresponding 3 months period in prior year were not presented.

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**(Company No. 707082-M)**

**Part A - Explanatory Notes Pursuant to FRS 134**

**1. Basis of Preparation**

The quarterly financial report ended 31 May 2018 is unaudited and has been prepared in accordance with Financial Reporting Standards ("FRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the Main Market.

The report should be read in conjunction with the audited financial statements of the Group for the year ended 31 May 2017. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 May 2017.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 May 2017, except for the adoption of new/revised MFRSs that are effective 1 June 2017. These new/revised MFRSs are not expected to have significant impact on the financial position or results.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 May 2017 was not qualified. The Company had changes the financial year end to 31 May 2017 as announced on 8 April 2016.

**3. Segmental Information**

<b>Business Segments</b>	<b>Non-recurring engineering services RM'000</b>	<b>Recurring engineering services RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Current Quarter ended 31 May 2018</b>				
<b>Segment Revenue</b>				
Sales	3,032	6,076	(123)	8,985
<b>Segment LBT</b>				
Profit/(Loss) before tax	485	478		963
Other income				594
Profit before tax				<u>1,557</u>
Depreciation	58	-	-	58
Non cash expenses other than depreciation	188	-	-	188
<b>Cumulative YTD ended 31 May 2018</b>				
<b>Segment Revenue</b>				
Sales	13,678	16,273	(520)	29,431
<b>Segment LBT</b>				
Profit/(Loss) before tax	1,325	1,552		2,877
Other income				732
Profit before tax				<u>3,609</u>
Depreciation	341	-	-	341
Non cash expenses other than depreciation	683	-	-	683
Segment assets	33,233	3,377	(3,269)	33,341
Segment liabilities	7,577	4,140	(2,600)	9,117
Capital expenditure	11	2	-	13
<b>Geographical Segments</b>				
	<b>Total Revenue</b>		<b>Total PBT/(LBT)</b>	
	<b>Qtr Ended</b>		<b>Qtr Ended</b>	
	<b>28/02/2018</b>	<b>28/02/2017</b>	<b>28/02/2018</b>	<b>28/02/2017</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	6,020	N/A	1,949	N/A
Taiwan	2,965	N/A	(392)	N/A
	<u>8,985</u>	<u>N/A</u>	<u>1,557</u>	<u>N/A</u>

**4. Unusual Items due to their Nature, Size or Event**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter ended 31 May 2018.

**5. Changes in Estimates**

There were no changes in accounting estimates made that would materially affect the accounts of the Group for the quarter ended 31 May 2018.

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**6. Seasonal or Cyclical Factors**

The interim operations of the Group were not affected by any significant seasonal or cyclical factors during the quarter under review.

**7. Dividends Paid**

There were no dividends paid during the quarter under review.

**8. Valuation of Property, Plant and Equipment**

Property, plant and equipment of the Group were not revalued during the quarter under review.

**9. Debt And Equity Securities**

There were no issuance, cancellation, resale and repayment of debt and equity securities for the current quarter under review.

**10. Changes in Composition of the Company**

There has been no change in the composition of the Group for the quarter review.

**11. Discontinued Operation**

There were no discontinued operations within the activities of the Group for the quarter under review.

**12. Capital Commitments**

There were no capital commitments for the purchase of any property, plant and equipment or any other expenses that were not accounted for in the financial statements of the current quarter under review.

**13. Changes in Contingent Liabilities and Contingent Assets**

There were no changes in any contingent liabilities or assets of the Group in the quarter under review.

**14. Subsequent Material Events**

There were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

**Additional Information As Per Main Market Listing Requirements**

**15. Review Of Performance**

During the current quarter under review, the Group has recorded a profit before tax of RM1.56 million on the back of revenue of RM8.99 million.

**16. Material Change In the Loss Before Taxation Compared To The Immediate Preceding Quarter**

	<b>Current Qtr Ended 31/05/18 RM'000</b>	<b>Preceding Qtr Ended 28/02/18 RM'000</b>	<b>% Changes</b>
Turnover	8,985	6,583	36.5%
Profit/(Loss) Before Taxation	1,557	1,022	52.4%

The Group recorded a revenue of RM8.99 million and PBT of RM1.56 million in the current quarter as compared to a revenue of RM6.58 million and PBT of RM1.02 million in the immediate preceding quarter. This represents an increase in revenue of approximately 36.5% and an increase in PBT of 52.4% respectively as compared to preceding quarter.

**17. Commentary Of Prospects**

The Company has recorded two consecutive quarters of profits largely attributed by design fee (NKE), IP licensing and chips sales. The revenue associated with Internet of Things (IOT) has increased and it is expected to continue to do so in the coming quarters. There are a number of new engagement of designs with large companies from US and Japan using Mcard for Internet of Things (IOT) solutions. The Company has also invested additional business development resource in China market in the past few months and there are several new projects currently under development

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**18. Profit Forecast and Profit Guarantee**

The Company did not announce any profit guarantee to date.

**19. Taxation**

The company and its subsidiaries, no taxable profit is expected due to the losses made on the year-to-date.

**20. Unquoted Investments / Properties**

There were no purchase or sales of unquoted investments or properties during the current interim period under review and financial year to date.

**21. Purchase or Disposal of Quoted Securities**

There were no purchase or disposal of quoted securities during the current interim period under review and financial year to date.

**22. Corporate Proposal**

The Company had on 26 October 2017 submitted to Bursa Securities to undertake a new private placement corporate exercise to issue up to 222,743,750 new shares and it is currently pending approval from Bursa Securities.

Other than the above, the Company has no other corporate exercise that is announced and not yet completed in the current reporting quarter.

**23. Group Borrowings and Debt Securities**

The Group does not have any borrowing or issued any debt securities as at 31 May 2018.

**24. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report.

**25. Material Litigation**

There was no pending material litigation from 1 June 2017 up to the date of this quarterly announcement.

**26. Realised and Unrealised Profits/Losses**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format period.

The breakdown of accumulated losses of the Group as at the reporting date, into realised and unrealised losses, pursuant to the directive, is as follows:

	<b>Group 31/05/18 RM'000</b>	<b>Group 30/11/2017 RM'000</b>
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	42,173	(43,943)
- Unrealised - in respect of other items of income and expense	149	(11)
Total Group accumulated losses as per consolidated accounts	<u>42,322</u>	<u>(43,954)</u>

The determination of realised and unrealised profits or losses is based on the Guidedance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

**27. Dividends Payable**

The Board of Directors does not recommend any interim dividends for the current quarter ended 31 May 2018.

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**28. Loss Per Share**

(a) Basic

The earning per share for the quarter and cumulative year to date are computed as follow:

	<b><u>Individual Quarter Ended</u></b>		<b><u>Cumulative YTD</u></b>	
	<b><u>31-May-18</u></b>	<b><u>31-May-17</u></b>	<b><u>31-May-18</u></b>	<b><u>31-May-17</u></b>
Profit After Taxation & Minority Interest (RM'000)	1,556	N/A	3,608	N/A
Weighted average number of ordinary shares in issue ('000)	890,569	838,443	890,569	838,443
Basic Earning Per Share (Sen)	0.17	N/A	0.41	N/A

(b) Dilutive

The dilutive earning per share for the quarter and cumulative year to date are computed as follow:

	<b><u>Individual Quarter Ended</u></b>		<b><u>Cumulative YTD</u></b>	
	<b><u>31-May-18</u></b>	<b><u>31-May-17</u></b>	<b><u>31-May-18</u></b>	<b><u>31-May-17</u></b>
Profit After Taxation & Minority Interest (RM'000)	1,556	N/A	3,608	N/A
Dilutive shares on option outstanding ('000)	890,569	838,443	890,569	838,443
Basic Earning Per Share (Sen)	0.17	N/A	0.41	N/A

There were no dilutive shares during the quarter under review as the average market price is higher than the granted ESOS exercise price.

**29. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 July 2018