

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

	Note	Unaudited Current Qtr Ended 31/08/2018 RM'000	Unaudited Comparative Qtr Ended 31/08/2017 RM'000	Unaudited Cumulative YTD 31/08/2018 RM'000	Unaudited Cumulative YTD 31/08/2017 RM'000
Revenue		7,948	7,004	7,948	7,004
Cost of sales		(4,028)	(4,215)	(4,028)	(4,215)
Gross profits		3,920	2,789	3,920	2,789
Other income		8	5	8	5
Administrative expenses		(544)	(577)	(544)	(577)
Selling and distribution expenses		(318)	(220)	(318)	(220)
Research and development expenses		(1,398)	(1,336)	(1,398)	(1,336)
Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment		1,668	661	1,668	661
Depreciation		(48)	(102)	(48)	(102)
Amortisation of Intangible Assets		(311)	(165)	(311)	(165)
Earnings/(Loss) Before Interest, Taxes, and Impairment		1,309	394	1,309	394
Impairment		-	-	-	-
Profit/(Loss) before tax		1,309	394	1,309	394
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(8)	(5)	(8)	(5)
Depreciation and amortisation		359	267	359	267
Foreign exchange gain or loss		38	9	38	9
Income tax expense	19	-	-	-	-
Profit/(Loss) for the period		1,309	394	1,309	394
Foreign currency translation					
Total Comprehensive Profit/(Loss)		1,309	394	1,309	394
Profit attributable to:					
Equity holders of the Company		1,309	394	1,309	394
Total comprehensive profit attributable to:					
Equity holders of the Company		1,309	394	1,309	394
Basic earning per share (sen)	28	0.15	0.04	0.15	0.04
Diluted earning per share (sen)	28	0.15	0.04	0.15	0.04

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes enclosed to the interim financial statements.

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

	Unaudited As At 31/08/2018 RM'000	Audited As At 31/05/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	361	408
Intangible assets	17,927	18,238
	<u>18,288</u>	<u>18,646</u>
Current assets		
Trade and other receivables	17,221	12,267
Inventories	1,652	1,126
Cash and cash equivalents	4,819	1,368
	<u>23,692</u>	<u>14,761</u>
	<u>41,980</u>	<u>33,407</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	73,742	67,472
Share premium	-	-
Treasury shares	-	-
Accumulated loss	(40,908)	(42,217)
ESOS reserve	39	39
Other reserve	(957)	(645)
	<u>31,916</u>	<u>24,649</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	16	16
	<u>16</u>	<u>16</u>
Current liabilities		
Trade and other payables	9,540	8,740
Tax liabilities	508	2
	<u>10,048</u>	<u>8,742</u>
	<u>10,064</u>	<u>8,758</u>
TOTAL EQUITY AND LIABILITIES		
	<u>41,980</u>	<u>33,407</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0343	0.0295

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes enclosed to the interim financial statements.

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

	Unaudited 12 Months Ended 31/08/2018 RM'000	Audited 12 Months Ended 31/05/2018 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	1,309	3,715
Adjustments for:		
Amortisation of intangible assets	311	683
Depreciation of property, plant and equipment	48	310
Foreign exchange translation	(312)	(27)
Exceptional items:		
Impairment loss on intangible assets	-	-
Inventories written off	-	94
Impairment loss on other receivables	-	(126)
Deposit forfeited	-	-
Reversal of impairment loss on trade receivables	-	(876)
Share option expenses	-	-
Interest income	(8)	(6)
Operating profit/(loss) before working capital changes	<u>1,348</u>	<u>3,767</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	(525)	206
(Increase) / Decrease in receivables	(4,954)	(5,889)
Increase/(Decrease) in payables	800	(721)
Cash used in operations	<u>(3,331)</u>	<u>(2,637)</u>
Interest received	8	6
Tax refund / (paid)	506	-
Net cash flow used in operating activities	<u>(2,817)</u>	<u>(2,631)</u>
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(1)	(13)
Purchase of intangible assets	-	(3,362)
Purchase of investment in subsidiary	-	-
Net cash used in investing activities	<u>(1)</u>	<u>(3,375)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	6,270	4,709
Payment for shares buy-back	-	-
Proceeds from resale of treasury shares	-	-
Advances from a director	-	99
Net cash used in financing activities	<u>6,270</u>	<u>4,808</u>
Net decrease in cash and cash equivalents	3,452	(1,198)
Effects of changes in exchange rates	-	(8)
Cash and cash equivalents as at 1 Jan	1,367	2,573
Cash and cash equivalents as at end of the financial period	<u>4,819</u>	<u>1,367</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements of Changes in Equity
For The Period Ended 31 Aug 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	RM'000	
At 1 June 2018	67,472	-	-	39	(645)	(42,217)	24,649	-	24,649
Total Comprehensive Profit/(Loss)	-	-	-	-	(312)	1,309	997	-	997
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares	6,270	-	-	-	-	-	6,270	-	6,270
At 31 Aug 2018 (Unaudited)	73,742	-	-	39	(957)	(40,908)	31,916	-	31,916

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2018 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 August 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 2018. 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 2018.

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 2018, except for the adoption of new/revised MFRSs that are effective 1 June 2018. 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 2018 was not qualified.

3. Segmental Information

Business Segments	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Current Quarter ended 31 Aug 2018				
Segment Revenue				
Sales	3,128	4,940	(120)	7,948
Segment LBT				
Profit/(Loss) before tax	1,124	177		1,301
Other income				8
Profit before tax				<u>1,309</u>
Depreciation	10	38	-	48
Non cash expenses other than depreciation	311	-	-	311
Cumulative YTD ended 31 Aug 2018				
Segment Revenue				
Sales	3,128	4,940	(120)	7,948
Segment LBT				
Profit/(Loss) before tax	1,124	177		1,301
Other income				8
Profit before tax				<u>1,309</u>
Depreciation	10	38	-	48
Non cash expenses other than depreciation	311	-	-	311
Segment assets	41,918	4,221	(4,159)	41,980
Segment liabilities	7,785	5,778	(3,499)	10,064
Capital expenditure	1	-	-	1
Geographical Segments				
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	31/08/2018	31/08/2017	31/08/2018	31/08/2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,130	3,561	826	695
Taiwan	4,818	3,443	483	(301)
	<u>7,948</u>	<u>7,004</u>	<u>1,309</u>	<u>394</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 Aug 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 Aug 2018.

KEY ASIC BHD
(Company No. 707082-M)

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 RM1.31 million on the back of revenue of RM7.95 million.

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

	Current Qtr Ended 31/08/18 RM'000	Preceding Qtr Ended 31/05/18 RM'000	% Changes
Turnover	7,948	8,985	-11.5%
Profit/(Loss) Before Taxation	1,309	1,557	-15.9%

The Group recorded a revenue of RM7.95 million and PBT of RM1.31 million in the current quarter as compared to a revenue of RM8.99 million and PBT of RM1.56 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 11.5% and a decrease in PBT of 15.9% respectively as compared to preceding quarter.

17. Commentary Of Prospects

This is the fifth consecutive quarters that the Company has recorded profits largely attributed to the increase shipment of some of the ASIC chips designed 2-3 years ago. The IP licensing and design service NRE is also increased. Russia and Taiwan are the major contributor of revenue and China is developing. IOT in the healthcare remains to be one of the largest sectors in the IOT world and we are seeing increasingly more project engagement in the pipeline.

KEY ASIC BHD
(Company No. 707082-M)

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 at the Extra Ordinary General Meeting held on 27 February 2018 obtained the shareholders' approval for a private placement exercise to issue up to 222,743,750 new ordinary shares in the Company representing not more than twenty five percent (25%) of the issued share capital of the company ("Private Placement").

40,000,000 new Ordinary Shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the Main Market of Bursa Malaysia Securities Berhad.

The details of the utilisation of proceeds from the Private Placement were as follows:-

Description	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Payment for cost of sales	20,696	1,700	18,996
Payment of salaries	21,600	715	20,885
Payment of office rentals	480	38	442
Payment of licensing fees of EDA tools	4,000	1,817	2,183

Bursa Malaysia Securities Berhad had, vide its letter dated 20 July 2018, granted the Company approval for an extension of time of six months until 25 January 2019 to complete the Proposed Private Placement.

23. Group Borrowings and Debt Securities

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

KEY ASIC BHD
(Company No. 707082-M)

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:

	Group 31/08/18 RM'000	Group 31/05/18 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(40,976)	42,173
- Unrealised - in respect of other items of income and expense	68	149
Total Group accumulated losses as per consolidated accounts	<u>(40,908)</u>	<u>42,322</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 Aug 2018.

28. Loss Per Share

(a) Basic

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

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
Profit After Taxation & Minority Interest (RM'000)	1,309	394	1,309	394
Weighted average number of ordinary shares in issue ('000)	890,569	890,319	890,569	890,319
Basic Earning Per Share (Sen)	<u>0.15</u>	<u>0.04</u>	<u>0.15</u>	<u>0.04</u>

(b) Dilutive

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

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	31-Aug-18	31-Aug-17	31-Aug-18	31-Aug-17
Profit After Taxation & Minority Interest (RM'000)	1,309	394	1,309	394
Dilutive shares on option outstanding ('000)	890,569	890,319	890,569	890,319
Basic Earning Per Share (Sen)	<u>0.15</u>	<u>0.04</u>	<u>0.15</u>	<u>0.04</u>

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 Oct 2018