

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 30 November 2018

	Note	Unaudited Current Qtr Ended 30/11/2018 RM'000	Unaudited Comparative Qtr Ended 30/11/2017 RM'000	Unaudited Cumulative YTD 30/11/2018 RM'000	Unaudited Cumulative YTD 30/11/2017 RM'000
Revenue		6,642	6,851	14,591	13,862
Cost of sales		(3,950)	(3,104)	(7,978)	(7,326)
Gross profits		2,692	3,747	6,613	6,536
Other income		128	130	136	135
Administrative expenses		(688)	(604)	(1,232)	(1,181)
Selling and distribution expenses		(387)	(278)	(705)	(498)
Research and development expenses		(1,079)	(2,085)	(2,477)	(3,421)
Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment		666	910	2,335	1,571
Depreciation		(44)	(109)	(92)	(211)
Amortisation of Intangible Assets		(311)	(165)	(622)	(330)
Earnings/(Loss) Before Interest, Taxes, and Impairment		311	636	1,621	1,030
Impairment		-	-	-	-
Profit/(Loss) before tax		311	636	1,621	1,030
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(18)	(4)	(26)	(9)
Depreciation and amortisation		355	274	713	541
Foreign exchange gain or loss		(85)	52	(48)	43
Income tax expense	19	-	-	-	-
Profit/(Loss) for the period		311	636	1,621	1,030
Foreign currency translation		13	38	(299)	(98)
Total Comprehensive Profit/(Loss)		324	674	1,322	932
Profit attributable to:					
Equity holders of the Company		311	636	1,621	1,030
Total comprehensive profit attributable to:					
Equity holders of the Company		324	674	1,322	932
Basic earning per share (sen)	28	0.03	0.07	0.17	0.12
Diluted earning per share (sen)	28	0.03	0.07	0.17	0.12

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 30 November 2018

	Unaudited As At 30/11/2018 RM'000	Audited As At 31/05/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	344	408
Intangible assets	17,617	18,238
	<u>17,961</u>	<u>18,646</u>
Current assets		
Trade and other receivables	14,685	12,267
Inventories	1,536	1,126
Cash and cash equivalents	7,678	1,368
	<u>23,899</u>	<u>14,761</u>
	<u>41,860</u>	<u>33,407</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	75,992	67,472
Share premium	-	-
Treasury shares	-	-
Accumulated loss	(40,596)	(42,217)
ESOS reserve	39	39
Other reserve	(944)	(645)
	<u>34,491</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	7,293	8,740
Tax liabilities	60	2
	<u>7,353</u>	<u>8,742</u>
	<u>7,369</u>	<u>8,758</u>
TOTAL EQUITY AND LIABILITIES		
	<u>41,860</u>	<u>33,407</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0371	0.0295

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 30 November 2018

	Unaudited 12 Months Ended 30/11/2018 RM'000	Audited 12 Months Ended 31/05/2018 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	1,621	3,715
Adjustments for:		
Amortisation of intangible assets	622	683
Depreciation of property, plant and equipment	91	310
Foreign exchange translation	(299)	(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	(26)	(6)
Operating profit/(loss) before working capital changes	<u>2,009</u>	<u>3,767</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	(410)	206
(Increase) / Decrease in receivables	(2,418)	(5,889)
Increase/(Decrease) in payables	(1,447)	(721)
Cash used in operations	<u>(2,266)</u>	<u>(2,637)</u>
Interest received	26	6
Tax refund / (paid)	58	-
Net cash flow used in operating activities	<u>(2,182)</u>	<u>(2,631)</u>
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(27)	(13)
Purchase of intangible assets	-	(3,362)
Purchase of investment in subsidiary	-	-
Net cash used in investing activities	<u>(27)</u>	<u>(3,375)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	8,520	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>8,520</u>	<u>4,808</u>
Net decrease in cash and cash equivalents	6,311	(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>7,678</u>	<u>1,367</u>

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements of Changes in Equity
For The Period Ended 30 November 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)	-	-	-	-	(299)	1,621	1,322	-	1,322
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares	8,520	-	-	-	-	-	8,520	-	8,520
At 31 November 2018 (Unaudited)	75,992	-	-	39	(944)	(40,596)	34,491	-	34,491

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.

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Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 November 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 30 November 2018				
Segment Revenue				
Sales	1,573	5,076	(7)	6,642
Segment LBT				
Profit/(Loss) before tax	317	(134)		183
Other income				128
Profit before tax				<u>311</u>
Depreciation	7	38	-	45
Non cash expenses other than depreciation	311	-	-	311
Cumulative YTD ended 30 November 2018				
Segment Revenue				
Sales	4,702	10,016	(127)	14,591
Segment LBT				
Profit/(Loss) before tax	1,441	44		1,485
Other income				136
Profit before tax				<u>1,621</u>
Depreciation	17	74	-	91
Non cash expenses other than depreciation	622	-	-	622
Segment assets	42,450	3,616	(4,206)	41,860
Segment liabilities	7,861	3,018	(3,510)	7,369
Capital expenditure	16	11	-	27
Geographical Segments				
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	30/11/2018	30/11/2017	30/11/2018	30/11/2017
	RM'000	RM'000	RM'000	RM'000
Malaysia	4,679	4,127	691	1,083
Taiwan	9,912	2,724	930	(447)
	<u>14,591</u>	<u>6,851</u>	<u>1,621</u>	<u>636</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 30 November 2018.

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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 30 November 2018.

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 RM0.31 million on the back of revenue of RM6.64 million.

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

	Current Qtr Ended 30/11/18 RM'000	Preceding Qtr Ended 31/08/18 RM'000	% Changes
Turnover	6,642	7,948	-16.4%
Profit/(Loss) Before Taxation	311	1,309	-76.2%

The Group recorded a revenue of RM6.64 million and PBT of RM0.31 million in the current quarter as compared to a revenue of RM7.95 million and PBT of RM1.31 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 16.4% and a decrease in LBT of 76.2% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

The Company has six consecutive profitable quarters largely attributed to the increase shipment of the ASIC and IOT products. IOT project engagements have increase over the last few months in the area of resources and green energies with smart meter and smart grid. The Company's AI technology has attracted a quite a number of engagements and most of the projects are in the healthcare. The C2D2 project using AI chip for cancer cells recognition is on trial with pathology labs of renowned hospitals. AI products are expected to be the significant revenue contributor in the future.

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").

60,000,000 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	4,440	16,256
Payment of salaries	21,600	1799	19,801
Payment of office rentals	480	97	383
Payment of licensing fees of EDA tools	4,000	2,184	1,816

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 30 November 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.

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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 30/11/18 RM'000	Group 31/08/18 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(40,626)	(40,976)
- Unrealised - in respect of other items of income and expense	30	68
Total Group accumulated losses as per consolidated accounts	<u>(40,596)</u>	<u>(40,908)</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 30 November 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>	
	30-Nov-18	30-Nov-17	30-Nov-18	30-Nov-17
Profit After Taxation & Minority Interest (RM'000)	311	636	1,621	1,030
Weighted average number of ordinary shares in issue ('000)	950,569	892,302	950,569	892,302
Basic Earning Per Share (Sen)	0.03	0.07	0.17	0.12

(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>	
	30-Nov-18	30-Nov-17	30-Nov-18	30-Nov-17
Profit After Taxation & Minority Interest (RM'000)	311	636	1,621	1,030
Dilutive shares on option outstanding ('000)	950,569	892,302	950,569	892,302
Basic Earning Per Share (Sen)	0.03	0.07	0.17	0.12

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 29 January 2019