

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 May 2019

	Note	Unaudited Current Qtr Ended 31/05/2019 RM'000	Unaudited Comparative Qtr Ended 31/05/2018 RM'000	Unaudited Cumulative YTD 31/05/2019 RM'000	Audited Cumulative YTD 31/05/2018 RM'000
Revenue		4,371	8,985	24,009	29,417
Cost of sales		(3,309)	(5,370)	(14,460)	(14,805)
Gross profits		1,062	3,615	9,549	14,612
Other income		642	193	866	1,118
Administrative expenses		(587)	(145)	(2,254)	(1,835)
Selling and distribution expenses		(393)	(420)	(1,529)	(1,157)
Research and development expenses		(1,241)	(1,440)	(5,308)	(8,029)
Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment		(517)	1,803	1,324	4,709
Depreciation		(39)	(58)	(181)	(311)
Amortisation of Intangible Assets		(311)	(188)	(1,243)	(683)
Earnings/(Loss) Before Interest, Taxes, and Impairment		(867)	1,557	(100)	3,715
Impairment		(1,132)	-	(1,132)	-
Profit/(Loss) before tax		(1,999)	1,557	(1,232)	3,715
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(22)	-	(76)	-
Depreciation and amortisation		350	(246)	1,424	(994)
Impairment of AR		1,132	-	1,132	-
Foreign exchange gain or loss		(447)	(404)	(592)	276
Income tax expense	19	(809)	(1)	(809)	(1)
Profit/(Loss) for the period		(2,808)	1,556	(2,041)	3,714
Foreign currency translation		1,403	(361)	738	(167)
Total Comprehensive Profit/(Loss)		(1,405)	1,195	(1,303)	3,547
Profit attributable to:					
Equity holders of the Company		(2,808)	1,556	(2,041)	3,714
Total comprehensive profit attributable to:					
Equity holders of the Company		(1,405)	1,195	(1,303)	3,547
Basic earning per share (sen)	28	(0.30)	0.17	(0.21)	0.42
Diluted earning per share (sen)	28	(0.30)	0.17	(0.21)	0.42

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 May 2019

	Unaudited As At 31/05/2019 RM'000	Audited As At 31/05/2018 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	629	408
Intangible assets	16,995	18,238
	<u>17,624</u>	<u>18,646</u>
Current assets		
Trade and other receivables	12,584	12,268
Inventories	1,006	1,126
Cash and cash equivalents	8,978	1,367
	<u>22,568</u>	<u>14,761</u>
	<u>40,192</u>	<u>33,407</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	29,992	67,472
Share premium	-	-
Treasury shares	-	-
Accumulated profit / (loss)	1,742	(42,217)
ESOS reserve	39	39
Other reserve	93	(645)
	<u>31,866</u>	<u>24,649</u>
Total Equity		
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	568	16
	<u>568</u>	<u>16</u>
Current liabilities		
Trade and other payables	7,427	8,740
Tax liabilities	331	2
	<u>7,758</u>	<u>8,742</u>
	<u>8,326</u>	<u>8,758</u>
Total liabilities		
TOTAL EQUITY AND LIABILITIES		
	<u>40,192</u>	<u>33,407</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0335	0.0295

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 May 2019

	Unaudited 12 Months Ended 31/05/2019 RM'000	Audited 12 Months Ended 31/05/2018 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(1,232)	3,715
Adjustments for:		
Amortisation of intangible assets	1,243	683
Depreciation of property, plant and equipment	181	310
Foreign exchange translation	738	(27)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets		-
Inventories written off	-	94
Impairment loss on trade receivables		(126)
Deposit forfeited	-	-
Reversal of impairment loss on trade receivables		(876)
Share option expenses		-
Interest income	(76)	(6)
Operating profit/(loss) before working capital changes	854	3,767
Changes in working capital:-		
(Increase) / Decrease in inventories	120	206
(Increase) / Decrease in receivables	(316)	(5,889)
Increase/(Decrease) in payables	(1,313)	(721)
Cash used in operations	(655)	(2,637)
Interest received	76	6
Tax refund / (paid)	72	-
Net cash flow used in operating activities	(507)	(2,631)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(132)	(13)
Disposal of property, plant & equipment	534	
Purchase of intangible assets		(3,362)
Purchase of investment in subsidiary	-	-
Net cash used in investing activities	402	(3,375)
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	8,520	4,808
Net decrease in cash and cash equivalents	7,611	(1,198)
Effects of changes in exchange rates	-	(8)
Cash and cash equivalents as at 1 June	1,367	2,573
Cash and cash equivalents as at end of the financial period	8,978	1,367

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 May 2019
(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)	-	-	-	-	738	(2,041)	(1,303)	-	(1,303)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares	8,520	-	-	-	-	-	8,520	-	8,520
Share Capital Reduction	(46,000)	-	-	-	-	46,000	-	-	-
At 31 May 2019 (Unaudited)	29,992	-	-	39	93	1,742	31,866	-	31,866

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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(Company No. 707082-M)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 May 2019 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 May 2019				
Segment Revenue				
Sales	1,547	3,008	(184)	4,371
Segment LBT				
Profit/(Loss) before tax	(3,019)	352	26	(2,641)
Other income				642
Profit before tax				<u>(1,999)</u>
Depreciation	18	21	-	39
Non cash expenses other than depreciation	311	-	-	311

	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Cumulative YTD ended 31 May 2019				
Segment Revenue				
Sales	8,802	15,643	(436)	24,009
Segment LBT				
Profit/(Loss) before tax	(4,271)	2,147	26	(2,098)
Other income				866
Profit before tax				<u>(1,232)</u>
Depreciation	42	139	-	181
Non cash expenses other than depreciation	1,243	-	-	1,243
Segment assets	40,872	1,423	(2,103)	40,192
Segment liabilities	9,554	1,311	(2,539)	8,326
Capital expenditure	107	25		132

Geographical Segments

	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	31/05/2019 RM'000	31/05/2018 RM'000	31/05/2019 RM'000	31/05/2018 RM'000
Malaysia	1,766	6,020	(1,326)	1,949
Taiwan	2,605	2,965	(673)	(392)
	<u>4,371</u>	<u>8,985</u>	<u>(1,999)</u>	<u>1,557</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 2019.

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 2019.

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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 loss before tax of RM2 million on the back of revenue of RM4.37 million.

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

	Current Qtr Ended 31/05/2019 RM'000	Preceding Qtr Ended 28/02/2019 RM'000	% Changes
Turnover	4,371	5,048	-13.4%
Profit/(Loss) Before Taxation	(1,999)	(853)	-134.4%

The Group recorded a revenue of RM4.37 million and LBT of RM2 million in the current quarter as compared to a revenue of RM5.05 million and LBT of RM0.85 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 13.4% and a increase in LBT of 134.4% respectively as compared to preceding quarter.

17. Commentary Of Prospects

The Company has developed Artificial Intelligent products in addition to the Internet of Things products. KeyPATH is our first AI product that uses Artificial Intelligent chip in biopsy of cancer tumors where the system will intelligent analyze and recognize the cancer cells from normal cells. KeyPATH will help pathologists to improve the accuracy and speed substantially. The Company has also focus on developing more IP blocks for various process technologies and foundries and is expected to contribute to the revenue.

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18. Profit Forecast and Profit Guarantee

The Company did not announce any profit guarantee to date.

19. Taxation

The tax expenses for the period ending 31 May 2019 consist of the following :

	RM'000
Current tax expenses	241
Deferred tax expenses	568
	<u>809</u>

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	1,799	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 a further extension of time of six months from 26 January 2019 to 25 July 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 May 2019.

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 2018 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:

	Group 31/05/2019 RM'000	Group 28/02/2019 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	3,784	4,560
- Unrealised - in respect of other items of income and expense	(2,042)	(10)
Total Group accumulated losses as per consolidated accounts	<u>1,742</u>	<u>4,550</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 2019.

28. Loss Per Share

(a) Basic

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

	Individual Quarter Ended		Cumulative YTD	
	31-May-19	31-May-18	31-May-19	31-May-18
Profit After Taxation & Minority Interest (RM'000)	(2,808)	1,556	(2,041)	3,714
Weighted average number of ordinary shares in issue ('000)	950,569	892,302	950,569	892,302
Basic Earning Per Share (Sen)	(0.30)	0.17	(0.21)	0.42

(b) Dilutive

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

	Individual Quarter Ended		Cumulative YTD	
	31-May-19	31-May-18	31-May-19	31-May-18
Profit After Taxation & Minority Interest (RM'000)	(2,808)	1,556	(2,041)	3,714
Dilutive shares on option outstanding ('000)	950,569	892,302	950,569	892,302
Basic Earning Per Share (Sen)	(0.30)	0.17	(0.21)	0.42

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 31 July 2019.