

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Statements Of Comprehensive Income  
For The Period Ended 30 November 2019

	Note	Unaudited Current Qtr Ended 30/11/2019 RM'000	Unaudited Comparative Qtr Ended 30/11/2018 RM'000	Unaudited Cumulative YTD 30/11/2019 RM'000	Audited Cumulative YTD 30/11/2018 RM'000
Revenue		2,627	6,642	5,750	14,591
Cost of sales		(1,834)	(3,950)	(4,264)	(7,978)
<b>Gross profits</b>		<b>793</b>	<b>2,692</b>	<b>1,486</b>	<b>6,613</b>
Other income		15	128	40	136
Administrative expenses		(968)	(688)	(1,560)	(1,232)
Selling and distribution expenses		(512)	(387)	(853)	(705)
Research and development expenses		(932)	(1,079)	(1,858)	(2,477)
<b>Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment</b>		<b>(1,604)</b>	<b>666</b>	<b>(2,745)</b>	<b>2,335</b>
Depreciation		(41)	(44)	(80)	(92)
Amortisation of Intangible Assets		(311)	(311)	(622)	(622)
<b>Earnings/(Loss) Before Interest, Taxes, and Impairment</b>		<b>(1,956)</b>	<b>311</b>	<b>(3,447)</b>	<b>1,621</b>
Impairment		-	-	-	-
<b>Profit/(Loss) before tax</b>		<b>(1,956)</b>	<b>311</b>	<b>(3,447)</b>	<b>1,621</b>
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(4)	(18)	(17)	(26)
Depreciation and amortisation		352	355	702	713
Impairment of AR		-	-	-	-
Foreign exchange gain or loss		(21)	(85)	102	(48)
Income tax expense	19	-	-	-	-
<b>Profit/(Loss) for the period</b>		<b>(1,956)</b>	<b>311</b>	<b>(3,447)</b>	<b>1,621</b>
Foreign currency translation		(116)	13	(1,224)	(299)
<b>Total Comprehensive Profit/(Loss)</b>		<b>(2,072)</b>	<b>324</b>	<b>(4,671)</b>	<b>1,322</b>
Profit attributable to:					
Equity holders of the Company		(1,956)	311	(3,447)	1,621
Total comprehensive profit attributable to:					
Equity holders of the Company		(2,072)	324	(4,671)	1,322
Basic earning per share (sen)	28	(0.21)	0.03	(0.36)	0.17
Diluted earning per share (sen)	28	(0.21)	0.03	(0.36)	0.17

**The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2019 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 2019

	<b>Unaudited As At 30/11/2019 RM'000</b>	<b>Audited As At 31/05/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	622	629
Intangible assets	16,373	16,995
	<u>16,995</u>	<u>17,624</u>
<b>Current assets</b>		
Trade and other receivables	11,843	12,049
Inventories	964	1,006
Cash and cash equivalents	6,059	9,078
	<u>18,866</u>	<u>22,133</u>
<b>TOTAL ASSETS</b>	<u>35,861</u>	<u>39,757</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	29,992	29,992
Share premium	-	-
Treasury shares	-	-
Accumulated profit / (loss)	(1,715)	1,732
ESOS reserve	39	39
Other reserve	(1,131)	93
<b>Total Equity</b>	<u>27,185</u>	<u>31,856</u>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	568	568
	<u>568</u>	<u>568</u>
<b>Current liabilities</b>		
Trade and other payables	7,668	7,081
Tax liabilities	440	252
	<u>8,108</u>	<u>7,333</u>
<b>Total liabilities</b>	<u>8,676</u>	<u>7,901</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>35,861</u>	<u>39,757</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0286	0.0382

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**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Cash Flow Statements  
For The Period Ended 30 November 2019

	<b>Unaudited 6 Months Ended 30/11/2019 RM'000</b>	<b>Audited 12 Months Ended 31/05/2019 RM'000</b>
<b>Cash Flow From Operating Activities</b>		
Profit/(Loss) before taxation	(3,447)	(1,247)
Adjustments for:		
Amortisation of intangible assets	622	1,243
Depreciation of property, plant and equipment	80	171
Foreign exchange translation	(1,224)	(264)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets		
Inventories written off		201
Impairment loss on trade receivables		1,132
Deposit forfeited		-
Payable written back		(73)
Reversal of impairment loss on trade receivables		(9)
Share option expenses		
Written off of other receivables		36
Interest income	(17)	(77)
Operating profit/(loss) before working capital changes	<u>(3,986)</u>	<u>1,113</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	42	(81)
(Increase) / Decrease in receivables	206	(576)
Increase/(Decrease) in payables	588	(1,489)
Cash used in operations	<u>(3,150)</u>	<u>(1,033)</u>
Interest received	17	77
Tax refund / (paid)	188	(2)
Net cash flow used in operating activities	<u>(2,945)</u>	<u>(958)</u>
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant & equipment	(73)	(401)
Disposal of property, plant & equipment		
Purchase of intangible assets		
Purchase of investment in subsidiary		-
Net cash used in investing activities	<u>(73)</u>	<u>(401)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares		8,520
Payment for shares buy-back		
Proceeds from resale of treasury shares		-
Advances from a director		266
Net cash used in financing activities	<u>-</u>	<u>8,786</u>
<b>Net decrease in cash and cash equivalents</b>	(3,018)	7,427
<b>Effects of changes in exchange rates</b>		283
<b>Cash and cash equivalents as at 1 June</b>	9,077	1,367
<b>Cash and cash equivalents as at end of the financial period</b>	<u>6,059</u>	<u>9,077</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2019 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 30 November 2019  
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->								
	Share Capital	Share Premium	Treasury Shares	ESOS Reserves	Other Reserves	(Accumulated Loss	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 June 2019	29,992	-	-	39	93	1,732	31,856	-	31,856
Total Comprehensive Profit/(Loss)		-	-	-	(1,224)	(3,447)	(4,671)	-	(4,671)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares		-	-	-	-	-	-	-	-
Share Capital Reduction		-	-	-	-	-	-	-	-
At 30 November 2019 (Unaudited)	29,992	-	-	39	(1,131)	(1,715)	27,185	-	27,185

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2019 and the accompanying explanatory notes enclosed to the interim financial statements.

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

**1. Basis of Preparation**

The quarterly financial report ended 30 November 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 2019. 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 2019.

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 2019, except for the adoption of new/revised MFRSs that are effective 1 June 2019. 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 2019 was not qualified.

**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 30 November 2019</b>				
<b>Segment Revenue</b>				
Sales	721	1,971	(65)	2,627
<b>Segment LBT</b>				
Profit/(Loss) before tax	(2,193)	222		(1,971)
Other income				15
Profit before tax				<u>(1,956)</u>
Depreciation	23	18	-	41
Non cash expenses other than depreciation	311	-	-	311
<b>Cumulative YTD ended 30 November 2019</b>				
<b>Segment Revenue</b>				
Sales	1,145	4,865	(260)	5,750
<b>Segment LBT</b>				
Profit/(Loss) before tax	(4,334)	847		(3,487)
Other income				40
Profit before tax				<u>(3,447)</u>
Depreciation	46	34	-	80
Non cash expenses other than depreciation	622	-	-	622
Segment assets	37,610	698	(2,447)	35,861
Segment liabilities	8,422	1,840	(1,586)	8,676
Capital expenditure	30	43		73
<b>Geographical Segments</b>				
	<b>Total Revenue</b>		<b>Total PBT/(LBT)</b>	
	<b>Qtr Ended</b>	<b>Qtr Ended</b>	<b>Qtr Ended</b>	<b>Qtr Ended</b>
	<b>30/11/2019</b>	<b>30/11/2018</b>	<b>30/11/2019</b>	<b>30/11/2018</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	168	4,679	(1,832)	691
Taiwan	2,459	9,912	(124)	930
	<u>2,627</u>	<u>14,591</u>	<u>(1,956)</u>	<u>1,621</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 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 30 November 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 RM1.96 million on the back of revenue of RM2.63 million.

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

	Current Qtr Ended 30/11/2019 RM'000	Preceding Qtr Ended 31/08/2019 RM'000	% Changes
Turnover	2,627	3,124	-15.9%
Profit/(Loss) Before Taxation	(1,956)	(1,491)	31.2%

The Group recorded a revenue of RM2.63 million and LBT of RM1.96 million in the current quarter as compared to a revenue of RM3.12 million and LBT of RM1.49 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 15.9% and a increase in LBT of 31.2% respectively as compared to preceding quarter.

## **17. Commentary Of Prospects**

The Company participated at CES 2020 Show in Las Vega, USA in early January 2020 to officially launch MCard and MDrive 2.0 and announce the KeyPATH technology. The leads generated and the feedback received from the visitors to the booth are very positive and encouraging for the products. At the Show, the Company has focus the marketing effort of MCard and MDrive 2.0 in targeting the Internet of Medical Things (IoMT) and Pathology Labs for KeyPATH. The feedback on KeyPATH is astounding and there are a lot of interest generated. Recently, the Company has received new orders for MCard 2.0 from a Sleep Center in the U.S. and a CPAP machine customer in China. There are over 3,000 Sleep Centers in US alone where insurance is required to pay for the CPAP machine and the continuous doctor consultation and management once a patient is diagnosed with sleep apnea.

## **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 30 November 2019 consist of the following :

	RM'000
Current tax expenses	-
Deferred tax expenses	568
	<u>568</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 3 September 2019, granted the Company approval for a further extension of time of six months from 26 July 2019 to 25 January 2020 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 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 2019 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:

	<b>Group 30/11/2019 RM'000</b>	<b>Group 31/08/2019 RM'000</b>
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(1,716)	191
- Unrealised - in respect of other items of income and expense	1	50
Total Group accumulated losses as per consolidated accounts	<u>(1,715)</u>	<u>241</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 2019.

**28. Loss Per Share**

(a) Basic

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

	<b>Individual Quarter Ended</b>		<b>Cumulative YTD</b>	
	<b>30-Nov-19</b>	<b>30-Nov-18</b>	<b>30-Nov-19</b>	<b>30-Nov-18</b>
Profit After Taxation & Minority Interest (RM'000)	(1,956)	311	(3,447)	1,621
Weighted average number of ordinary shares in issue ('000)	950,569	950,569	950,569	950,569
Basic Earning Per Share (Sen)	(0.21)	0.03	(0.36)	0.17

(b) Dilutive

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

	<b>Individual Quarter Ended</b>		<b>Cumulative YTD</b>	
	<b>30-Nov-19</b>	<b>30-Nov-18</b>	<b>30-Nov-19</b>	<b>30-Nov-18</b>
Profit After Taxation & Minority Interest (RM'000)	(1,956)	311	(3,447)	1,621
Dilutive shares on option outstanding ('000)	950,569	950,569	950,569	950,569
Basic Earning Per Share (Sen)	(0.21)	0.03	(0.36)	0.17

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 22 January 2020.