

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Statements Of Comprehensive Income  
For The Period Ended 29 February 2020

	Note	Unaudited Current Qtr Ended 29/02/2020 RM'000	Unaudited Comparative Qtr Ended 28/02/2019 RM'000	Unaudited Cumulative YTD 29/02/2020 RM'000	Audited Cumulative YTD 28/02/2019 RM'000
Revenue		2,390	5,048	8,140	19,639
Cost of sales		(1,879)	(3,172)	(6,143)	(11,150)
<b>Gross profits</b>		<b>511</b>	<b>1,876</b>	<b>1,997</b>	<b>8,489</b>
Other income		30	125	70	223
Administrative expenses		(591)	(472)	(2,151)	(1,668)
Selling and distribution expenses		(289)	(431)	(1,143)	(1,136)
Research and development expenses		(826)	(1,592)	(2,684)	(4,067)
<b>Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment</b>		<b>(1,165)</b>	<b>(494)</b>	<b>(3,911)</b>	<b>1,841</b>
Depreciation		(47)	(48)	(127)	(142)
Amortisation of Intangible Assets		(311)	(311)	(932)	(932)
<b>Earnings/(Loss) Before Interest, Taxes, and Impairment</b>		<b>(1,523)</b>	<b>(853)</b>	<b>(4,970)</b>	<b>767</b>
Impairment		(509)	-	(509)	-
<b>Profit/(Loss) before tax</b>		<b>(2,032)</b>	<b>(853)</b>	<b>(5,479)</b>	<b>767</b>
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(4)	(28)	(21)	(55)
Depreciation and amortisation		358	359	1,059	1,074
Impairment of AR		509	-	509	-
Foreign exchange gain or loss		(1)	(97)	101	(145)
Income tax expense	19	-	-	-	-
<b>Profit/(Loss) for the period</b>		<b>(2,032)</b>	<b>(853)</b>	<b>(5,479)</b>	<b>767</b>
Foreign currency translation		(24)	(366)	(1,248)	(665)
<b>Total Comprehensive Profit/(Loss)</b>		<b>(2,056)</b>	<b>(1,219)</b>	<b>(6,727)</b>	<b>102</b>
Profit attributable to:					
Equity holders of the Company		(2,032)	(853)	(5,479)	767
Total comprehensive profit attributable to:					
Equity holders of the Company		(2,056)	(1,219)	(6,727)	102
Basic earning per share (sen)	28	(0.21)	(0.09)	(0.58)	0.08
Diluted earning per share (sen)	28	(0.21)	(0.09)	(0.58)	0.08

**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 29 February 2020

	<b>Unaudited As At 29/02/2020 RM'000</b>	<b>Audited As At 31/05/2019 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	689	629
Intangible assets	16,113	16,995
	<u>16,802</u>	<u>17,624</u>
<b>Current assets</b>		
Trade and other receivables	12,461	12,049
Inventories	1,686	1,006
Cash and cash equivalents	4,537	9,078
	<u>18,684</u>	<u>22,133</u>
	<u>35,486</u>	<u>39,757</u>
<b>TOTAL ASSETS</b>		
<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)	(3,747)	1,732
ESOS reserve	39	39
Other reserve	(1,155)	93
	<u>25,129</u>	<u>31,856</u>
<b>Total Equity</b>		
<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	9,349	7,081
Tax liabilities	440	252
	<u>9,789</u>	<u>7,333</u>
	<u>10,357</u>	<u>7,901</u>
<b>Total liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<u>35,486</u>	<u>39,757</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0264	0.0382

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**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Cash Flow Statements  
For The Period Ended 29 February 2020

	<b>Unaudited 9 Months Ended 29/02/2020 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	(5,479)	(1,247)
Adjustments for:		
Amortisation of intangible assets	932	1,243
Depreciation of property, plant and equipment	127	171
Foreign exchange translation	(1,248)	(264)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets		
Inventories written off		201
Impairment loss on trade receivables	509	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	(21)	(77)
Operating profit/(loss) before working capital changes	(5,180)	1,113
Changes in working capital:-		
(Increase) / Decrease in inventories	(680)	(81)
(Increase) / Decrease in receivables	(921)	(576)
Increase/(Decrease) in payables	2,269	(1,489)
Cash used in operations	(4,512)	(1,033)
Interest received	21	77
Tax refund / (paid)	188	(2)
Net cash flow used in operating activities	(4,303)	(958)
<b>Cash Flow From Investing Activities</b>		
Purchase of property, plant & equipment	(187)	(401)
Disposal of property, plant & equipment		
Purchase of intangible assets	(50)	
Purchase of investment in subsidiary		-
Net cash used in investing activities	(237)	(401)
<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	-	8,786
<b>Net decrease in cash and cash equivalents</b>	(4,540)	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>	4,537	9,077

**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 29 February 2020  
(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	
<b>At 1 June 2019</b>	29,992	-	-	39	93	1,732	31,856	-	31,856
Total Comprehensive Profit/(Loss)	-	-	-	-	(1,248)	(5,479)	(6,727)	-	(6,727)
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-
Issuance of shares	-	-	-	-	-	-	-	-	-
Share Capital Reduction	-	-	-	-	-	-	-	-	-
<b>At 29 February 2020 (Unaudited)</b>	29,992	-	-	39	(1,155)	(3,747)	25,129	-	25,129

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.

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

**1. Basis of Preparation**

The quarterly financial report ended 29 February 2020 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 29 February 2020</b>				
<b>Segment Revenue</b>				
Sales	128	2,327	(65)	2,390
<b>Segment LBT</b>				
Profit/(Loss) before tax	(2,503)	441		(2,062)
Other income				30
Profit before tax				<u>(2,032)</u>
Depreciation	23	24	-	47
Non cash expenses other than depreciation	311	-	-	311
<b>Cumulative YTD ended 29 February 2020</b>				
<b>Segment Revenue</b>				
Sales	1,273	7,192	(325)	8,140
<b>Segment LBT</b>				
Profit/(Loss) before tax	(6,837)	1,288		(5,549)
Other income				70
Profit before tax				<u>(5,479)</u>
Depreciation	69	58	-	127
Non cash expenses other than depreciation	932	-	-	932
Segment assets	37,356	689	(2,559)	35,486
Segment liabilities	11,139	854	(1,636)	10,357
Capital expenditure	39	198		237
<b>Geographical Segments</b>				
	<b>Total Revenue</b>		<b>Total PBT/(LBT)</b>	
	<b>Qtr Ended</b>		<b>Qtr Ended</b>	
	<b>29/02/2020</b>	<b>28/02/2019</b>	<b>29/02/2020</b>	<b>28/02/2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Malaysia	117	2,547	(1,876)	(618)
Taiwan	2,273	2,501	(156)	(235)
	<u>2,390</u>	<u>5,048</u>	<u>(2,032)</u>	<u>(853)</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 29 February 2020.

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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 29 February 2020.

**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 RM2.03 million on the back of revenue of RM2.39 million.

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

	<b>Current Qtr Ended 29/02/2020 RM'000</b>	<b>Preceding Qtr Ended 30/11/2019 RM'000</b>	<b>% Changes</b>
Turnover	2,390	2,627	-9.0%
Profit/(Loss) Before Taxation	(2,032)	(1,956)	3.9%

The Group recorded a revenue of RM2.39 million and LBT of RM2.03 million in the current quarter as compared to a revenue of RM2.63 million and LBT of RM1.96 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 9% and an increase in LBT of 3.9% respectively as compared to preceding quarter.

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**17. Commentary Of Prospects**

The Group has made some significant milestones recently amid COVID-19 pandemic. It has successfully achieved the initial penetration into the sleep clinics and ventilators in the US market. This breakthrough confirms the market need of the patented technologies of MCard, the business model and the sales strategy that the Group has taken. Apart from selling into the clinics and medical centers directly, the Group has also taken the strategy to sell to the medical device makers to convert their devices to be IoT or Wi-Fi ready. BMC Medical from China has started to bundle their ventilators with MCards. The COVID-19 pandemic has dropped a bombshell to the healthcare industry of the need of remote monitoring to prevent infection of the frontline healthcare workers. More device makers are expected to be accelerated by the pandemic to follow suit in the near future. The Group has also experienced a surge on the orders of the ASIC chips from customers due to the spike demand of the ventilators.

**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 29 February 2020 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 11 February 2020, granted the Company approval for a further extension of time of six months from 26 January 2020 to 25 July 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 29 February 2020.

**24. Off Balance Sheet Financial Instruments**

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

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**25. Material Litigation**

There was no pending material litigation from 1 June 2019 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 29/02/2020 RM'000</b>	<b>Group 30/11/2019 RM'000</b>
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(3,765)	(1,716)
- Unrealised - in respect of other items of income and expense	18	1
Total Group accumulated losses as per consolidated accounts	<u>(3,747)</u>	<u>(1,715)</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 29 February 2020.

**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>29-Feb-20</b>	<b>28-Feb-19</b>	<b>29-Feb-20</b>	<b>28-Feb-19</b>
Profit After Taxation & Minority Interest (RM'000)	(2,032)	(853)	(5,479)	767
Weighted average number of ordinary shares in issue ('000)	950,569	950,569	950,569	950,569
Basic Earning Per Share (Sen)	<u>(0.21)</u>	<u>(0.09)</u>	<u>(0.58)</u>	<u>0.08</u>

(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>29-Feb-20</b>	<b>28-Feb-19</b>	<b>29-Feb-20</b>	<b>28-Feb-19</b>
Profit After Taxation & Minority Interest (RM'000)	(2,032)	(853)	(5,479)	767
Dilutive shares on option outstanding ('000)	950,569	950,569	950,569	950,569
Basic Earning Per Share (Sen)	<u>(0.21)</u>	<u>(0.09)</u>	<u>(0.58)</u>	<u>0.08</u>

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



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**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 19 June 2020