

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 May 2020

	Note	Unaudited Current Qtr Ended 31/05/2020 RM'000	Unaudited Comparative Qtr Ended 31/05/2019 RM'000	Unaudited Cumulative YTD 31/05/2020 RM'000	Audited Cumulative YTD 31/05/2019 RM'000
Revenue		3,183	4,371	11,324	24,009
Cost of sales		(2,442)	(3,309)	(8,585)	(14,459)
Gross profits		741	1,062	2,739	9,550
Other income		72	642	98	903
Administrative expenses		(2,691)	(587)	(4,824)	(2,316)
Selling and distribution expenses		(349)	(393)	(1,492)	(1,529)
Research and development expenses		(734)	(1,241)	(3,419)	(5,309)
Earnings/(Loss) Before Interest, Taxes, Depreciation, Amortisation and Impairment		(2,961)	(517)	(6,898)	1,299
Depreciation		(368)	(39)	(496)	(171)
Amortisation of Intangible Assets		(311)	(311)	(1,243)	(1,243)
Earnings/(Loss) Before Interest, Taxes, and Impairment		(3,640)	(867)	(8,637)	(115)
Impairment on trade receivables		(9,536)	(1,132)	(10,044)	(1,132)
Profit/(Loss) before tax		(13,176)	(1,999)	(18,681)	(1,247)
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		-	(22)	(21)	(77)
Depreciation and amortisation		679	350	1,739	1,414
Impairment on trade receivables		9,536	1,132	10,044	1,132
ESOS Expenses		1,694	-	1,694	-
Foreign exchange gain or loss		63	(447)	106	(592)
Income tax expense	19	796	(809)	796	(804)
Profit/(Loss) for the period		(12,380)	(2,808)	(17,885)	(2,051)
Foreign currency translation		622	1,403	(626)	738
Total Comprehensive Profit/(Loss)		(11,758)	(1,405)	(18,511)	(1,313)
Profit/(Loss) attributable to:					
Equity holders of the Company		(12,380)	(2,808)	(17,885)	(2,051)
Total comprehensive income/(expense) attributable to:					
Equity holders of the Company		(11,758)	(1,405)	(18,511)	(1,313)
Basic earnings/(loss) per share (sen)	28	(1.17)	(0.30)	(1.69)	(0.22)
Diluted earnings/(loss) per share (sen)	28	(1.15)	(0.30)	(1.66)	(0.22)

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 31 May 2020

	Unaudited As At 31/05/2020 RM'000	Audited As At 31/05/2019 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,821	629
Intangible assets	15,800	16,995
	<u>17,621</u>	<u>17,624</u>
Current assets		
Trade and other receivables	2,407	12,049
Inventories	842	1,006
Cash and cash equivalents	8,594	9,078
	<u>11,843</u>	<u>22,133</u>
	<u>29,464</u>	<u>39,757</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	35,256	29,992
Share premium	-	-
Treasury shares	-	-
Accumulated profit / (loss)	(16,153)	1,732
ESOS reserve	1,704	39
Other reserve	(533)	93
	<u>20,274</u>	<u>31,856</u>
Total Equity		
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	568
	<u>-</u>	<u>568</u>
Current liabilities		
Trade and other payables	7,681	7,081
Tax liabilities	206	252
Lease Liabilities - ROUA	1,303	-
	<u>9,190</u>	<u>7,333</u>
	<u>9,190</u>	<u>7,901</u>
Total liabilities		
TOTAL EQUITY AND LIABILITIES		
	<u>29,464</u>	<u>39,757</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0192	0.0335

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 Cash Flow Statements
For The Period Ended 31 May 2020

	Unaudited 12 Months Ended 31/05/2020 RM'000	Audited 12 Months Ended 31/05/2019 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(18,681)	(1,247)
Adjustments for:		
Amortisation of intangible assets	1,243	1,243
Depreciation of property, plant and equipment	496	171
Foreign exchange translation	(626)	(264)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets		
Inventories written off		201
Impairment loss on trade receivables	10,044	1,132
Deposit forfeited		-
Payable written back		(73)
Reversal of impairment loss on trade receivables		(9)
Share option expenses	1,665	
Written off of prepayment	31	36
Interest Expense	35	-
Interest income	(21)	(77)
Operating profit/(loss) before working capital changes	(5,814)	1,113
Changes in working capital:-		
(Increase) / Decrease in inventories	164	(81)
(Increase) / Decrease in receivables	(433)	(576)
Increase/(Decrease) in payables	600	(1,488)
Cash used in operations	(5,483)	(1,032)
Interest Paid	(35)	-
Interest received	21	77
Tax refund / (paid)	182	(2)
Net cash flow used in operating activities	(5,315)	(957)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(55)	(401)
Disposal of property, plant & equipment		
Purchase of intangible assets	(48)	
Purchase of investment in subsidiary		-
Net cash used in investing activities	(103)	(401)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	5,264	8,520
Payment for shares buy-back		
Repayment of Lease Liabilities	(330)	
Proceeds from resale of treasury shares		-
Advances from a director		266
Net cash used in financing activities	4,934	8,786
Net decrease in cash and cash equivalents	(484)	7,428
Effects of changes in exchange rates		283
Cash and cash equivalents as at 1 June	9,078	1,367
Cash and cash equivalents as at end of the financial period	8,594	9,078

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 31 May 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	
At 1 June 2019	29,992	-	-	39	93	1,732	31,856	-	31,856
Total Comprehensive Profit/(Loss)	5,264	-	-	-	(626)	(17,885)	(18,511)	-	(18,511)
Issuance of shares	-	-	-	1,665	-	-	6,929	-	6,929
At 31 May 2020 (Unaudited)	35,256	-	-	1,704	(533)	(16,153)	20,274	-	20,274

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 31 May 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 except as mentioned below :

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, Leases, IC Interpretation 4, Determining whether an Arrangement contains a Lease, IC Interpretation 115, Operating Leases - Incentives and IC Interpretation 127, Evaluating the Substance of transactions Involving the Legal Form of a Lease.

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

Business Segments	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Current Quarter ended 31 May 2020				
Segment Revenue				
Sales	414	2,836	(67)	3,183
Segment LBT				
Profit/(Loss) before tax	(13,751)	509	(6)	(13,248)
Other income				72
Profit/(Loss) before tax				<u>(13,176)</u>
Depreciation	245	123	-	368
Non cash expenses other than depreciation	9,847	-	-	9,847
Cumulative YTD ended 31 May 2020				
Segment Revenue				
Sales	1,687	10,028	(391)	11,324
Segment LBT				
Profit/(Loss) before tax	(20,589)	1,797	13	(18,779)
Other income				98
Profit/(Loss) before tax				<u>(18,681)</u>
Depreciation	314	182	-	496
Non cash expenses other than depreciation	11,287	-	-	11,287
Segment assets	30,741	850	(2,127)	29,464
Segment liabilities	9,804	1,098	(1,712)	9,190
Capital expenditure	55	48		103
Geographical Segments				
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	31/05/2020 RM'000	31/05/2019 RM'000	31/05/2020 RM'000	31/05/2019 RM'000
Malaysia	327	1,766	(13,092)	(1,326)
Taiwan	2,856	2,605	(84)	(673)
	<u>3,183</u>	<u>4,371</u>	<u>(13,176)</u>	<u>(1,999)</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 2020.

KEY ASIC BHD
(Company No. 707082-M)

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 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 RM13.18 million on the back of revenue of RM3.18 million.

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

	Current Qtr Ended 31/05/2020 RM'000	Preceding Qtr Ended 29/02/2020 RM'000	% Changes
Turnover	3,183	2,390	33.2%
Profit/(Loss) Before Taxation	(13,176)	(2,032)	548.4%

The Group recorded a revenue of RM3.18 million and LBT of RM13.18 million in the current quarter as compared to a revenue of RM2.39 million and LBT of RM2.03 million in the immediate preceding quarter. This represents an increase in revenue of approximately 33.2% and an increase in LBT of 548.4% respectively as compared to preceding quarter.

KEY ASIC BHD
(Company No. 707082-M)

17. Commentary Of Prospects

The Group has made significant progress in the development of C2D2 product series, the IoT Artificial Intelligence edge device targeted in supporting AI applications that require dedicated at site computing power rather than computing in the Cloud. The product is expected to ship in first half of FY2021. The product series provides performance from medium to very high performance at the edge.

With the pandemic and movement restriction, the IoT technologies are now back to the limelight again because employees need to work from home and still be able to control and manage the equipment or devices remotely. This is the power of Internet of Things. The demand for MCard has been growing and there are more design-in to make devices IoT ready in the past few months mainly driven by the infection fear of COVID-19 and also social distancing and working from home. Front line healthcare workers are trying to minimize the contact with patients and factories are looking at how production managers and operators can continue to manage the production lines remotely with minimum operators onsite and continue to have the factories running at full capacity.

The ASIC design services take longer time to complete due because of the inefficiency of working from home. Due to the lock down in various countries, the manufacturing partners were running minimal capacity and production is delayed. The Group expects production capacities of the manufacturing partners normalize in second half of the calendar year.

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 2020 consist of the following :

	RM'000
Current tax expenses	228
Deferred tax expenses	568
	<u>796</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").

102,500,000 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	158	20,538
Payment of salaries	21,600	3,332	18,268
Payment of office rentals	480	245	235
Payment of licensing fees of EDA tools	4,000	1,272	2,728

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.

The Proposed Private Placement is deemed completed on 14 July 2020.

23. Group Borrowings and Debt Securities

The Group does not have any borrowing or issued any debt securities as at 31 May 2020

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.

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 31/05/2020 RM'000	Group 29/02/2020 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(16,307)	(3,765)
- Unrealised - in respect of other items of income and expense	154	18
Total Group accumulated losses as per consolidated accounts	<u>(16,153)</u>	<u>(3,747)</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 2020.

28. Loss Per Share

(a) Basic

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

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	31-May-20	31-May-19	31-May-20	31-May-19
Profit/(Loss) After Taxation & Minority Interest (RM'000)	(12,380)	(2,808)	(17,885)	(2,051)
Weighted average number of ordinary shares in issue ('000)	1,058,219	950,569	1,058,219	950,569
Basic Earnings/(Loss) Per Share (Sen)	<u>(1.17)</u>	<u>(0.30)</u>	<u>(1.69)</u>	<u>(0.22)</u>

(b) Dilutive

The dilutive earnings/(loss) per share for the quarter and cumulative year to date are computed as follow:

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	31-May-20	31-May-19	31-May-20	31-May-19
Profit/(Loss) After Taxation & Minority Interest (RM'000)	(12,380)	(2,808)	(17,885)	(2,051)
Dilutive shares on option outstanding ('000)	1,077,982	950,569	1,078,872	950,569
Basic Earnings/(Loss) Per Share (Sen)	<u>(1.15)</u>	<u>(0.30)</u>	<u>(1.66)</u>	<u>(0.22)</u>

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 30 July 2020.