

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 30 November 2020

	Note	Unaudited Current Qtr Ended 30/11/2020 RM'000	Unaudited Comparative Qtr Ended 30/11/2019 RM'000	Unaudited Cumulative YTD 30/11/2020 RM'000	Unaudited Cumulative YTD 30/11/2019 RM'000
Revenue		4,027	2,627	8,417	5,750
Cost of sales		(3,172)	(1,834)	(6,261)	(4,264)
Gross profits		855	793	2,156	1,486
Other income		2,024	15	2,034	40
Administrative expenses		(4,025)	(968)	(4,650)	(1,560)
Selling and distribution expenses		(364)	(512)	(762)	(853)
Research and development expenses		(908)	(932)	(1,860)	(1,858)
Earnings/ (Loss) Before Interest, Taxes, Depreciation and		(2,418)	(1,604)	(3,082)	(2,745)
Depreciation		(141)	(41)	(297)	(80)
Amortisation of Intangible Assets		(315)	(311)	(631)	(622)
Profit/(Loss) before tax		(2,874)	(1,956)	(4,010)	(3,447)
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(17)	(4)	(25)	(17)
Depreciation and amortisation		456	352	928	702
Reversal of impairment loss on trade receivables		(2,006)	-	(2,006)	-
ESOS expenses		2,956	-	2,956	-
Foreign exchange gain or loss		98	(21)	130	(102)
Income tax expense	19	-	-	(3)	-
Profit/(Loss) for the period		(2,874)	(1,956)	(4,013)	(3,447)
Foreign currency translation		67	(116)	(74)	(1,224)
Total Comprehensive Profit/(Loss)		(2,807)	(2,072)	(4,087)	(4,671)
Profit attributable to:					
Equity holders of the Company		(2,874)	(1,956)	(4,013)	(3,447)
Total comprehensive profit attributable to:					
Equity holders of the Company		(2,807)	(2,072)	(4,087)	(4,671)
Basic earning per share (sen)	28	(0.25)	(0.21)	(0.34)	(0.36)
Diluted earning per share (sen)	28	(0.24)	(0.21)	(0.34)	(0.36)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 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 2020

	Unaudited As At 30/11/2020 RM'000	Audited As At 31/05/2020 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	714	662
Intangible assets	15,169	15,800
Right of used asset	904	1,159
	<u>16,787</u>	<u>17,621</u>
Current assets		
Trade and other receivables	2,284	2,176
Inventories	824	842
Cash and cash equivalents	12,429	8,593
	<u>15,537</u>	<u>11,611</u>
	<u>32,324</u>	<u>29,232</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	43,873	35,351
Accumulated profit / (loss)	(20,174)	(16,161)
ESOS reserve	3,236	1,590
Other reserve	(521)	(447)
	<u>26,414</u>	<u>20,333</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	6
	<u>-</u>	<u>6</u>
Current liabilities		
Trade and other payables	4,798	7,698
Tax liabilities	188	18
Lease Liabilities - ROUA	924	1,177
	<u>5,910</u>	<u>8,893</u>
	<u>5,910</u>	<u>8,899</u>
Total liabilities		
	<u>32,324</u>	<u>29,232</u>
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0225	0.0192

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 30 November 2020

	Unaudited 6 Months Ended 30/11/2020 RM'000	Audited 12 Months Ended 31/05/2020 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(4,010)	(18,708)
Adjustments for:		
Amortisation of intangible assets	631	1,250
Depreciation of Right of used assets	177	462
Depreciation of property, plant and equipment	120	188
Foreign exchange translation	(74)	(496)
Inventories written off	-	59
Impairment loss on trade receivables	-	10,047
Other receivables written off	-	31
Reversal of impairment loss on trade receivables	(2,006)	-
ESOS expenses	2,956	1,694
Interest Expense	-	35
Interest income	(25)	(21)
Operating profit/(loss) before working capital changes	(2,231)	(5,459)
Changes in working capital:-		
(Increase) / Decrease in inventories	18	105
(Increase) / Decrease in receivables	1,898	(339)
Increase/(Decrease) in payables	(2,900)	349
Cash used in operations	(3,215)	(5,344)
Interest received	25	22
Tax refund / (paid)	161	-
Net cash flow used in operating activities	(3,029)	(5,322)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(172)	(206)
Purchase of intangible assets	-	(55)
Net cash used in investing activities	(172)	(261)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- private placement	4,793	5,007
- pursuant to exercise of ESOS	2,419	228
Repayment of Lease Liabilities	(175)	(458)
Advances from a director	-	303
Net cash used in financing activities	7,037	5,080
Net decrease in cash and cash equivalents	3,836	(503)
Effects of changes in exchange rates	-	19
Cash and cash equivalents as at 1 June	8,593	9,077
Cash and cash equivalents as at end of the financial period	12,429	8,593

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 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 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 2020	35,351	-	-	1,590	(447)	(16,161)	20,333	-	20,333
Total Comprehensive Profit/(Loss)		-	-	-	(74)	(4,013)	(4,087)	-	(4,087)
Issuance of shares						-	-		-
- Private placement	4,793					4,793	4,793		4,793
- pursuant to exercise of ESOS	3,729			(1,310)		2,419	2,419		2,419
Share option granted under ESOS				2,956	-	2,956	2,956		2,956
At 30 November 2020 (Unaudited)	43,873	-	-	3,236	(521)	(20,174)	26,414	-	26,414

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2020 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 30 November 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 2020. 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 2020.

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 2020, except for the adoption of new/revised MFRSs that are effective 1 June 2020. 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 2020 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 2020				
Segment Revenue				
Sales	32	4,058	(63)	4,027
Segment LBT				
Profit/(Loss) before tax	(5,723)	824	1	(4,898)
Other income				2,024
Profit before tax				<u>(2,874)</u>
Depreciation	90	51	-	141
Non cash expenses other than depreciation	315	-	-	315
	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Cumulative YTD ended 30 November 2020				
Segment Revenue				
Sales	252	8,361	(196)	8,417
Segment LBT				
Profit/(Loss) before tax	(7,840)	1,793	3	(6,044)
Other income				2,034
Profit before tax				<u>(4,010)</u>
Depreciation	175	122	-	297
Non cash expenses other than depreciation	631	-	-	631
Segment assets	33,978	856	(2,510)	32,324
Segment liabilities	6,854	1,201	(2,145)	5,910
Capital expenditure	139	33		172
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	30/11/2020 RM'000	30/11/2019 RM'000	30/11/2020 RM'000	30/11/2019 RM'000
Malaysia	18	168	(2,909)	(1,832)
Taiwan	4,009	2,459	35	(124)
	<u>4,027</u>	<u>2,627</u>	<u>(2,874)</u>	<u>(1,956)</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 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 30 November 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 RM2.87 million on the back of revenue of RM4.03 million.

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

	Current Qtr Ended 30/11/2020 RM'000	Preceding Qtr Ended 31/08/2020 RM'000	% Changes
Turnover	4,027	4,390	-8.3%
Profit/(Loss) Before Taxation	(2,874)	(1,137)	152.8%

The Group recorded a revenue of RM4.03 million and LBT of RM2.87 million in the current quarter as compared to a revenue of RM4.39 million and LBT of RM1.14 million in the immediate preceding quarter. This represents an decrease in revenue of approximately 8.3% and an increase in LBT of 152.8% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

There is a surge on the demand of chips due to the pandemic where most are working or learning from home. Many are forced to upgrade their PC, tablet and router so that meaningful works can be done online.

Digitalization of economy driven by many countries are also driving up the demand. The Group sees stronger demand and also longer backlogs. The market has reported that there is an increase of price of 20-40% in 2021 and expects the shortage to continue.

Currently, we have 15 chips of the customers in production at different stages of the product life cycles and several more chips currently in design implementation stages. The Group expects these chips to contribute to the revenue in the near future.

The C2D2 Artificial Intelligence edge computing platform is gaining traction in China because hospitals generally do not allow patient data to leave the hospitals to the AI Cloud. As such, we see AI Cloud software providers requesting the adoption of the C2D2 and currently there are several projects of porting AI Cloud software onto the C2D2 for AI edge computing.

The technology and design IP licensing current projects are progressing well. There are many fabs going through the upgrade and expansion in the past five years and there are 33 new fabs being built in the past two years. The Group is currently engaged in several similar projects in Asia and Europe in the early stage.

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 2020 consist of the following :

	RM'000
Current tax expenses	(3)
Deferred tax expenses	<u>(3)</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 obtained the shareholders' approval for a private placement exercise to issue up to 255,524,400 new ordinary shares in the Company representing not more than twenty percent (20%) of the issued share capital of the company ("Private Placement").

As at the date of this report, no new ordinary shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the Main Market of Bursa Securities Berhad.

23. Group Borrowings and Debt Securities

The Group does not have any borrowing or issued any debt securities as at 30 November 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 2020 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 30/11/2020 RM'000	Group 31/08/2020 RM'000
Total accumulated losses of Key ASIC Berhad and its subsidiaries:		
- Realised	(20,134)	(17,332)
- Unrealised - in respect of other items of income and expense	(40)	31
Total Group accumulated losses as per consolidated accounts	<u>(20,174)</u>	<u>(17,301)</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 2020

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	
	30-Nov-20	30-Nov-19	30-Nov-20	30-Nov-19
Profit After Taxation & Minority Interest (RM'000)	<u>(2,874)</u>	<u>(1,956)</u>	<u>(4,013)</u>	<u>(3,447)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,172,961</u>	<u>950,569</u>	<u>1,172,961</u>	<u>950,569</u>
Basic Earning Per Share (Sen)	<u>(0.25)</u>	<u>(0.21)</u>	<u>(0.34)</u>	<u>(0.36)</u>

(b) Dilutive

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

	Individual Quarter Ended		Cumulative YTD	
	30-Nov-20	30-Nov-19	30-Nov-20	30-Nov-19
Profit After Taxation & Minority Interest (RM'000)	<u>(2,874)</u>	<u>(1,956)</u>	<u>(4,013)</u>	<u>(3,447)</u>
Dilutive shares on option outstanding ('000)	<u>1,180,765</u>	<u>950,569</u>	<u>1,191,086</u>	<u>950,569</u>
Basic Earning Per Share (Sen)	<u>(0.24)</u>	<u>(0.21)</u>	<u>(0.34)</u>	<u>(0.36)</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 29 January 2021.