

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 May 2021

	Note	Unaudited Current Qtr Ended 31/05/2021 RM'000	Unaudited Comparative Qtr Ended 31/05/2020 RM'000	Unaudited Cumulative YTD 31/05/2021 RM'000	Audited Cumulative YTD 31/05/2020 RM'000
Revenue		2,487	3,183	13,881	11,324
Cost of sales		(2,022)	(2,442)	(10,633)	(8,617)
Gross profits		<u>465</u>	<u>741</u>	<u>3,248</u>	<u>2,707</u>
Other income		(29)	72	2,034	36
Total Income		2,458	3,255	15,915	11,360
Expenses					
Administrative expenses		(1,348)	(997)	(3,700)	(2,613)
Selling and distribution expenses		(325)	(349)	(1,443)	(1,695)
Research and development expenses		(376)	(734)	(3,157)	(3,502)
Profit/(Loss) From Operations		<u>(1,613)</u>	<u>(1,267)</u>	<u>(3,018)</u>	<u>(5,067)</u>
Depreciation		(185)	(368)	(626)	(650)
Amortisation of Intangible Assets		(315)	(311)	(1,261)	(1,250)
Profit/(Loss) Before Interest, Taxes, Impairment and ESOS Expense		<u>(2,113)</u>	<u>(1,946)</u>	<u>(4,905)</u>	<u>(6,967)</u>
ESOS Expenses		-	(1,694)	(3,011)	(1,694)
Profit/(Loss) Before Interest, Taxes, and Impairment less ESOS Expense		<u>(2,113)</u>	<u>(3,640)</u>	<u>(7,916)</u>	<u>(8,661)</u>
Impairment on trade receivables		(13)	(9,536)	(13)	(10,047)
Profit/(Loss) before tax		<u>(2,126)</u>	<u>(13,176)</u>	<u>(7,929)</u>	<u>(18,708)</u>
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(28)	-	(72)	(21)
Depreciation and amortisation		500	679	1,887	1,900
Impairment on trade receivables		13	9,536	13	10,047
Reversal of impairment loss on trade receivables		70	-	(1,936)	-
ESOS expenses		-	1,694	3,011	1,694
Foreign exchange gain or loss		95	63	436	79
Income tax expense	19	(19)	796	(22)	796
Profit/(Loss) for the period		<u>(2,145)</u>	<u>(12,380)</u>	<u>(7,951)</u>	<u>(17,912)</u>
Foreign currency translation		94	622	66	(541)
Total Comprehensive Profit/(Loss)		<u>(2,051)</u>	<u>(11,758)</u>	<u>(7,885)</u>	<u>(18,453)</u>
Profit attributable to:					
Equity holders of the Company		<u>(2,145)</u>	<u>(12,380)</u>	<u>(7,951)</u>	<u>(17,912)</u>
Total comprehensive profit attributable to:					
Equity holders of the Company		<u>(2,051)</u>	<u>(11,758)</u>	<u>(7,885)</u>	<u>(18,453)</u>
Basic earning per share (sen)	28	(0.17)	(1.17)	(0.63)	(1.87)
Diluted earning per share (sen)	28	(0.16)	(1.24)	(0.61)	(1.80)

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 31 May 2021

	Unaudited As At 31/05/2021 RM'000	Audited As At 31/05/2020 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,347	662
Intangible assets	14,539	15,800
Right of used asset	678	1,159
	<hr/> 16,564	<hr/> 17,621
Current assets		
Trade and other receivables	1,596	2,176
Inventories	2,341	842
Cash and cash equivalents	22,061	8,593
	<hr/> 25,998	<hr/> 11,611
	<hr/> 42,562	<hr/> 29,232
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	58,025	35,351
Accumulated profit / (loss)	(24,092)	(16,161)
ESOS reserve	2,994	1,590
Other reserve	(381)	(447)
	<hr/> 36,546	<hr/> 20,333
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	6
	<hr/> -	<hr/> 6
Current liabilities		
Trade and other payables	4,255	6,916
Tax liabilities	187	18
Lease Liabilities - ROUA	698	1,177
Amount due to directors	876	782
	<hr/> 6,016	<hr/> 8,893
	<hr/> 6,016	<hr/> 8,899
Total liabilities		
	<hr/> 42,562	<hr/> 29,232
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0288	0.0192

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 May 2021

	Unaudited 12 Months Ended 31/05/2021 RM'000	Audited 12 Months Ended 31/05/2020 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(7,929)	(18,708)
Adjustments for:		
Amortisation of intangible assets	1,261	1,250
Depreciation of Right of used assets	337	462
Depreciation of property, plant and equipment	289	188
Foreign exchange translation	66	(514)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets		
Inventories written off on trade receivables	-	59
Impairment loss on trade receivables	13	10,047
Deposit forfeited		-
Other receivables written off	-	31
Reversal of impairment loss on trade receivables	(1,936)	-
ESOS expenses	3,011	1,694
Lapsed shares option	20	19
Interest Expense	25	35
Interest income	(72)	(22)
Operating profit/(loss) before working capital changes	(4,915)	(5,459)
Changes in working capital:-		
(Increase) / Decrease in inventories	(1,499)	105
(Increase) / Decrease in receivables	2,503	(339)
Increase/(Decrease) in payables	(2,661)	349
Cash used in operations	(6,572)	(5,344)
Interest received	72	22
Tax refund / (paid)	141	-
Net cash flow used in operating activities	(6,359)	(5,322)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(974)	(206)
Purchase of intangible assets	-	(55)
Net cash used in investing activities	(974)	(261)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- private placement	18,127	5,007
- pursuant to exercise of ESOS	2,960	228
Repayment of Lease Liabilities	(479)	(458)
Advances from a director	94	303
Net cash generated from financing activities	20,702	5,080
Net (decrease)/increase in cash and cash equivalents	13,369	(503)
Effects of changes in exchange rates	99	19
Cash and cash equivalents as at 1 June	8,593	9,077
Cash and cash equivalents as at end of the financial period	22,061	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 31 May 2021
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->					Non-Controlling Interest	Total Equity
	Share Capital	----- Non Distributable -----		(Accumulated Loss)	Total		
	RM'000	ESOS Reserves RM'000	Other Reserves 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)		-	66	(7,951)	(7,885)	-	(7,885)
Issuance of shares					-		-
- Private placement	18,127				18,127		18,127
- pursuant to exercise of ESOS	4,547	(1,587)			2,960		2,960
Share option granted under ESOS		3,011	-		3,011		3,011
Lapsed share options		(20)		20	-		-
At 31 May 2021 (Unaudited)	58,025	2,994	(381)	(24,092)	36,546	-	36,546

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)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 May 2021 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 31 May 2021				
Segment Revenue				
Sales	302	2,316	(131)	2,487
Segment LBT				
Profit/(Loss) before tax	(2,724)	186	441	(2,097)
Other income				(29)
Profit before tax				<u>(2,126)</u>
Depreciation	96	89	-	185
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 31 May 2021				
Segment Revenue				
Sales	1,270	13,126	(515)	13,881
Segment LBT				
Profit/(Loss) before tax	(12,833)	2,436	434	(9,963)
Other income				2,034
Profit before tax				<u>(7,929)</u>
Depreciation	365	261	-	626
Non cash expenses other than depreciation	1,261	-	-	1,261
Segment assets	43,645	840	(1,923)	42,562
Segment liabilities	6,654	1,383	(2,021)	6,016
Capital expenditure	261	713		974
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	31/05/2021 RM'000	31/05/2020 RM'000	31/05/2021 RM'000	31/05/2020 RM'000
Malaysia	207	327	(1,761)	(13,092)
Taiwan	2,280	2,856	(365)	(84)
	<u>2,487</u>	<u>3,183</u>	<u>(2,126)</u>	<u>(13,176)</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 2021.

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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 31 May 2021.

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 RM2.13 million on the back of revenue of RM2.49 million, the reduction in revenue is mainly due to the foundries unable to manufacture the chips required

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

	Current Qtr Ended 31/05/2021 RM'000	Preceding Qtr Ended 28/02/2021 RM'000	% Changes
Turnover	2,487	2,978	-16.5%
Profit/(Loss) Before Taxation	(2,126)	(1,793)	18.6%

The Group recorded a revenue of RM2.49 million and LBT of RM2.13 million in the current quarter as compared to a revenue of RM2.98 million and LBT of RM1.79 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 16.5% and a increase in LBT of 18.6% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

The strategy to realign resources to COVID-19 "safe" countries where the economic activities continue to be active as normal has generated tremendous amount of traction on the Group's technologies. The Group is making great success of its Internet of Thing SoC technologies in the development of Internet of Medical Things (IOMT) medical devices and these products are expected to contribute significantly to the business of the Group in the next few

On one hand, the supply of semiconductor chips remain to be short due to the pandemic and on the other hand, the pandemic has also generated extraordinary demand of chips due to working and studying from homes. The situation is expected to remain the same for the foreseeable future until the pandemic is brought under control. Prices of the chips have increased and the backlog remains to be long.

The Group has started the investment into the development of IPs for 14nm and below and the Group expects these IPs to be a significant revenue contributor in the next few years.

IOT and AI technologies remain to be the core technologies for the development of digitalization of the industries and they are expected to have explosive growth in the next decade.

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 2021 consist of the following :

Current tax expenses	RM'000
Deferred tax expenses	(22)
	<hr/> <hr/> (22)

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, 85,200,000 new ordinary shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the Main Market of Bursa 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 utilised (RM'000)
Payment for cost of sales	6,650	2,022	4,628
Payment of salaries	10,375	864	9,511
Payment of office rentals	1,060	88	972
Payment of licensing fees of EDA tools	2,550	215	2,335

Bursa Malaysia Securities Berhad had, vide its letter dated 24 May 2021 , granted the Company approval for a further extension of time of six month from 27 May 2021 to 27 November 2021 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 2021.

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 31/05/2021 RM'000	Group 28/02/2021 RM'000
Total accumulated losses of Key ASIC Berhad and its subsidiaries:		
- Realised	(24,239)	(22,141)
- Unrealised - in respect of other items of income and expense	147	174
Total Group accumulated losses as per consolidated accounts	<u>(24,092)</u>	<u>(21,967)</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 2021.

28. Profit/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-21	31-May-20	31-May-21	31-May-20
Profit After Taxation & Minority Interest (RM'000)	(2,145)	(12,380)	(7,951)	(17,912)
Weighted average number of ordinary shares in issue ('000)	1,269,111	1,058,219	1,269,111	959,540
Basic Earning Per Share (Sen)	(0.17)	(1.17)	(0.63)	(1.87)

(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-21	31-May-20	31-May-21	31-May-20
Profit After Taxation & Minority Interest (RM'000)	(2,145)	(12,380)	(7,951)	(17,912)
Dilutive shares on option outstanding ('000)	1,320,712	995,717	1,298,769	995,717
Basic Earning Per Share (Sen)	(0.16)	(1.24)	(0.61)	(1.80)

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 13 August 21.