

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 28 February 2022

Note	Unaudited Current Qtr Ended 28/02/2022 RM'000	Unaudited Comparative Qtr Ended 28/02/2021 RM'000	Unaudited Cumulative YTD 28/02/2022 RM'000	Unaudited Cumulative YTD 28/02/2021 RM'000
Revenue	2,595	2,978	10,018	11,395
Cost of sales	(2,116)	(2,350)	(7,573)	(8,611)
Gross profits	<u>479</u>	<u>628</u>	<u>2,445</u>	<u>2,784</u>
Other income	772	30	1,247	2,064
Total Income	3,367	3,008	11,265	13,459
Expenses				
Administrative expenses	(1,363)	(659)	(2,338)	(2,353)
Selling and distribution expenses	(333)	(357)	(987)	(1,119)
Research and development expenses	(558)	(921)	(2,060)	(2,781)
Profit/(Loss) From Operations	<u>(1,003)</u>	<u>(1,279)</u>	<u>(1,693)</u>	<u>(1,405)</u>
Depreciation	(224)	(144)	(667)	(441)
Amortisation of Intangible Assets	(316)	(315)	(947)	(946)
Profit/(Loss) Before Interest, Taxes, Impairment and ESOS Expense	<u>(1,543)</u>	<u>(1,738)</u>	<u>(3,307)</u>	<u>(2,792)</u>
ESOS Expenses	-	(55)	(321)	(3,011)
Profit/(Loss) before tax	<u>(1,543)</u>	<u>(1,793)</u>	<u>(3,628)</u>	<u>(5,803)</u>
Profit/(Loss) before tax is stated after charging/(crediting):-				
Interest income	(72)	(19)	(180)	(44)
Depreciation and amortisation	540	459	1,614	1,387
Reversal of impairment loss on trade receivables	-	-	-	(2,006)
ESOS expenses	-	55	321	3,011
Foreign exchange gain or loss	(10)	211	(292)	341
Income tax expense	19	-	-	(3)
Profit/(Loss) for the period	<u>(1,543)</u>	<u>(1,793)</u>	<u>(3,628)</u>	<u>(5,806)</u>
Foreign currency translation	(55)	46	(54)	(28)
Total Comprehensive Profit/(Loss)	<u>(1,598)</u>	<u>(1,747)</u>	<u>(3,682)</u>	<u>(5,834)</u>
Profit attributable to:				
Equity holders of the Company	<u>(1,543)</u>	<u>(1,793)</u>	<u>(3,628)</u>	<u>(5,806)</u>
Total comprehensive profit attributable to:				
Equity holders of the Company	<u>(1,598)</u>	<u>(1,747)</u>	<u>(3,682)</u>	<u>(5,834)</u>
Basic earning per share (sen)	28	(0.11)	(0.15)	(0.49)
Diluted earning per share (sen)	28	(0.11)	(0.15)	(0.49)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2021 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 28 February 2022

	Unaudited As At 28/02/2022 RM'000	Audited As At 31/05/2021 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,098	1,348
Intangible assets	13,592	14,539
Right of used asset	300	678
	<u>14,990</u>	<u>16,565</u>
Current assets		
Trade and other receivables	2,186	1,407
Inventories	2,479	2,341
Cash and cash equivalents	24,857	22,062
	<u>29,522</u>	<u>25,810</u>
TOTAL ASSETS	<u>44,512</u>	<u>42,375</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	67,892	58,025
Accumulated profit / (loss)	(27,724)	(24,096)
ESOS reserve	-	2,994
Other reserve	(431)	(377)
Total Equity	<u>39,737</u>	<u>36,546</u>
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	27
	<u>-</u>	<u>27</u>
Current liabilities		
Trade and other payables	3,546	4,228
Lease Liabilities - ROUA	333	698
Amount due to directors	896	876
	<u>4,775</u>	<u>5,802</u>
Total liabilities	<u>4,775</u>	<u>5,829</u>
TOTAL EQUITY AND LIABILITIES	<u>44,512</u>	<u>42,375</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0292	0.0288

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 28 February 2022

	Unaudited 9 Months Ended 28/02/2022 RM'000	Audited 12 Months Ended 31/05/2021 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(3,628)	(7,933)
Adjustments for:		
Amortisation of intangible assets	947	1,262
Depreciation of Right of used assets	378	494
Depreciation of property, plant and equipment	289	296
Foreign exchange translation	-	(128)
Rent concession	-	(24)
Exceptional items:		
Inventories written off	-	82
Impairment loss on trade receivables	-	14
Other receivables written off	-	14
Reversal of impairment loss on trade receivables	-	(1,942)
ESOS expenses	321	3,011
Interest Expense	10	25
Interest income	(180)	(72)
Operating profit/(loss) before working capital changes	(1,863)	(4,901)
Changes in working capital:-		
(Increase) / Decrease in inventories	(138)	(1,610)
(Increase) / Decrease in receivables	(779)	2,693
Increase/(Decrease) in payables	(682)	(2,553)
Cash used in operations	(3,462)	(6,371)
Interest received	180	72
Tax refund / (paid)	-	(21)
Net cash flow used in operating activities	(3,282)	(6,320)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(39)	(978)
Net cash used in investing activities	(39)	(978)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- private placement	-	18,127
- pursuant to exercise of ESOS	6,922	2,960
Repayment of Lease Liabilities	(408)	(493)
Advances from a director	20	94
Net cash generated from financing activities	6,534	20,688
Net (decrease)/increase in cash and cash equivalents	3,213	13,390
Effects of changes in exchange rates	(418)	78
Cash and cash equivalents as at 1 June	22,062	8,594
Cash and cash equivalents as at end of the financial period	24,857	22,062

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2021 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 28 February 2022
(The figures have not been audited)

|<----- **Attributable to Equity Holders of the Parent** ----->|

	Share Capital	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
At 1 June 2021	58,025	2,994	(377)	(24,096)	36,546	-	36,546
Total Comprehensive Profit/(Loss)	-	-	(54)	(3,628)	(3,682)	-	(3,682)
Issuance of shares	-	-	-	-	-	-	-
- pursuant to exercise of ESOS	9,867	(2,945)	-	-	6,922	-	6,922
Share option granted under ESOS	-	321	-	-	321	-	321
Lapsed share options	-	(370)	-	-	(370)	-	(370)
At 28 February 2022 (Unaudited)	67,892	-	(431)	(27,724)	39,737	-	39,737

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2021 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 28 February 2022 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 2021. 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 2021.

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 2021, except for the adoption of new/revised MFRSs that are effective 1 June 2021. 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 2021 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 28 February 2022				
Segment Revenue				
Sales	18	2,577		2,595
Segment LBT				
Profit/(Loss) before tax	(2,836)	521	-	(2,315)
Other income				772
Profit before tax				<u>(1,543)</u>
Depreciation	97	127	-	224
Non cash expenses other than depreciation	316	-	-	316
Cumulative YTD ended 28 February 2022				
Segment Revenue				
Sales	60	10,218	(260)	10,018
Segment LBT				
Profit/(Loss) before tax	(7,085)	2,217	(7)	(4,875)
Other income				1,247
Profit before tax				<u>(3,628)</u>
Depreciation	289	378	-	667
Non cash expenses other than depreciation	947	-	-	947
Segment assets	46,319	796	(2,603)	44,512
Segment liabilities	5,797	1,668	(2,690)	4,775
Capital expenditure	-	-	-	-
Geographical Segments				
	Total Revenue		Total PBT/(LBT)	
	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended
	28/02/2022	28/02/2021	28/02/2022	28/02/2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	-	(1,521)	(1,764)
Taiwan	2,595	2,978	(22)	(29)
	<u>2,595</u>	<u>2,978</u>	<u>(1,543)</u>	<u>(1,793)</u>

KEY ASIC BHD
(Company No. 707082-M)

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 28 February 2022.

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 28 February 2022.

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 RM1.543 million on the back of revenue of RM2.595 million.

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

	Current Qtr Ended 28/02/2022 RM'000	Preceding Qtr Ended 30/11/2021 RM'000	% Changes
Turnover	2,595	3,258	-20.3%
Profit/(Loss) Before Taxation	(1,543)	(1,573)	-1.9%

The Group recorded a revenue of RM2.595 million and LBT of RM1.543 million in the current quarter as compared to a revenue of RM3.258 million and LBT of RM1.573 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 20.3% and a decrease in LBT of 1.9% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

Capacity remains tight in Q3 from the foundries and the Group was only able to deliver only about 30% of the backlog. However, news in the market has indicated that the capacity is going to ease out in the coming quarters in certain types of technologies.

There is a significant increase of number of ASIC projects recently in the area of ultrawide band communication and various RF chips including energy harvesting chips. There are more enquiries from automotive system or subsystem makers due to the impact of the chip shortage in the past year. Automotive makers are taking the strategy to engage more in the chip design and supply.

The acquisition of the US is progressing well as planned. Due diligence is at its final phase and the Group is the process of negotiating the term sheet.

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 28 February 2022 consist of the following :

Current tax expenses	RM'000
Deferred tax expenses	-
	<u> </u>
	<u> </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 on 27 November 2020 obtained approval from Bursa Malaysia Securities Berhad for the listing and quotation of up to 255,524,400 new ordinary shares to be issued pursuant to the private placement under the general mandate obtained from the shareholders at its Annual General Meeting held on 17 November 2020 ("Private Placement").

Subsequently, the Company had at the Annual General Meeting held on 12 November 2021 obtained the shareholders' approval for a general mandate to issue up to 10% of its total number of issued shares.

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 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 utilised (RM'000)
Payment for cost of sales	6,650	6,650	-
Payment of salaries	10,375	4,539	5,836
Payment of office rentals	1,060	486	574
Payment of licensing fees of EDA tools	2,550	1,182	1,368

Bursa Malaysia Securities Berhad had, vide its letter dated 25 November 2021, granted the Company approval for a further extension of time of six month from 27 November 2021 to 27 May 2022 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 28 February 2022.

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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 2021 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 28/02/2022 RM'000	Group 31/05/2021 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(27,494)	(24,224)
- Unrealised - in respect of other items of income and expense	(230)	128
Total Group accumulated losses as per consolidated accounts	<u>(27,724)</u>	<u>(24,096)</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 28 February 2022

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	
	28/02/2022	28/02/2021	28/02/2022	28/02/2021
Profit After Taxation & Minority Interest (RM'000)	<u>(1,543)</u>	<u>(1,793)</u>	<u>(3,628)</u>	<u>(5,806)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,363,111</u>	<u>1,174,474</u>	<u>1,363,111</u>	<u>1,174,474</u>
Basic Earning Per Share (Sen)	<u>(0.11)</u>	<u>(0.15)</u>	<u>(0.27)</u>	<u>(0.49)</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	
	28/02/2022	28/02/2021	28/02/2022	28/02/2021
Profit After Taxation & Minority Interest (RM'000)	<u>(1,543)</u>	<u>(1,793)</u>	<u>(3,628)</u>	<u>(5,806)</u>
Dilutive shares on option outstanding ('000)	<u>1,363,111</u>	<u>1,182,533</u>	<u>1,363,111</u>	<u>1,182,533</u>
Basic Earning Per Share (Sen)	<u>(0.11)</u>	<u>(0.15)</u>	<u>(0.27)</u>	<u>(0.49)</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 27 April 2022.