

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 May 2022

	Note	Unaudited Current Qtr Ended 31/05/2022 RM'000	Unaudited Comparative Qtr Ended 31/05/2021 RM'000	Unaudited Cumulative YTD 31/05/2022 RM'000	Audited Cumulative YTD 31/05/2021 RM'000
Revenue		3,569	2,487	13,587	13,881
Cost of sales		(3,136)	(2,022)	(10,709)	(10,633)
Gross profits		433	465	2,878	3,248
Other income		345	(29)	1,592	2,182
Total Income		3,914	2,458	15,179	16,063
Expenses					
Administrative expenses		(1,266)	(1,348)	(3,604)	(3,104)
Selling and distribution expenses		(308)	(325)	(1,295)	(1,443)
Research and development expenses		(1,093)	(376)	(3,169)	(3,738)
Profit/(Loss) From Operations		(1,889)	(1,613)	(3,598)	(2,855)
Depreciation		(224)	(185)	(886)	(791)
Amortisation of Intangible Assets		(315)	(315)	(1,251)	(1,262)
Profit/(Loss) Before Interest, Taxes, Impairment and ESOS Expense		(2,428)	(2,113)	(5,735)	(4,908)
ESOS Expenses		-	-	(321)	(3,011)
Profit/(Loss) Before Interest, Taxes, and Impairment less ESOS Expense		(2,428)	(2,113)	(6,056)	(7,919)
Impairment on trade receivables		-	(13)	-	(14)
Impairment on intangible assets		(2,882)	-	(2,882)	-
Profit/(Loss) before tax		(5,310)	(2,126)	(8,938)	(7,933)
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(67)	(28)	(247)	(72)
Depreciation and amortisation		539	500	2,137	2,053
Impairment on trade receivables		-	13	-	14
Impairment on intangible assets		2,882	-	2,882	-
Reversal of impairment loss on trade receivables		-	70	-	(1,936)
ESOS expenses		-	-	321	3,011
Foreign exchange gain or loss		(23)	95	(315)	436
Income tax expense	19	25	(19)	25	(22)
Profit/(Loss) for the period		(5,285)	(2,145)	(8,913)	(7,955)
Foreign currency translation		89	94	35	70
Total Comprehensive Profit/(Loss)		(5,196)	(2,051)	(8,878)	(7,885)
Profit attributable to:					
Equity holders of the Company		(5,285)	(2,145)	(8,913)	(7,955)
Total comprehensive profit attributable to:					
Equity holders of the Company		(5,196)	(2,051)	(8,878)	(7,885)
Basic earning per share (sen)	28	(0.39)	(0.17)	(0.65)	(0.68)
Diluted earning per share (sen)	28	(0.39)	(0.17)	(0.65)	(0.65)

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 31 May 2022

	Unaudited As At 31/05/2022 RM'000	Audited As At 31/05/2021 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,074	1,348
Intangible assets	10,406	14,539
Right of used asset	176	678
	<hr/> 11,656	<hr/> 16,565
Current assets		
Trade and other receivables	2,369	1,407
Inventories	1,873	2,341
Cash and cash equivalents	24,073	22,062
	<hr/> 28,315	<hr/> 25,810
	<hr/> 39,971	<hr/> 42,375
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	67,892	58,025
Accumulated profit / (loss)	(32,639)	(24,096)
ESOS reserve	-	2,994
Other reserve	(342)	(377)
	<hr/> 34,911	<hr/> 36,546
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	27
	<hr/> -	<hr/> 27
Current liabilities		
Trade and other payables	3,964	4,228
Lease Liabilities - ROUA	183	698
Amount due to directors	913	876
	<hr/> 5,060	<hr/> 5,802
Total liabilities	5,060	5,829
	<hr/> 39,971	<hr/> 42,375
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0256	0.0288

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 May 2022

	Unaudited 12 Months Ended 31/05/2022 RM'000	Audited 12 Months Ended 31/05/2021 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(8,938)	(7,933)
Adjustments for:		
Amortisation of intangible assets	1,251	1,262
Depreciation of Right of used assets	502	494
Depreciation of property, plant and equipment	384	296
Foreign exchange translation	-	(128)
Rent concession	-	(24)
Impairment on Trade Receivables		
Exceptional items:		
Impairment loss on intangible assets	2,882	-
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
Lapsed shares option		
Interest Expense	12	25
Interest income	(247)	(72)
Operating profit/(loss) before working capital changes	(3,833)	(4,901)
Changes in working capital:-		
(Increase) / Decrease in inventories	468	(1,610)
(Increase) / Decrease in receivables	(962)	2,693
Increase/(Decrease) in payables	(264)	(2,553)
Cash used in operations	(4,591)	(6,371)
Interest received	247	72
Tax refund / (paid)	-	(21)
Net cash flow used in operating activities	(4,344)	(6,320)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(110)	(978)
Net cash used in investing activities	(110)	(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	(537)	(493)
Advances from a director	37	94
Net cash generated from financing activities	6,422	20,688
Net (decrease)/increase in cash and cash equivalents	1,968	13,390
Effects of changes in exchange rates	43	78
Cash and cash equivalents as at 1 June	22,062	8,594
Cash and cash equivalents as at end of the financial period	24,073	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 31 May 2022
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->						Total Equity
	Share Capital	----- Non Distributable -----		(Accumulated Loss)	Total	Non-Controlling Interest	
		ESOS Reserves	Other Reserves				
	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)	-	-	35	(8,913)	(8,878)	-	(8,878)
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	-	-	-
At 31 May 2022 (Unaudited)	67,892	-	(342)	(32,639)	34,911	-	34,911

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 31 May 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 31 May 2022				
Segment Revenue				
Sales	-	3,569		3,569
Segment LBT				
Profit/(Loss) before tax	(4,853)	(441)	1	(5,293)
Other income				(17)
Profit before tax				<u>(5,310)</u>
Depreciation	100	124	-	224
Non cash expenses other than depreciation	315	-	-	315
Cumulative YTD ended 31 May 2022				
Segment Revenue				
Sales	60	13,787	(260)	13,587
Segment LBT				
Profit/(Loss) before tax	(9,824)	352	(1)	(9,473)
Other income				535
Profit before tax				<u>(8,938)</u>
Depreciation	446	440	-	886
Non cash expenses other than depreciation	1,251	-	-	1,251
Segment assets	41,581	824	(2,434)	39,971
Segment liabilities	5,739	1,921	(2,600)	5,060
Capital expenditure	89	21		110
Geographical Segments				
	Total Revenue		Total PBT/(LBT)	
	Qtr Ended		Qtr Ended	
	31/05/2022	31/05/2021	31/05/2022	31/05/2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	-	207	(5,155)	(1,761)
Taiwan	3,569	2,280	(155)	(365)
	<u>3,569</u>	<u>2,487</u>	<u>(5,310)</u>	<u>(2,126)</u>

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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 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 31 May 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 RM2.428 million on the back of revenue of RM3.569 million.

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

	Current Qtr Ended 31/05/2022 RM'000	Preceding Qtr Ended 28/02/2022 RM'000	% Changes
Turnover	3,569	2,595	37.5%
Profit/(Loss) Before Taxation	(5,310)	(1,543)	244.1%

The Group recorded a revenue of RM3.569 million and LBT of RM5.310 million in the current quarter as compared to a revenue of RM2.595 million and LBT of RM1.543 million in the immediate preceding quarter. This represents an increase in revenue of approximately 37.5% and an increase in LBT of 244.1% respectively as compared to preceding quarter.

17. Commentary Of Prospects

The revenue in Q4 continued to be restricted by the availability of capacity in the foundry partners though the backlog was 3-4 times larger. The booking is still growing, a sign of continuous strong demand of chips. There are some signs of capacity easing in some of the foundries and hopefully, the Group will ship more chips in FY2023. There are more design projects in Q4 and the Group sees continuous growth in FY2023. As such, the Group is working on diversifying the production of chips into more foundries to ensure the orders are fulfilled timely.

There are three areas of growth in the design in of the chips: automotive, wireless communication and artificial intelligence (AI) chips. The complexity of these chips demand for 14nm and 7nm and third generation semiconductor process technologies. The Group is actively engaging in designing in advance process technologies.

The acquisition of the US Fab is at the analysis and due diligence stage and progressing.

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 2022 consist of the following :

	RM'000
Current tax expenses	25
Deferred tax expenses	<u>25</u>
	<u>25</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 22 July 2022 , granted the Company approval for a further extension of time of six month from 28 May 2022 to 27 November 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 31 May 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 31/05/2022 RM'000	Group 31/05/2021 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(32,191)	(24,224)
- Unrealised - in respect of other items of income and expense	(448)	128
Total Group accumulated losses as per consolidated accounts	<u>(32,639)</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 31 May 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	
	31/05/2022	31/05/2021	31/05/2022	31/05/2021
Profit After Taxation & Minority Interest (RM'000)	<u>(5,285)</u>	<u>(2,145)</u>	<u>(8,913)</u>	<u>(7,955)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,363,111</u>	<u>1,269,111</u>	<u>1,363,111</u>	<u>1,269,111</u>
Basic Earning Per Share (Sen)	<u>(0.39)</u>	<u>(0.17)</u>	<u>(0.65)</u>	<u>(0.68)</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	
	31/05/2022	31/05/2021	31/05/2022	31/05/2021
Profit After Taxation & Minority Interest (RM'000)	<u>(5,285)</u>	<u>(2,145)</u>	<u>(8,913)</u>	<u>(7,955)</u>
Dilutive shares on option outstanding ('000)	<u>1,363,111</u>	<u>1,269,111</u>	<u>1,363,111</u>	<u>1,269,111</u>
Basic Earning Per Share (Sen)	<u>(0.39)</u>	<u>(0.17)</u>	<u>(0.65)</u>	<u>(0.65)</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 July 2022.