

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 August 2023

	Note	Unaudited Current Qtr Ended 31/08/2023 RM'000	Unaudited Comparative Qtr Ended 31/08/2022 RM'000	Unaudited Cumulative YTD 31/08/2023 RM'000	Unaudited Cumulative YTD 31/08/2022 RM'000
Revenue		5,342	2,672	5,342	2,672
Cost of sales		(4,448)	(2,211)	(4,448)	(2,211)
Gross profits		<u>894</u>	<u>461</u>	<u>894</u>	<u>461</u>
Other income		127	157	127	157
Total Income		5,469	2,829	5,469	2,829
Expenses					
Administrative expenses		(640)	(956)	(640)	(956)
Selling and distribution expenses		(252)	(261)	(252)	(261)
Research and development expenses		(2,799)	(913)	(2,799)	(913)
Profit/(Loss) From Operations		<u>(2,670)</u>	<u>(1,512)</u>	<u>(2,670)</u>	<u>(1,512)</u>
Depreciation		(205)	(224)	(205)	(224)
Amortisation of Intangible Assets		(312)	(316)	(312)	(316)
Profit/(Loss) Before Interest, Taxes, Impairment and ESOS Expense		<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
ESOS Expenses		-	-	-	-
Profit/(Loss) Before Interest, Taxes, and Impairment less ESOS Expense		<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Impairment on intangible assets		-	-	-	-
Profit/(Loss) before tax		<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(127)	(68)	(127)	(68)
Depreciation and amortisation		517	540	517	540
Impairment on trade receivables		-	-	-	-
Impairment on intangible assets		-	-	-	-
Reversal of impairment loss on trade receivables		-	-	-	-
ESOS expenses		-	-	-	-
Foreign exchange gain or loss		64	(58)	64	(58)
Income tax expense	19	-	-	-	-
Profit/(Loss) for the period		<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Foreign currency translation		(184)	(20)	(184)	(20)
Total Comprehensive Profit/(Loss)		<u>(3,371)</u>	<u>(2,072)</u>	<u>(3,371)</u>	<u>(2,072)</u>
Profit attributable to:					
Equity holders of the Company		<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Total comprehensive profit attributable to:					
Equity holders of the Company		<u>(3,371)</u>	<u>(2,072)</u>	<u>(3,371)</u>	<u>(2,072)</u>
Basic earning per share (sen)	28	(0.23)	(0.15)	(0.23)	(0.15)
Diluted earning per share (sen)	28	(0.23)	(0.15)	(0.23)	(0.15)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2023 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 August 2023

	Unaudited As At 31/08/2023 RM'000	Audited As At 31/05/2023 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	736	811
Intangible assets	8,837	9,149
Right of used asset	779	917
	10,352	10,877
Current assets		
Trade and other receivables	2,782	4,994
Inventories	1,406	1,891
Cash and cash equivalents	23,241	23,588
	27,429	30,473
	37,781	41,350
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	69,403	69,403
Accumulated profit / (loss)	(41,230)	(38,043)
ESOS reserve	2,003	2,003
Other reserve	(466)	(282)
	29,710	33,081
Total Equity		
LIABILITIES		
Non-current liabilities		
Deferred tax liabilities	-	-
	-	-
Current liabilities		
Trade and other payables	6,246	6,316
Tax liabilities	10	10
Lease Liabilities - ROUA	800	935
Amount due to directors	1,015	1,008
	8,071	8,269
	8,071	8,269
Total liabilities		
	37,781	41,350
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0213	0.0243

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 August 2023

	Unaudited 3 Months Ended 31/08/2023 RM'000	Audited 12 Months Ended 31/05/2023 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(3,187)	(5,359)
Adjustments for:		
Amortisation of intangible assets	312	1,257
Depreciation of Right of used assets	109	495
Depreciation of property, plant and equipment	96	342
Foreign exchange translation	-	(72)
Rent concession	-	-
Impairment on Trade Receivables	-	-
Exceptional items:		
Impairment loss on intangible assets	-	-
Inventories written off on trade receivables	-	188
Impairment loss on trade receivables	-	-
Deposit forfeited	-	-
Other receivables written off	-	-
Reversal of impairment loss on trade receivables	-	(661)
Share option expenses	-	-
Written off of prepayment	-	-
ESOS expenses	-	2,710
Lapsed shares option	-	-
Interest Expense	10	39
Interest income	(127)	(340)
Operating profit/(loss) before working capital changes	<u>(2,787)</u>	<u>(1,401)</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	485	(207)
(Increase) / Decrease in receivables	2,212	(2,355)
Increase/(Decrease) in payables	(70)	2,455
Cash used in operations	<u>(160)</u>	<u>(1,508)</u>
Interest Paid	(10)	(39)
Interest received	127	340
Tax refund / (paid)	-	(1)
Net cash flow used in operating activities	<u>(43)</u>	<u>(1,208)</u>
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(21)	(86)
Disposal of property, plant & equipment	-	-
Purchase of intangible assets	-	-
Advance to a related party	-	(4)
Net cash used in investing activities	<u>(21)</u>	<u>(90)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- private placement	-	-
- pursuant to exercise of ESOS	-	812
Payment for shares buy-back	-	-
Repayment of Lease Liabilities	(135)	(484)
Amount due to a related party	-	-
Advances from a director	7	95
Net cash generated from financing activities	<u>(128)</u>	<u>423</u>
Net (decrease)/increase in cash and cash equivalents	(192)	(875)
Effects of changes in exchange rates	(155)	385
Cash and cash equivalents as at 1 June	23,588	24,078
Cash and cash equivalents as at end of the financial period	<u>23,241</u>	<u>23,588</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2023 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 August 2023
(The figures have not been audited)

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

----- **Non Distributable** -----

	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 2023	69,403	2,003	(282)	(38,043)	33,081	-	33,081
Total Comprehensive Profit/(Loss)	-	-	(184)	(3,187)	(3,371)	-	(3,371)
Issuance of shares	-	-	-	-	-	-	-
- pursuant to exercise of ESOS	-	-	-	-	-	-	-
Share option granted under ESOS	-	-	-	-	-	-	-
Lapsed share options	-	-	-	-	-	-	-
At 31 August 2023 (Unaudited)	69,403	2,003	(466)	(41,230)	29,710	-	29,710

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2023 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 August 2023 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 2023. 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 2023.

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 2023, except for the adoption of new/revised MFRSs that are effective 1 June 2023. 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 2023 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 August 2023				
Segment Revenue				
Sales	-	5,344	(2)	5,342
Segment PBT				
Profit/(Loss) before tax	(3,351)	37		(3,314)
Other income				127
Profit before tax				<u>(3,187)</u>
Depreciation	98	107	-	205
Non cash expenses other than depreciation	311	1	-	312
Cumulative YTD ended 31 August 2023				
Segment Revenue				
Sales	-	5,344	(2)	5,342
Segment LBT				
Profit/(Loss) before tax	(3,351)	37		(3,314)
Other income				127
Profit before tax				<u>(3,187)</u>
Depreciation	98	107	-	205
Non cash expenses other than depreciation	311	1	-	312
Segment assets	37,805	8,857	(8,881)	37,781
Segment liabilities	6,476	10,594	(8,999)	8,071
Capital expenditure	-	21		21

Geographical Segments

	Total Revenue		Total PBT/(LBT)	
	Qtr Ended		Qtr Ended	
	31/08/2023	31/08/2022	31/08/2023	31/08/2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,994	255	(2,237)	(1,372)
Taiwan	1,348	2,417	(950)	(680)
	<u>5,342</u>	<u>2,672</u>	<u>(3,187)</u>	<u>(2,052)</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 August 2023.

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 August 2023.

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 RM3.187 million on the back of revenue of RM5.342 million.

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

	Current Qtr Ended 31/05/2023 RM'000	Preceding Qtr Ended 31.05.2023 RM'000	% Changes
Turnover	5,342	4,778	11.8%
Profit/(Loss) Before Taxation	(3,187)	371	-959.0%

The Group recorded a revenue of RM5.342 million and LBT of RM3.187 million in the current quarter as compared to a revenue of RM4.778 million and PBT of RM0.371 million in the immediate preceding quarter. This represents a increase in revenue of approximately 11.8% and a decrease in PBT of 959.0% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

The Company continues to win ASIC design projects in the ultra high speed communication, medical, industrial, manufacturing and automotive applications. Specifically, the System on Chips (SoCs) are centered around Internet of Things (IoT) where the Company has more than 10 patents already awarded, and Artificial Intelligence (AI) technologies. As the applications in each segment becomes more and more intelligent and automated, the demand for AI and IoT SoCs will continue to grow significantly. The Company expects the revenue continues to grow in the next few quarters.

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 August 2023 consist of the following :

	RM'000
Current tax expenses	-
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 19 April 2023 obtained approval from Bursa Malaysia Securities Berhad for the listing and quotation of up to 157,213,700 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 25 November 2022 ("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 Malaysia Securities Berhad.

Bursa Malaysia Securities Berhad had, vide its letter dated 4 October 2023, granted the Company approval for a further extension of time of six month from 19 October 2023 to 18 April 2023 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 August 2023.

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.

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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 31.08.23 RM'000	Group 31/05/2023 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(40,869)	(38,115)
- Unrealised - in respect of other items of income and expense	(361)	72
Total Group accumulated losses as per consolidated accounts	<u>(41,230)</u>	<u>(38,043)</u>

The determination of realised and unrealised profits or losses is based on the Guidance 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 August 2023.

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	
	31.08.2023	31.08.2022	31.08.2023	31.08.2022
Profit After Taxation & Minority Interest (RM'000)	<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,393,511</u>	<u>1,363,111</u>	<u>1,393,511</u>	<u>1,363,111</u>
Basic Earning Per Share (Sen)	<u>(0.23)</u>	<u>(0.15)</u>	<u>(0.23)</u>	<u>(0.15)</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	
	31.08.2023	31.08.2022	31.08.2023	31.08.2022
Profit After Taxation & Minority Interest (RM'000)	<u>(3,187)</u>	<u>(2,052)</u>	<u>(3,187)</u>	<u>(2,052)</u>
Dilutive shares on option outstanding ('000)	<u>1,393,511</u>	<u>1,363,111</u>	<u>1,393,511</u>	<u>1,363,111</u>
Basic Earning Per Share (Sen)	<u>(0.23)</u>	<u>(0.15)</u>	<u>(0.23)</u>	<u>(0.15)</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 October 2023.