

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The Period Ended 31 May 2024

	Note	Unaudited Current Qtr Ended 31/05/2024 RM'000	Unaudited Comparative Qtr Ended 31/05/2023 RM'000	Unaudited Cumulative YTD 31/05/2024 RM'000	Audited Cumulative YTD 31/05/2023 RM'000
Revenue		3,219	4,778	22,903	20,816
Cost of sales		(2,222)	(1,636)	(17,896)	(13,488)
Gross profits		997	3,142	5,007	7,328
Other income		41	169	556	1,231
Total Income		3,260	4,947	23,459	22,047
Expenses					
Administrative expenses		(1,100)	(831)	(3,196)	(3,004)
Selling and distribution expenses		(570)	(292)	(1,609)	(1,454)
Research and development expenses		(2,051)	(1,308)	(7,385)	(4,656)
Profit/(Loss) From Operations		(2,683)	880	(6,627)	(555)
Depreciation		(263)	(198)	(1,012)	(836)
Amortisation of Intangible Assets		(312)	(311)	(1,247)	(1,257)
Profit/(Loss) Before Interest, Taxes, Impairment and ESOS Expense		(3,258)	371	(8,886)	(2,648)
ESOS Expenses		(1,636)	-	(1,891)	(2,710)
Profit/(Loss) before tax		(4,894)	371	(10,777)	(5,358)
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(41)	(105)	(456)	(340)
Depreciation and amortisation		575	509	2,259	2,093
Impairment on trade receivables		35	-	35	-
Reversal of impairment loss on trade receivables		(14)	(39)	(14)	(661)
R&D outsourcing fee		-	-	1,537	-
Payroll related		1,687	1,283	6,228	4,242
EDA Tools Charges		406	393	1,604	1,551
Foreign exchange gain or loss		(165)	218	(161)	37
ESOS Expenses		1,636	-	1,891	2,710
Income tax expense	19	4	(10)	4	(10)
Profit/(Loss) for the period		(4,890)	361	(10,773)	(5,368)
Foreign currency translation		(194)	103	(541)	37
Total Comprehensive Profit/(Loss)		(5,084)	464	(11,314)	(5,331)
Profit attributable to:					
Equity holders of the Company		(4,890)	361	(10,773)	(5,368)
Total comprehensive profit attributable to:					
Equity holders of the Company		(5,084)	464	(11,314)	(5,331)
Basic earning per share (sen)	28	(0.35)	0.03	(0.77)	(0.39)
Diluted earning per share (sen)	28	(0.35)	0.03	(0.77)	(0.37)

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 May 2024

	Unaudited As At 31/05/2024 RM'000	Audited As At 31/05/2023 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,640	811
Intangible assets	7,988	9,149
Right of use assets	405	917
	10,033	10,877
Current assets		
Trade and other receivables	5,833	4,994
Inventories	1,126	1,891
Cash and cash equivalents	17,240	23,588
	24,199	30,473
	34,232	41,350
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	69,629	69,403
Accumulated profit / (loss)	(48,776)	(38,043)
ESOS reserve	3,749	2,003
Other reserve	(823)	(282)
	23,779	33,081
LIABILITIES		
Current liabilities		
Trade and other payables	8,924	6,316
Tax liabilities	10	10
Lease Liabilities - ROUA	429	935
Amount due to directors	1,090	1,008
	10,453	8,269
	10,453	8,269
TOTAL EQUITY AND LIABILITIES		
	34,232	41,350
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0170	0.0243

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KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The Period Ended 31 May 2024

	Unaudited 12 Months Ended 31/05/2024 RM'000	Audited 12 Months Ended 31/05/2023 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(10,777)	(5,359)
Adjustments for:		
Amortisation of intangible assets	1,247	1,257
Depreciation of Right of use assets	491	495
Depreciation of property, plant and equipment	521	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	35	-
Deposit forfeited	-	-
Other receivables written off	-	-
Reversal of impairment loss on trade receivables	(14)	(661)
Share option expenses	-	-
Written off of prepayment	-	-
ESOS expenses	-	2,710
Lapsed shares option	-	-
Interest Expense	31	39
Interest income	(456)	(340)
Operating profit/(loss) before working capital changes	(8,922)	(1,401)
Changes in working capital:-		
(Increase) / Decrease in inventories	765	(207)
(Increase) / Decrease in receivables	(860)	(2,355)
Increase/(Decrease) in payables	2,608	2,455
Cash used in operations	(6,409)	(1,508)
Interest Paid	(31)	(39)
Interest received	456	340
Tax refund / (paid)	4	(1)
Net cash flow used in operating activities	(5,980)	(1,208)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(1,350)	(86)
Disposal of property, plant & equipment	-	-
Purchase of intangible assets	(86)	-
Advance to a related party	-	(4)
Net cash used in investing activities	(1,436)	(90)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- private placement	-	-
- pursuant to exercise of ESOS	2,012	812
Payment for shares buy-back	-	-
Repayment of Lease Liabilities	(540)	(484)
Amount due to a related party	-	-
Advances from a director	82	95
Net cash generated from financing activities	1,554	423
Net (decrease)/increase in cash and cash equivalents	(5,862)	(875)
Effects of changes in exchange rates	(486)	385
Cash and cash equivalents as at 1 June	23,588	24,078
Cash and cash equivalents as at end of the financial period	17,240	23,588

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 May 2024
(The figures have not been audited)

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

	Share Capital	----- Non Distributable ----- 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)	-		(541)	(10,773)	(11,314)	-	(11,314)
Issuance of shares							
Share option granted under ESOS	226	1,746	-	40	2,012	-	2,012
Lapsed share options	-	-	-	-	-	-	-
At 31 May 2024 (Unaudited)	69,629	3,749	(823)	(48,776)	23,779	-	23,779

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)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 May 2024 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 May 2024				
Segment Revenue				
Sales	1,430	3,173	(1,384)	3,219
Segment PBT				
Profit/(Loss) before tax	(6,571)	1,655	(19)	(4,935)
Other income				41
Profit before tax				<u>(4,894)</u>
Depreciation	87	176	-	263
Non cash expenses other than depreciation	311	1	-	312
	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Cumulative YTD ended 31 May 2024				
Segment Revenue				
Sales	10,460	15,889	(3,446)	22,903
Segment LBT				
Profit/(Loss) before tax	(15,022)	3,689		(11,333)
Other income				556
Profit before tax				<u>(10,777)</u>
Depreciation	380	632	-	1,012
Non cash expenses other than depreciation	1,243	4	-	1,247
Segment assets	36,913	7,341	(10,022)	34,232
Segment liabilities	11,863	8,576	(9,986)	10,453
Capital expenditure	37	1,399		1,436
Geographical Segments				
	Total Revenue Qtr Ended		Total PBT/(LBT) Qtr Ended	
	31/05/2024 RM'000	31/05/2023 RM'000	31/05/2024 RM'000	31/05/2023 RM'000
Malaysia	1,169	2,949	(4,447)	986
Taiwan	2,050	1,829	(447)	(615)
	<u>3,219</u>	<u>4,778</u>	<u>(4,894)</u>	<u>371</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 2024.

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 2024.

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 RM4.894 million on the back of revenue of RM3.219 million.

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

	Current Qtr Ended 31/05/2024 RM'000	Preceding Qtr Ended 29/02/2024 RM'000	% Changes
Turnover	3,219	5,280	-39.0%
Profit/(Loss) Before Taxation	(4,894)	(2,721)	79.9%

The Group recorded a revenue of RM3.219 million and LBT of RM4.894 million in the current quarter as compared to a revenue of RM5.280 million and LBT of RM2.271 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 39.0% and an increase in LBT of 79.9% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

Though the conversion of backlog into Q4 revenue is lower than expected, the outlook for FY2025 remains positive. There is one time charge of joint Research and Development cost in Q4 with a univeristy in the United States. The semiconductor market continues to grow due to strong demand for artificial intelligence chips in the data centers. The demand for industrial chips remain strong as the facilities continue to be transformed with IOT and AI technologies. The Group participated in the Design Automation Conference at San Francisco recently and has generated quality hot and warm leads on the Company's Artificial Intelligence and IOT capabilities. The Group has made significant success in the Japan market with collaborative arrangements.

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 2024 consist of the following :

Current tax expenses	RM'000
Deferred tax expenses	4
	<hr/>
	<u>4</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 18 April 2024, granted the Company approval for a further extension of time of six month from 19 April 2024 to 18 October 2024 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 2024.

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 31/05/2024 RM'000	Group 31/05/2023 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(48,292)	(38,115)
- Unrealised - in respect of other items of income and expense	(484)	72
Total Group accumulated losses as per consolidated accounts	<u>(48,776)</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 May 2024.

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	
	31/05/2024	31/05/2023	31/05/2024	31/05/2023
Profit After Taxation & Minority Interest (RM'000)	(4,890)	361	(10,773)	(5,368)
Weighted average number of ordinary shares in issue ('000)	1,398,061	1,393,511	1,398,061	1,393,511
Basic Earning Per Share (Sen)	<u>(0.35)</u>	<u>0.03</u>	<u>(0.77)</u>	<u>(0.39)</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	
	31/05/2024	31/05/2023	31/05/2024	31/05/2023
Profit After Taxation & Minority Interest (RM'000)	(4,890)	361	(10,773)	(5,368)
Dilutive shares on option outstanding ('000)	1,398,061	1,441,076	1,398,061	1,441,076
Basic Earning Per Share (Sen)	<u>(0.35)</u>	<u>0.03</u>	<u>(0.77)</u>	<u>(0.37)</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 30 July 2024.