

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

	Note	Unaudited Current Qtr Ended 31/08/2024 RM'000	Unaudited Comparative Qtr Ended 31/08/2023 RM'000	Unaudited Cumulative YTD 31/08/2024 RM'000	Unaudited Cumulative YTD 31/08/2023 RM'000
Revenue		3,781	5,342	3,781	5,342
Cost of sales		(2,690)	(4,448)	(2,690)	(4,448)
Gross profits		1,091	894	1,091	894
Other income		627	127	627	127
Total Income		4,408	5,469	4,408	5,469
Expenses					
Administrative expenses		(594)	(640)	(594)	(640)
Selling and distribution expenses		(491)	(252)	(491)	(252)
Research and development expenses		(1,518)	(2,799)	(1,518)	(2,799)
Profit/(Loss) From Operations		(885)	(2,670)	(885)	(2,670)
Depreciation		(223)	(205)	(223)	(205)
Amortisation of Intangible Assets		(172)	(312)	(172)	(312)
Profit/(Loss) before tax		(1,280)	(3,187)	(1,280)	(3,187)
Profit/(Loss) before tax is stated after charging/(crediting):-					
Interest income		(95)	(127)	(95)	(127)
Depreciation and amortisation		395	517	395	517
R&D outsourcing fee		-	1,536	-	1,536
Payroll related		1,682	1,119	1,682	1,119
EDA Tools Charges		417	383	417	383
Foreign exchange gain or loss		173	64	173	64
Profit/(Loss) for the period		(1,280)	(3,187)	(1,280)	(3,187)
Foreign currency translation		(639)	(184)	(639)	(184)
Total Comprehensive Profit/(Loss)		(1,919)	(3,371)	(1,919)	(3,371)
Profit attributable to:					
Equity holders of the Company		(1,280)	(3,187)	(1,280)	(3,187)
Total comprehensive profit attributable to:					
Equity holders of the Company		(1,919)	(3,371)	(1,919)	(3,371)
Basic earning per share (sen)	28	(0.09)	(0.23)	(0.09)	(0.23)
Diluted earning per share (sen)	28	(0.09)	(0.23)	(0.09)	(0.23)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 2024

	Unaudited As At 31/08/2024 RM'000	Audited As At 31/05/2024 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,418	1,640
Intangible assets	7,809	7,988
Right of use assets	275	405
	9,502	10,033
Current assets		
Trade and other receivables	5,540	5,476
Inventories	415	1,126
Cash and cash equivalents	16,461	17,240
	22,416	23,842
	31,918	33,875
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	69,629	69,629
Accumulated profit / (loss)	(50,054)	(48,774)
ESOS reserve	3,749	3,749
Other reserve	(968)	(329)
	22,356	24,275
Total Equity		
LIABILITIES		
Current liabilities		
Trade and other payables	8,177	8,081
Tax liabilities	-	-
Lease Liabilities - ROUA	295	429
Amount due to directors	1,090	1,090
	9,562	9,600
	9,562	9,600
Total liabilities		
	31,918	33,875
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0160	0.0174

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

	Unaudited 3 Months Ended 31/08/2024 RM'000	Audited 12 Months Ended 31/05/2024 RM'000
Cash Flow From Operating Activities		
Profit/(Loss) before taxation	(1,280)	(10,775)
Adjustments for:		
Amortisation of intangible assets	172	1,248
Depreciation of Right of use assets	88	501
Depreciation of property, plant and equipment	135	510
Foreign exchange translation	-	(230)
Inventories written off	-	178
Impairment loss on trade receivables	-	36
Reversal of impairment loss on trade receivables	-	(14)
ESOS expenses	-	1,890
Interest Expense	5	31
Interest income	95	(456)
Operating profit/(loss) before working capital changes	<u>(785)</u>	<u>(7,081)</u>
Changes in working capital:-		
(Increase) / Decrease in inventories	711	588
(Increase) / Decrease in receivables	(64)	(433)
Increase/(Decrease) in payables	96	1,736
Cash used in operations	<u>(42)</u>	<u>(5,190)</u>
Interest Paid	(5)	(31)
Interest received	(95)	456
Tax refund / (paid)	-	(7)
Net cash flow used in operating activities	<u>(142)</u>	<u>(4,772)</u>
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	-	(1,351)
Purchase of intangible assets	-	(86)
Advance to a related party	-	(70)
Net cash used in investing activities	<u>-</u>	<u>(1,507)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares		
- pursuant to exercise of ESOS	-	122
Repayment of Lease Liabilities	(134)	(496)
Advances from a director	-	82
Net cash generated from financing activities	<u>(134)</u>	<u>(292)</u>
Net (decrease)/increase in cash and cash equivalents	(276)	(6,571)
Effects of changes in exchange rates	(503)	223
Cash and cash equivalents as at 1 June	17,240	23,588
Cash and cash equivalents as at end of the financial period	<u>16,461</u>	<u>17,240</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2024 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 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 2024	69,629	3,749	(329)	(48,774)	24,275	-	24,275
Total Comprehensive Profit/(Loss)	-		(639)	(1,280)	(1,919)	-	(1,919)
At 31 August 2024 (Unaudited)	69,629	3,749	(968)	(50,054)	22,356	-	22,356

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 May 2024 and the accompanying explanatory notes enclosed to the interim financial statements.

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(Company No. 707082-M)

Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 August 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 2024. 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 2024.

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 2024, except for the adoption of new/revised MFRSs that are effective 1 June 2024. 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 2024 was not qualified.

3. Segmental Information

Business Segments	Non-recurring engineering services	Recurring engineering services	Eliminations	Consolidated
	RM'000	RM'000		
Current Quarter ended 31 August 2024				
Segment Revenue				
Sales	544	3,745	(508)	3,781
Segment PBT				
Profit/(Loss) before tax	(2,667)	759	1	(1,907)
Other income				627
Profit before tax				<u>(1,280)</u>
Depreciation	81	142	-	223
Non cash expenses other than depreciation	171	1	-	172
	Non-recurring engineering services	Recurring engineering services	Eliminations	Consolidated
	RM'000	RM'000		
Cumulative YTD ended 31 August 2024				
Segment Revenue				
Sales	544	3,745	(508)	3,781
Segment LBT				
Profit/(Loss) before tax	(2,667)	759	1	(1,907)
Other income				627
Profit before tax				<u>(1,280)</u>
Depreciation	81	142	-	223
Non cash expenses other than depreciation	171	1	-	172
Segment assets	33,179	8,971	(10,232)	31,918
Segment liabilities	10,041	9,212	(9,691)	9,562
Capital expenditure	-	-	-	-
Geographical Segments	Total Revenue		Total PBT/(LBT)	
	Otr Ended		Otr Ended	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
	RM'000	RM'000	RM'000	RM'000
Malaysia	2,057	3,994	(526)	(2,237)
Taiwan	1,724	1,348	(754)	(950)
	<u>3,781</u>	<u>5,342</u>	<u>(1,280)</u>	<u>(3,187)</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 31 August 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 August 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 RM1.280 million on the back of revenue of RM3.781 million.

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

	Current Qtr Ended 31/08/2024 RM'000	Preceding Qtr Ended 31/05/2024 RM'000	% Changes
Turnover	3,781	3,219	17.5%
Profit/(Loss) Before Taxation	(1,280)	(4,894)	-73.8%

The Group recorded a revenue of RM3.781 million and LBT of RM1.280 million in the current quarter as compared to a revenue of RM3.219 million and LBT of RM4.894 million in the immediate preceding quarter. This represents an increase in revenue of approximately 17.5% and a decrease in LBT of 73.8% respectively as compared to preceding quarter.

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17. Commentary Of Prospects

Semiconductor growth is expected to continue in 2024 and through 2025. Market studies indicate CAGR is above 10% over the next 10 years, showing continuous growth in the industry. Strong demand is expected to be in AI and memory chips especially High Bandwidth Memory (HBM) chips largely due to the growth in data centers. The foundry supply is easing as the take or pay contracts during the pandemic rush are coming to completion. Excess capacity is expected as the fabs come into production over the next 2-3 years, and probably driving the wafer price downward. Despite strong appreciation of the strong appreciation of Ringgit Malaysia of about 9% in the last 3 months, the revenue has increased about 17.5% over last quarter. The Group has more AI chip engagements and expected to contribute positively to the revenue when the chips turn into mass production.

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 2024 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

Private Placement

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.

The Private Placement was lapsed on 18 October 2024.

Proposed Capital Reduction

On 10 October 2024, the Company announced to undertake a proposed share capital reduction. The Proposed Share Capital Reduction entails the reduction of the Company's issued share capital pursuant to Section 117 of the Act via the cancellation of the Company's issued share capital of RM50,000,000. The corresponding credit of RM50,000,000 arising from such cancellation will be used to set-off the accumulated losses of the Company, while the remaining balance will be credited to the retained earnings of the Company which shall be used in a manner to be determined by the Board at a later date and in the best interest of the Company, as permitted by the relevant and applicable laws as well as the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

The Proposed Capital Reduction is subject to the approval of the Company's shareholders at an Extraordinary General Meeting ("EGM") on 18 November 2024.

The Proposed Capital Reduction is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

23. Group Borrowings and Debt Securities

The Group does not have any borrowing or issued any debt securities as at 31 August 2024.

KEY ASIC BHD
(Company No. 707082-M)

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 31/08/2024 RM'000	Group 31/05/2024 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(49,736)	(49,004)
- Unrealised - in respect of other items of income and expense	(318)	230
Total Group accumulated losses as per consolidated accounts	<u>(50,054)</u>	<u>(48,774)</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 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	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
Profit After Taxation & Minority Interest (RM'000)	<u>(1,280)</u>	<u>(3,187)</u>	<u>(1,280)</u>	<u>(3,187)</u>
Weighted average number of ordinary shares in issue ('000)	<u>1,398,061</u>	<u>1,393,511</u>	<u>1,398,061</u>	<u>1,393,511</u>
Basic Earning Per Share (Sen)	<u>(0.09)</u>	<u>(0.23)</u>	<u>(0.09)</u>	<u>(0.23)</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	
	31/08/2024	31/08/2023	31/08/2024	31/08/2023
Profit After Taxation & Minority Interest (RM'000)	<u>(1,280)</u>	<u>(3,187)</u>	<u>(1,280)</u>	<u>(3,187)</u>
Dilutive shares on option outstanding ('000)	<u>1,398,061</u>	<u>1,393,511</u>	<u>1,398,061</u>	<u>1,393,511</u>
Basic Earning Per Share (Sen)	<u>(0.09)</u>	<u>(0.23)</u>	<u>(0.09)</u>	<u>(0.23)</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 October 2024.