

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Income Statements
For The 4th Quarter Ended 31 December 2007
(The figures have not been audited)

| | Note | Current Qtr Ended 31/12/2007 RM'000 | Current Qtr Ended 31/12/2006 RM'000 | Cumulative YTD 31/12/2007 RM'000 | Cumulative YTD 31/12/2006 RM'000 |
|-----------------------------------|-------------|--|--|---|---|
| Revenue | | 27,438 | - | 56,319 | - |
| Cost of sales | | (19,171) | - | (33,650) | - |
| Gross profits | | 8,267 | - | 22,669 | - |
| Other income | | 83 | - | 668 | - |
| Administrative expenses | | (595) | - | (1,407) | - |
| Selling and distribution expenses | | - | - | (6) | - |
| Research and development expenses | | (1,491) | - | (2,664) | - |
| Finance costs | | - | - | - | - |
| Profit before tax | | 6,264 | - | 19,260 | - |
| Income tax expense | 20 | (13) | - | (169) | - |
| Profit for the period | | 6,251 | - | 19,091 | - |

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and Prospectus dated 11 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Balance Sheet
As at 31 December 2007
(The figures have not been audited)

| | As At 31/12/2007 RM'000 | As At 31/12/2006 RM'000 |
|--|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant & equipment | 1,203 | - |
| Intangible assets | 43,898 | - |
| | 45,101 | - |
| Current assets | | |
| Trade receivables | 16,934 | - |
| Other receivables | 670 | - |
| Inventories | 7,082 | - |
| Cash and bank balances | 22,655 | - |
| | 47,341 | - |
| | 92,442 | - |
| TOTAL ASSETS | | |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the parent | | |
| Share capital | 60,300 | - |
| Retained earnings | 16,466 | - |
| | 76,766 | - |
| Total Equity | | |
| Non-current liabilities | | |
| Borrowings | - | - |
| | - | - |
| Current liabilities | | |
| Trade payables | 11,348 | - |
| Other payables | 745 | - |
| Amount owing to holding company | 36 | - |
| Amount owing to related company | 3,378 | - |
| Tax payables | 169 | - |
| | 15,676 | - |
| Total liabilities | | |
| | 15,676 | - |
| TOTAL EQUITY AND LIABILITIES | | |
| | 92,442 | - |

The Condensed Consolidated Balance Sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and Prospectus dated 11 January 2008 and the accompanying explanatory notes attached to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Cash Flow Statements
For The 4th Quarter Ended 31 December 2007
(The figures have not been audited)

| | 12 Months Ended 31/12/2007 RM'000 | 12 Months Ended 31/12/2006 RM'000 |
|--|--|--|
| Net Cash Flows From Operating Activities | 21,589 | - |
| Net Cash Flows From Investing Activities | (18,432) | - |
| Net Cash Flows From Financing Activities | - | - |
| | | |
| Net Change in Cash & Cash Equivalents | 3,157 | - |
| Cash & Cash Equivalents at Beginning of Financial Period | 19,498 | - |
| | | |
| Cash & Cash Equivalent at End of Financial Period | 22,655 | - |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Cash and bank balances | 10,565 | - |
| Fixed deposits | 12,090 | - |
| | | |
| | 22,655 | - |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and Prospectus dated 11 January 2008 and the accompanying notes attached to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements of Changes in Equity
For The 4th Quarter Ended 31 December 2007
(The figures have not been audited)

| | <----- Attributable to Equity Holders of the Parent -----> | | | | Minority Interest RM'000 | Total Equity RM'000 | |
|---|--|-----------------------------|----------|---|--------------------------------|---------------------------|-----------------|
| | Share Capital RM'000 | <--- Non Distributable ---> | | Distributable Retained Earnings RM'000 | | | Total RM'000 |
| | Share Premium RM'000 | Other Reserves RM'000 | | | | | |
| At 1 January 2007 | 51,300 | - | - | (2,625) | 48,675 | - | 48,675 |
| Foreign currency translation Profit for the period | - | - | - | 19,091 | 19,091 | - | 19,091 |
| Total recognised income and expense for the period | - | - | - | 19,091 | 19,091 | - | 19,091 |
| Issuance of shares | 9,000 | - | - | | 9,000 | - | 9,000 |
| At 31 December 2007 | 60,300 | - | - | 16,466 | 76,766 | - | 76,766 |
| At 1 January 2006 | - | - | - | - | - | - | - |
| Foreign currency translation Profit for the period | - | - | - | - | - | - | - |
| Total recognised income and expense for the period | - | - | - | - | - | - | - |
| Issue of preference shares:- Preference Shares | - | - | - | - | - | - | - |
| At 31 December 2006 | - | - | - | - | - | - | - |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and Propectus dated 11 January 2008 and the accompanying notes attached to the interim financial statements.

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Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The interim financial statements of the Group are prepared under the historical cost convention. The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134 : Interim Financial Reporting and in accordance to the requirements of paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2006.

2. Comparatives

As this is the first year of reporting, hence there are no comparison figures for the preceding year's comparative quarter or period.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2006 was not qualified.

4. Segmental Information

| Business segments | Comparative Qtr Ended 31/12/2007 RM'000 | Comparative Qtr Ended 31/12/2006 RM'000 | Cumulative YTD 31/12/2007 RM'000 | Cumulative YTD 31/12/2006 RM'000 |
|--|--|--|---|---|
| Segment Revenue | | | | |
| Revenue-Recurring Engineering | 9,364 | - | 11,799 | - |
| Revenue-Non-Recurring Engineering | 18,074 | - | 44,520 | - |
| Total revenue including inter-segment sales | 27,438 | - | 56,319 | - |
| Elimination of inter-segment sales | - | - | - | - |
| Total revenue | 27,438 | - | 56,319 | - |
| Segment PBT | | | | |
| PBT-Recurring Engineering | 6,303 | - | 19,141 | - |
| PBT-Non-Recurring Engineering | (52) | - | (50) | - |
| Total PBT including inter-segment PBT | 6,251 | - | 19,091 | - |
| Elimination of inter-segment PBT | - | - | - | - |
| Total PBT | 6,251 | - | 19,091 | - |

5. 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 December 2007.

6. 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 December 2007.

7. 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. Majority of the sales revenue recorded in the last quarter of the year because the chip production started in that period.

8. Dividends Paid

There were no dividends paid during the quarter under review.

9. Valuation of Property, Plant and Equipment

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Property, plant and equipment of the Group were not revalued during the quarter under review.

10. Debt And Equity Securities

Save as disclosed in this report, there were no issuance, cancellation, resale and repayment of debt and equity securities for the current quarter under review.

11. Changes in Composition of the Company

There has been no change in the composition of the Group during the interim period under review other than those disclosed in the prospectus.

12. Discontinued Operation

There were no discontinued operations within the activities of the Group for the quarter under review.

13. 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 quarter under review.

14. 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.

15. Subsequent Material Events

Save as disclosed in Note 23 of this report, there were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

Additional Informations As Per Mesdaq Market Listing Requirement

16. Review Of Performance

During the current quarter under review, the Group recorded a net profit attributable to equity holders of parent of RM6.26 million on the back of RM27.44 million revenue representing an increase as compared to a net profit attributable to equity holders of parent of RM4.68 million in the comparative quarter of the preceding year. The higher profits were attributable to higher revenue during the quarter under review.

17. Material Change In the Profit Before Taxation Compared To The Immediate Preceding Quarter

The Group recorded a profit before tax of RM6.26 million in the current quarter as compared to a net profit before tax of RM4.96 million in the immediate preceding quarter. This representing an increase of approximately 35.48% as compared to preceding quarter mainly due to higher sales revenue recorded in the current quarter.

18. Commentary Of Prospects

Moving ahead, Key ASIC will continue its focus on R&D to strengthen its domain specific design service and IPs development in consumer electronics and communication segments. Key ASIC will also continue focus its overseas sales and marketing effort. Barring unforeseen circumstances, the Board would expect a profitable first quarter 2008 result.

19. Profit Forecast

The Group has achieved its profit estimate for the financial year ended 31 December 2007 as published in the prospectus.

| FYE | Estimate 2007 RM'000 | Actual 2007 RM'000 | Variance RM'000 | Variance % |
|------------------|----------------------------|--------------------------|--------------------|---------------|
| Revenue | 55,500 | 56,319 | 819 | 1.48% |
| Consolidated PBT | 18,783 | 19,260 | 477 | 2.54% |
| Taxation | (182) | (169) | 13 | -7.14% |

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| | | | | |
|---|--------|--------|-----|-------|
| Consolidated PAT attributable to shareholders | 18,601 | 19,091 | 490 | 2.63% |
|---|--------|--------|-----|-------|

There were no material variances in the profit after tax for the financial year ended 31 December 2007 as compared to the estimated profit after tax as published in the prospectus.

The Directors of Key ASIC are of the opinion that Key ASIC will be able to achieve the profit forecast for the financial year ended 31 December 2008 as published in the prospectus.

20. Taxation

The company has been awarded MSC Status and was granted pioneer status, which exempts 100% of the statutory business income from taxation for a period of 5 years commencing from its effective date. The taxation provided in the account were for the interest income derived from the placement of fixed deposits.

21. Unquoted Investments / Properties

There were no purchase or sales of unquoted investments or properties during the current interim period under review.

22. Purchase or Disposal of Quoted Securities

There were no purchase or disposal of quoted securities during the current interim period under review.

23. Corporate Proposal

(i) Proposed public issue of 202,000,000 shares at a proposed issue price of RM0.40 per share

10,000,000 Issue Shares available for application by the Malaysia Public at the retail price of RM0.40 per share, payable in full upon application;

16,500,000 Issue Shares available for application by our eligible directors, employees and business associates at the retail price of RM0.40 per share, payable in full upon application; and

175,500,000 Issue Shares available by way of private placement to institutional investors and selected investors at the institutional price to be determined by way of bookbuilding, payable in full upon allocation.

(ii) Proposed listing of and quotation for the Company's entire enlarged issued and paid-up share capital

The tentative date for listing shall be on 31 January 2008

The Public Issue is expected to raise RM80.8 million and will be utilised in the manner published in the prospectus.

24. Group Borrowings and Debt Securities

The Group does not have any borrowings as at 31 December 2007

25. Off Balance Sheet Financial Instruments

There was no off balance sheet financial instruments as at the date of this report.

26. Material Litigation

There was no pending material litigation from 1 January 2007 up to the date of this quarterly announcement.

27. Dividends Payable

The Board of Directors does not recommend any interim dividends for the current quarter ended 31 December 2007.

28. Basic Earnings Per Share

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

| | |
|---------------------------------|-----------------------|
| <u>Individual Quarter Ended</u> | <u>Cumulative YTD</u> |
|---------------------------------|-----------------------|

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| | 31-Dec-07 | 31-Dec-06 | 31-Dec-07 | 31-Dec-06 |
|--|------------------|------------------|------------------|------------------|
| Net Profit After Taxation & Minority Interest (RM'000) | 6,251 | - | 19,091 | - |
| Weighted average number of ordinary shares in issue ('000) | 548,870 | - | 379,932 | - |
| Basic Earnings Per Share (sen) | 1.14 | - | 5.02 | - |
| Diluted Earnings Per Share (Sen) | N/A | N/A | N/A | N/A |

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 16 January 2008