

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Income Statements
For The 1st Quarter Ended 31 March 2008
(The figures have not been audited)

	Note	Current Qtr Ended 31/03/2008 RM'000	Current Qtr Ended 31/03/2007 RM'000	Cumulative YTD 31/03/2008 RM'000	Cumulative YTD 31/03/2007 RM'000
Revenue		25,845	-	25,845	-
Cost of sales		(18,561)	-	(18,561)	-
Gross profits		7,284	-	7,284	-
Other income		760	-	760	-
Administrative expenses		(225)	-	(225)	-
Selling and distribution expenses		(1)	-	(1)	-
Research and development expenses		(1,321)	-	(1,321)	-
Finance costs		-	-	-	-
Profit before tax		6,497	-	6,497	-
Income tax expense	20	(144)	-	(144)	-
Profit for the period		6,353	-	6,353	-
Basic earning per share (sen)	28	0.85	-	0.85	-
Diluted earning per share (sen)	28	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Balance Sheet
As at 31 March 2008
(The figures have not been audited)

	Unaudited As At 31/03/2008 RM'000	Audited As At 31/12/2007 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,148	1,202
Intangible assets	43,560	43,898
Deferred tax assets	10	10
	<hr/> 44,718	<hr/> 45,110
Current assets		
Trade receivables	45,040	21,982
Other receivables	2,705	1,760
Inventories	-	-
Cash and bank balances	95,860	22,843
	<hr/> 143,605	<hr/> 46,585
	<hr/> 188,323	<hr/> 91,695
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,500	60,300
Share premium	55,069	-
Retained earnings	22,580	16,227
	<hr/> 158,149	<hr/> 76,527
Total Equity		
Non-current liabilities		
Borrowings	-	-
	<hr/> -	<hr/> -
Current liabilities		
Trade payables	29,271	11,382
Other payables	30	303
Amount owing to holding company	36	36
Amount owing to related company	508	3,262
Tax payables	329	185
	<hr/> 30,174	<hr/> 15,168
Total liabilities	30,174	15,168
TOTAL EQUITY AND LIABILITIES	<hr/> 188,323	<hr/> 91,695

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
 Condensed Consolidated Cash Flow Statements
 For The 1st Quarter Ended 31 March 2008
 (The figures have not been audited)

	3 Months Ended 31/03/2008 RM'000	3 Months Ended 31/03/2007 RM'000
Net Cash Flows From Operating Activities	(2,916)	-
Net Cash Flows From Investing Activities	664	-
Net Cash Flows From Financing Activities	75,269	-
	73,017	-
Net Change in Cash & Cash Equivalents		
Cash & Cash Equivalents at Beginning of Financial Period	22,843	-
	95,860	-
Cash & Cash Equivalents at End of Financial Period		

Cash and cash equivalents at the end of the financial period comprise the following:

Cash and bank balances	15,413	-
Fixed deposits	80,447	-
	95,860	-
	95,860	-

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 1st Quarter Ended 31 March 2008
(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 ---> Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000		
At 1 January 2008	60,300	-	-	16,227	-	76,527
Foreign currency translation	-	-	-	-	-	-
Profit for the period	-	-	-	6,353	-	6,353
Total recognised income and expense for the period	-	-	-	6,353	-	6,353
Issuance of shares	20,200	55,069	-	-	75,269	75,269
At 31 March 2008	80,500	55,069	-	22,580	-	158,149
At 1 January 2007	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	-
Total recognised income and expense for the period	-	-	-	-	-	-
Issue of preference shares:- Preference Shares	-	-	-	-	-	-
At 31 March 2007	-	-	-	-	-	-

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 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 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 2007. 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 2007.

The accounting policies and methods of computation adopted in this interim financial report are consistent with those adopted in the most recent annual financial statements except for the adoption of the following Financial Reporting Standards (FRS), amendment to FRS and Interpretations ("IC Interpretations") issued by MASB that are effective for the Group's annual reporting date, 31 December 2008

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of the above FRSs, amendment to FRS and IC Interpretations are not expected to have any significant impact on the financial statements of the Group.

2. Comparatives

As this is the first year of reporting, 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 2007 was not qualified.

4. Segmental Information

Business segments	Current Qtr Ended 31/03/2008 RM'000	Comparative Qtr Ended 31/03/2007 RM'000	Cumulative YTD 31/03/2008 RM'000	Cumulative YTD 31/03/2007 RM'000
Segment Revenue				
Revenue-Recurring Engineering	19,968	-	19,968	-
Revenue-Non-Recurring Engineering	5,877	-	5,877	-
Total revenue including inter-segment sales	25,845	-	25,845	-
Elimination of inter-segment sales	-	-	-	-
Total revenue	25,845	-	25,845	-
Segment PBT				
PBT-Recurring Engineering	1,341	-	1,341	-
PBT-Non-Recurring Engineering	5,012	-	5,012	-
Total PBT including inter-segment PBT	6,353	-	6,353	-
Elimination of inter-segment PBT	-	-	-	-
Total PBT	6,353	-	6,353	-

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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 March 2008.

6. Changes in Estimates

The consolidated profit forecast of the Group for the financial year ending 31 December 2008 were disclosed in the Prospectus of the Company dated 11 January 2008 ("Prospectus"). There were no changes in accounting estimates made that would materially affect the accounts of the Group for the quarter ended 31 March 2008.

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 previous quarter because 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

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 current 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 has recorded a net profit attributable to equity holders of parent of RM6.35 million on the back of revenue of RM25.85 million. The revenue were mainly contributed through higher wafer sales as a result of higher demand of Key ASIC's customer products.

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

	Current Qtr Ended 31/03/2008 RM'000	Comparative Qtr Ended 31/12/2007 RM'000	% Changes
Turnover	25,845	27,438	-5.8%
Profit Before Taxation	6,497	6,031	7.7%

The Group recorded a revenue of RM25.85 million in the current quarter as compared to a revenue of RM27.44 million in the immediate preceding quarter. This represents a decrease of approximately 5.8% as compared to preceding quarter mainly due to lower wafer sales. However, the Group recorded a higher profit before taxation of RM6.5 million in the current quarter as compared to a profit before taxation of RM6.03 million in the immediate preceding quarter mainly due to higher gross profit margin achieved 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 Intellectual Property building blocks ("IPs") development in consumer electronics and communication segments. Key ASIC will also continue to focus on its overseas sales and marketing effort. Barring unforeseen circumstances, the Board of Directors of Key ASIC is optimistic about the Group's ability in achieving satisfactory performance for the remaining period to the end of the financial year ending 31 December 2008.

19. Profit Forecast and Profit Guarantee

With the profit after taxation of RM6.4 million achieved in the current quarter, the Board is of the opinion that the Group is on track and will be able to achieve the profit forecast for the financial year ending 31 December 2008 as published in the Prospectus.

The Company did not announce any profit guarantee to date.

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 financial statements were for the interest income derived from the placement of fixed deposits with licenced financial institutions.

The tax expense for the current quarter ended 31 March 2008 is derived based on management's best estimate of the tax rate for the financial period. The effective tax rate of the Group for the financial period was lower than the statutory rate of 27% mainly due to certain income that were exempted from taxation.

21. 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.

22. 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.

23. Corporate Proposal

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

The above exercise has been completed on 30 January 2008

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

The above exercise has been completed on 30 January 2008

(iii) Status of Utilisation of Proceeds as at 31 March 2008

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Description	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM
IPO Proceeds				
R&D-Capital expenditure	Within 24 months of Listing	36,000	(4)	35,996
R&D-Operating expenditure	Within 24 months of Listing	8,200	(583)	7,617
Working capital	Within 12 months of Listing	33,300	(13,792)	19,508
Estimated listing expenses	Within 6 months of Listing	3,300	(3,165)	135
		80,800	(17,544)	63,256

The unutilised proceeds were placed in interest-bearing accounts with licenced financial institutions in Malaysia until it is fully utilised.

24. Group Borrowings and Debt Securities

The Group does not have any borrowing or issued any debt securities as at 31 March 2008.

25. Off Balance Sheet Financial Instruments

There were 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 2008 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 March 2008.

28. Basic Earnings Per Share

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

	Individual Quarter Ended		Cumulative YTD	
	31-Mar-08	31-Mar-07	31-Mar-08	31-Mar-07
Profit After Taxation & Minority Interest (RM'000)	6,353	-	6,353	-
Weighted average number of ordinary shares in issue ('000)	751,725	-	751,725	-
Basic Earnings Per Share (sen)	0.85	-	0.85	-
Diluted Earnings Per Share (Sen) *	N/A	N/A	N/A	N/A

Note :

* Not applicable as the Company does not have any convertible securities for the current financial quarter and financial year to date.

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 8 May 2008