

**KEY ASIC BHD**  
**(Company No. 707082-M)**  
Condensed Consolidated Income Statements  
For The 1st Quarter Ended 31 March 2009  
(The figures have not been audited)

Note	Current Qtr Ended 31/03/2009 RM'000	Current Qtr Ended 31/03/2008 RM'000	Cumulative YTD 31/03/2009 RM'000	Cumulative YTD 31/03/2008 RM'000
Revenue	9,445	25,845	9,445	25,845
Cost of sales	(4,101)	(18,561)	(4,101)	(18,561)
<b>Gross profits</b>	<b>5,344</b>	<b>7,284</b>	<b>5,344</b>	<b>7,284</b>
Other income	1,008	760	1,008	760
Administrative expenses	(578)	(225)	(578)	(225)
Selling and distribution expenses	(21)	(1)	(21)	(1)
Research and development expenses	(3,453)	(1,321)	(3,453)	(1,321)
<b>Profit before tax</b>	<b>2,300</b>	<b>6,497</b>	<b>2,300</b>	<b>6,497</b>
Income tax expense	20 (184)	(144)	(184)	(144)
<b>Profit for the period</b>	<b>2,116</b>	<b>6,353</b>	<b>2,116</b>	<b>6,353</b>
Basic earning per share (sen)	28 0.26	0.85	0.26	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 2008 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 2009  
(The figures have not been audited)

	<b>Unaudited As At 31/03/2009 RM'000</b>	<b>Audited As At 31/12/2008 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	1,840	1,963
Intangible assets	58,629	58,097
Deferred tax assets	186	186
Deferred expenditure	33	
	<u>60,688</u>	<u>60,246</u>
<b>Current assets</b>		
Trade receivables	33,688	37,399
Other receivables	2,938	3,082
Inventories	-	341
Cash and bank balances	85,348	91,461
	<u>121,974</u>	<u>132,283</u>
	<u>182,662</u>	<u>192,529</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	80,500	80,500
Share premium	54,887	54,887
Retained earnings	38,057	35,941
	<u>173,444</u>	<u>171,328</u>
<b>Total Equity</b>		
Non-current liabilities		
Deferred tax liabilities	15	15
	<u>15</u>	<u>15</u>
<b>Current liabilities</b>		
Trade payables	7,703	19,243
Other payables	23	201
Government grant	600	900
Amount owing to related company	573	573
Tax payables	304	269
	<u>9,203</u>	<u>21,186</u>
	<u>9,218</u>	<u>21,201</u>
<b>Total liabilities</b>		
<b>TOTAL EQUITY AND LIABILITIES</b>		
	<u>182,662</u>	<u>192,529</u>
Net Assets Per Share Attributable to Equity of Parent (RM)	0.2155	0.2128

**The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009  
(The figures have not been audited)

	<b>3 Months Ended 31/03/2009 RM'000</b>	<b>3 Months Ended 31/03/2008 RM'000</b>
Net Cash Flows From Operating Activities	(6,429)	(2,916)
Net Cash Flows From Investing Activities	316	664
Net Cash Flows From Financing Activities	-	75,269
	(6,113)	73,017
Net Change in Cash & Cash Equivalents		
Cash & Cash Equivalents at Beginning of Financial Period	91,461	22,843
	85,348	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	3,912	15,413
Fixed deposits	81,436	80,447
	85,348	95,860

**The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 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 2009  
(The figures have not been audited)

	Attributable to Equity Holders of the Parent					Minority Interest	Total Equity
	Share Capital	Share Premium	Other Reserves	Distributable Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2009</b>	80,500	54,887	-	35,941	171,328	-	171,328
Profit for the period	-	-	-	2,116	2,116	-	2,116
Total recognised income and expense for the period	-	-	-	2,116	2,116	-	2,116
<b>At 31 March 2009</b>	80,500	54,887	-	38,057	173,444	-	173,444
<b>At 1 January 2008</b>	60,300	-	-	16,227	76,527	-	76,527
Profit for the period	-	-	-	6,353	6,353	-	6,353
Total recognised income and expense for the period	-	-	-	6,353	6,353	-	6,353
Issuance of shares	20,200	55,069	-	-	75,269	-	75,269
<b>At 31 March 2008</b>	80,500	55,069	-	22,580	158,149	-	158,149

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes enclosed to the interim financial statements.

**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 2008. 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 2008.

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.

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the financial statements for the year ended 31 December 2008 was not qualified.

**3. Segmental Information**

**Business segments**

	<b>Current Qtr Ended 31/03/2009 RM'000</b>	<b>Comparative Qtr Ended 31/03/2008 RM'000</b>	<b>Cumulative YTD 31/03/2009 RM'000</b>	<b>Cumulative YTD 31/03/2008 RM'000</b>
<b>Segment Revenue</b>				
Revenue-Recurring Engineering	4,333	19,968	4,333	19,968
Revenue-Non-Recurring Engineering (NRE)	5,112	5,877	5,112	5,877
Total revenue including inter-segment sales	9,445	25,845	9,445	25,845
Elimination of inter-segment sales	-	-	-	-
<b>Total revenue</b>	<b>9,445</b>	<b>25,845</b>	<b>9,445</b>	<b>25,845</b>
<b>Segment PBT</b>				
PBT-Recurring Engineering	744	1,341	744	1,341
PBT-Non-Recurring Engineering	1,556	5,156	1,556	5,156
Total PBT including inter-segment PBT	2,300	6,497	2,300	6,497
Elimination of inter-segment PBT	-	-	-	-
<b>Total PBT</b>	<b>2,300</b>	<b>6,497</b>	<b>2,300</b>	<b>6,497</b>

**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 March 2009.

**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 March 2009.

**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**

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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 during the interim period under 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 MESDAQ Market Listing Requirements**

**15. Review Of Performance**

During the current quarter under review, the Group has recorded a net profit attributable to equity holders of RM2.12 million on the back of revenue of RM9.45 million. The revenue were lower as compared to previous corresponding quarter in 2008 mainly due to anticipated low shipments of wafers for the first 2 months of year 2009 which is a direct impact of the global financial crisis that has eroded the consumer confidence.

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

	<b>Current Qtr Ended 31/03/2009 RM'000</b>	<b>Comparative Qtr Ended 31/12/2008 RM'000</b>	<b>% Changes</b>
Turnover	9,445	9,915	-4.7%
Profit Before Taxation ("PBT")	2,300	672	242.3%

The Group recorded a revenue of RM9.45 million and PBT of RM2.3 million in the current quarter as compared to a revenue of RM9.92 million and PBT of RM0.67 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 4.7% and an increase in PBT of 242.3% respectively as compared to preceding quarter. The increase in the PBT was mainly contributed by higher NRE income recorded in the current quarter as compared to the preceding quarter.

**17. Commentary Of Prospects**

The current global financial crisis has an adverse effect on the spending pattern of consumers worldwide and resulted in our customers taking precautionary steps in reducing their inventories and product investment which had affected the earnings of the Group. The Semiconductor Industry Association ("SIA") reported that in year 2009, worldwide semiconductor sales would decline by 5.6% to US\$246.7 billion before resuming growth in year 2010.

However, there is an indication that the slow down in the semiconductor sector has somewhat stabilised according to the later report published by SIA as the worldwide sales of semiconductors in March 2009 were 3.3% higher than prior month albeit at substantially lower levels than last year same period.

In this challenging business environment, the Board of Directors of Key ASIC ("Board") is of the opinion that the Group's performance would be subjected to the level of consumer confidence in the face of the current crisis and demand by consumers for our end customers' products.

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**18. Profit Forecast and Profit Guarantee**

The Company did not announce any profit guarantee to date.

**19. 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 on 14 April 2006. The taxation provided in the financial statements were for the interest income derived from placement of fixed deposits with licenced financial institutions.

The tax expense for the current quarter ended 31 March 2009 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 low than the statutory tax rate mainly due to certain income that were exempted from taxation.

**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**

(i) There were no corporate proposals announced but not completed as at the date of this report. The Company completed its IPO on 30 January 2008.

(ii) Status of Utilisation of Proceeds as at 31 March 2009

Description	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
<b>IPO Proceeds</b>				
R&D-Capital expenditure	Within 24 months of Listing	36,000	(18,172)	17,828
R&D-Operating expenditure	Within 24 months of Listing	8,200	(7,652)	548
Working capital	Within 12 months of Listing	33,300	(33,300)	-
Estimated listing expenses	Within 6 months of Listing	3,300	(3,300)	-
		<u>80,800</u>	<u>(62,424)</u>	<u>18,376</u>

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

**23. Group Borrowings and Debt Securities**

The Group does not have any borrowing or issued any debt securities as at 31 March 2009.

**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 January 2009 up to the date of this quarterly announcement.

**26. Dividends Payable**

The Board of Directors does not recommend any interim dividends for the current quarter ended 31 March 2009.

**27. Earnings Per Share**

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

Individual Quarter Ended		Cumulative YTD	
31-Mar-09	31-Mar-08	31-Mar-09	31-Mar-08

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Profit After Taxation & Minority Interest (RM'000)	2,116	6,353	2,116	6,353
Weighted average number of ordinary shares in issue ('000)	805,000	751,725	805,000	751,725
Basic Earnings Per Share (Sen)	0.26	0.85	0.26	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.

**28. 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 26 May 2009.