

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The 1st Quarter Ended 31 March 2010
(The figures have not been audited)

	Note	Current Qtr Ended 31/03/2010 RM'000	Comparative Qtr Ended 31/03/2009 RM'000	Cumulative YTD 31/03/2010 RM'000	Cumulative YTD 31/03/2009 RM'000
Revenue		7,272	9,445	7,272	9,445
Cost of sales		(5,825)	(4,101)	(5,825)	(4,101)
Gross profits		1,447	5,344	1,447	5,344
Other income		222	1,008	222	1,008
Administrative expenses		(772)	(578)	(772)	(578)
Selling and distribution expenses		(368)	(21)	(368)	(21)
Research and development expenses		(4,460)	(3,453)	(4,460)	(3,453)
Profit / (Loss) before tax		(3,931)	2,300	(3,931)	2,300
Income tax expense	19	(43)	(184)	(43)	(184)
Profit / (Loss) for the period		(3,974)	2,116	(3,974)	2,116
Foreign currency translation		(186)	-	(186)	-
Total Comprehensive Income		(4,160)	2,116	(4,160)	2,116
Profit / (Loss) attributable to:					
Equity holders of the Company		(3,974)	2,116	(3,974)	2,116
Total comprehensive income attributable to:					
Equity holders of the Company		(4,160)	2,116	(4,160)	2,116
Basic earning per share (sen)	27	(0.49)	0.28	(0.49)	0.28
Diluted earning per share (sen)	27	N/A	N/A	N/A	N/A

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statement Of Financial Position
As at 31 March 2010
(The figures have not been audited)

	Unaudited As At 31/03/2010 RM'000	Audited As At 31/12/2009 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	3,456	3,793
Intangible assets	76,775	75,310
Deferred tax assets	87	87
	<hr/> 80,318	<hr/> 79,190
Current assets		
Trade receivables	44,929	50,025
Other receivables	1,860	4,589
Inventories	101	67
Cash and cash equivalents	61,396	70,145
	<hr/> 108,286	<hr/> 124,826
	<hr/> 188,604	<hr/> 204,016
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	80,500	80,500
Share premium	54,887	54,887
Retained earnings	41,892	45,780
Other reserve	(272)	-
	<hr/> 177,007	<hr/> 181,167
Total Equity		
Current liabilities		
Trade payables	8,065	19,600
Other payables	2,946	3,209
Amount owing to related company	512	-
Tax payables	74	40
	<hr/> 11,597	<hr/> 22,849
Total liabilities		
	<hr/> 11,597	<hr/> 22,849
TOTAL EQUITY AND LIABILITIES		
	<hr/> 188,604	<hr/> 204,016
Net Assets Per Share Attributable to Equity of Parent (RM)	0.2199	0.2251

The Condensed Consolidated of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010
 (The figures have not been audited)

	3 Months Ended 31/03/2010 RM'000	3 Months Ended 31/03/2009 RM'000
Net Cash Flows From Operating Activities	(8,933)	(6,429)
Net Cash Flows From Investing Activities	184	316
Net Cash Flows From Financing Activities	-	-
Net Change in Cash & Cash Equivalents	(8,749)	(6,113)
Cash & Cash Equivalents at Beginning of Financial Period	70,145	91,461
Cash & Cash Equivalents at End of Financial Period	61,396	85,348

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

Cash and bank balances	10,374	3,912
Fixed deposits	51,022	81,436
	61,396	85,348

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 2010
(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 2010	80,500	54,887	(86)	45,866	-	181,167
Total Comprehensive Income	-	-	(186)	(3,974)	-	(4,160)
At 31 March 2010	80,500	54,887	(272)	41,892	-	177,007
At 1 January 2009	80,500	54,887	-	35,941	-	171,328
Total Comprehensive Income	-	-	-	2,116	-	2,116
At 31 March 2009	80,500	54,887	-	38,057	-	173,444

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. 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 2009.

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 2009 was not qualified.

3. Segmental Information

Business segments

	Current Qtr Ended 31/03/2010 RM'000	Comparative Qtr Ended 31/03/2009 RM'000	Cumulative YTD 31/03/2010 RM'000	Cumulative YTD 31/03/2009 RM'000
Segment Revenue				
Revenue-Recurring Engineering	4,833	4,333	4,833	4,333
Revenue-Non-Recurring Engineering	2,439	5,112	2,439	5,112
Total revenue including inter-segment sales	<u>7,272</u>	<u>9,445</u>	<u>7,272</u>	<u>9,445</u>
Elimination of inter-segment sales	-	-	-	-
Total revenue	<u>7,272</u>	<u>9,445</u>	<u>7,272</u>	<u>9,445</u>
Segment PBT				
PBT-Recurring Engineering	(278)	453	(278)	453
PBT-Non-Recurring Engineering	(3,875)	839	(3,875)	839
Total PBT including inter-segment PBT	<u>(4,153)</u>	<u>1,292</u>	<u>(4,153)</u>	<u>1,292</u>
Elimination of inter-segment PBT	-	-	-	-
Other Income	222	1,008	222	1,008
Total PBT/(LBT)	<u>(3,931)</u>	<u>2,300</u>	<u>(3,931)</u>	<u>2,300</u>

Geographical Segments

	Total Revenue Qtr Ended		Total PBT/ (LBT) Qtr Ended	
	31/03/2010 RM'000	31/03/2009 RM'000	31/03/2010 RM'000	31/03/2009 RM'000
Malaysia	4,810	9,445	(3,068)	2,300
Taiwan	2,462	-	(863)	-
	<u>7,272</u>	<u>9,445</u>	<u>(3,931)</u>	<u>2,300</u>

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 2010.

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 2010.

6. Seasonal or Cyclical Factors

KEY ASIC BHD
(Company No. 707082-M)

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 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 loss attributable to equity holders of RM3.97 million on the back of revenue of RM7.27 million. The revenue were lower as compared to previous corresponding quarter in 2009 was mainly contributed by lower shipments of finished goods to customers due to limited production capacity allocation from the foundry partners as most of their capacities were pre-booked by bigger player in the semiconductor industry.

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

	Current Qtr Ended 31/03/2010 RM'000	Preceding Qtr Ended 31/12/2009 RM'000	% Changes
Turnover	7,272	19,997	-63.6%
Loss Before Taxation ("LBT")	(3,931)	(2,179)	-80.4%

The Group recorded a revenue of RM7.27 million and LBT of RM3.93 million in the current quarter as compared to a revenue of RM20 million and LBT of RM2.18 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 63.6% and an increase in LBT of 80.4% respectively as compared to preceding quarter. The higher losses were partly contributed by the newly acquired subsidiary, Key ASIC Inc. (previously known as Gateway Silicon Inc.).

17. Commentary Of Prospects

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The demand for consumer electronic goods for the 1st quarter 2010 are healthy and the overall worldwide semiconductor sales has increased by approximately 58% as compared to same period last year as reported by Semiconductor Industry Association through their press release on May 3, 2010. Foundries and integrated device manufacturers are ramping production to bring supply into line with expected demand levels.

Ironically, the Group performance has been affected by the sudden surge in the demand for semiconductor goods as foundries production capacity becomes scarce. Foundries are taking advantage of the current situation by rationing its limited capacity to those that generating higher margin and volume and thus pushing out those lower volume devices.

In this challenging business environment, the Board of Directors of Key ASIC ("Board") is of the opinion that the Group's performance would be further subjected to among others foundry capacity allocation and anticipated demand from our newly tape-out devices.

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 2010 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 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 2010

Description	Timeframe for utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance RM'000
IPO Proceeds				
R&D-Capital expenditure	Within 24 months of Listing	36,000	(32,400)	3,600
R&D-Operating expenditure	Within 24 months of Listing	8,200	(8,200)	-
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>(77,200)</u>	<u>3,600</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 2010.

24. Off Balance Sheet Financial Instruments

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

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(Company No. 707082-M)

25. Material Litigation

There was no pending material litigation from 1 January 2010 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 2010.

27. Earnings Per Share

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

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	<u>31-Mar-10</u>	<u>31-Mar-09</u>	<u>31-Mar-10</u>	<u>31-Mar-09</u>
Profit After Taxation & Minority Interest (RM'000)	(3,974)	2,116	(3,974)	2,116
Weighted average number of ordinary shares in issue ('000)	805,000	751,725	805,000	751,725
Basic Earnings Per Share (Sen)	(0.49)	0.28	(0.49)	0.28
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 20 May 2010.