

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The 4th Quarter Ended 31 December 2012

	Note	Unaudited Current Qtr Ended 31/12/2012 RM'000	Unaudited Comparative Qtr Ended 31/12/2011 RM'000	Unaudited Cumulative YTD 31/12/2012 RM'000	Audited Cumulative YTD 31/12/2011 RM'000
Revenue		8,529	4,035	21,453	18,424
Cost of sales		(4,276)	(3,416)	(14,637)	(12,589)
Gross profits		4,253	619	6,816	5,835
Other income		586	1,634	1,020	3,542
Administrative expenses		(7,318)	(6,544)	(9,815)	(14,566)
Selling and distribution expenses		(1,304)	(487)	(2,441)	(1,743)
Research and development expenses		(3,663)	(14,014)	(14,701)	(31,199)
Loss before tax		(7,446)	(18,792)	(19,121)	(38,131)
(Loss) before tax is stated after charging/(crediting): -					
Interest income		(103)	(153)	(429)	(484)
Other income including investment income		(483)	(1,481)	(591)	(1,452)
Depreciation and amortisation		575	960	2,314	6,578
Provision for and written off of receivables		-	1,857	-	4,726
Provision for and written off of inventories		-	-	-	52
Impairment of assets		-	8,488	-	8,565
Written off of goodwill		6,325	6,326	6,325	6,325
Foreign exchange gain or loss		329	(1,223)	971	(1,372)
Income tax expense	19	(27)	(49)	(115)	(715)
Loss for the period		(7,473)	(18,841)	(19,236)	(38,846)
Foreign currency translation		21	354	(114)	219
Total Comprehensive Loss		(7,452)	(18,487)	(19,350)	(38,627)
Loss attributable to:					
Equity holders of the Company		(7,473)	(18,841)	(19,236)	(38,846)
Total comprehensive loss attributable to:					
Equity holders of the Company		(7,452)	(18,487)	(19,350)	(38,627)
Basic loss per share (sen)	28	(0.93)	(2.34)	(2.39)	(4.83)
Diluted loss per share (sen)	28	(0.93)	(2.34)	(2.39)	(4.83)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Financial Position
As at 31 December 2012

	Unaudited As At 31/12/2012 RM'000	Audited As At 31/12/2011 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,406	2,026
Intangible assets	40,960	48,793
Deferred tax assets	115	115
	42,481	50,934
Current assets		
Trade receivables	3,594	4,734
Other receivables	1,278	1,741
Inventories	688	184
Cash and cash equivalents	31,484	41,250
	37,044	47,909
	79,525	98,843
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
Treasury shares	(318)	(300)
Accumulated loss	(60,983)	(41,747)
ESOS reserve	836	810
Other reserve	(38)	76
	74,884	94,226
Total Equity		
Current liabilities		
Trade payables	1,073	3,206
Other payables	3,450	1,411
Tax payables	118	-
	4,641	4,617
	4,641	4,617
Total liabilities		
	79,525	98,843
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0930	0.1171

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 4th Quarter Ended 31 December 2012

	Unaudited 12 Months Ended 31/12/2012 RM'000	Audited 12 Months Ended 31/12/2011 RM'000
Cash Flow From Operating Activities		
(Loss) before taxation	(19,121)	(38,131)
Adjustments for:		
Amortisation of intangible assets	1,508	5,658
Depreciation of property, plant and equipment	806	920
Foreign exchange translation	(114)	-
Exceptional item: -		
Bad debts written off	-	1,135
Development costs written off	-	8,565
Impairment loss on goodwill on consolidation	6,325	6,325
Impairment loss on trade receivables	-	3,591
Inventories written off	-	51
Reversal of impairment loss on trade receivables	310	(1,452)
Share option expenses	26	810
Interest income	(429)	(484)
Operating (loss) before working capital changes	(10,689)	(13,012)
Changes in working capital: -		
(Increase) / Decrease in inventories	(504)	512
Decrease in receivables	1,293	15,879
Increase/(Decrease) in payables	(94)	(6,785)
Cash generated from/(used in) operations	(9,994)	(3,406)
Interest received	429	484
Development costs incurred	-	(1)
Tax paid	3	(311)
Net cash flow from/(used in) operating activities	(9,562)	(3,234)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(186)	(348)
Purchase of intangible assets	-	-
Net cash used in investing activities	(186)	(348)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment for shares buy-back	(18)	(298)
Net cash used in financing activities	(18)	(298)
Net increase /(decrease) in cash and cash equivalents	(9,766)	(3,880)
Effect of changes in exchange rates	-	(249)
Cash and cash equivalents as at 1 Jan	41,250	45,379
Cash and cash equivalents as at end of the financial period	31,484	41,250

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

KEY ASIC BHD
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Condensed Consolidated Statements of Changes in Equity
For The 4th Quarter Ended 31 December 2012
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->						Total	Non-Controlling Interest	Total Equity			
	Share Capital	<----- Non Distributable ----->				(Accumulated Losses				RM'000	RM'000	RM'000
		Share Premium	Treasury Shares	ESOS Reserves	Other Reserves							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000			
At 1 January 2012	80,500	54,887	(300)	810	76	(41,747)	94,226	-	94,226			
Total Comprehensive Loss	-	-	-	-	(114)	(19,236)	(19,350)	-	(19,350)			
Buy-back of ordinary shares	-	-	(18)	-	-	-	(18)	-	(18)			
Share option granted under ESOS	-	-	-	26	-	-	26	-	26			
At 31 December 2012 (Unaudited)	80,500	54,887	(318)	836	(38)	(60,983)	74,884	-	74,884			
At 1 January 2011	80,500	54,887	(2)	-	(142)	(2,901)	132,342	-	132,342			
Total Comprehensive Loss	-	-	-	-	218	(38,846)	(38,628)	-	(38,628)			
Buy-back of ordinary shares	-	-	(298)	-	-	-	(298)	-	(298)			
Share option granted under ESOS	-	-	-	810	-	-	810	-	810			
At 31 December 2011 (Audited)	80,500	54,887	(300)	810	76	(41,747)	94,226	-	94,226			

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes enclosed to the interim financial statements.

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Part A - Explanatory Notes Pursuant to FRS 134

1. Basis of Preparation

The quarterly financial report ended 31 December 2012 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 December 2011. 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 December 2011.

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 December 2011, except for in the current period ended 31 December 2012, the Group adopted the Malaysian Financial Reporting Standards Framework ("MFRS Framework") relevant to the Group as explained below:

Convergence of the FRS Framework in Malaysia with the IFRS Framework issued by the IASB

On 19 November 2011, Malaysian Accounting Standard Board ("MASB") issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer ("Transitioning Entities").

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening undistributed income.

The adoption of the MFRSs does not have any significant impact on the interim financial statements of the Group and the Company.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2011 was not qualified.

3. Segmental Information

Business Segments	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Current Quarter ended 31 December 2012				
Segment Revenue				
Sales	7,566	3,067	(2,104)	8,529
Segment LBT				
Loss before tax	(8,327)	295	-	(8,032)
Other income				586
Loss before tax				<u>(7,446)</u>
Depreciation	154	44	-	198
Non cash expenses other than depreciation	6,701	1	-	6,702
Cumulative YTD ended 31 December 2012				
Segment Revenue				
Sales	12,386	11,171	(2,104)	21,453
Segment LBT				
Loss before tax	(21,062)	921	-	(20,141)
Other income				1,020
Loss before tax				<u>(19,121)</u>
Depreciation	613	193	-	806

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Non cash expenses other than depreciation	7,854	4	-	7,858
Segment assets	80,996	9,627	(11,098)	79,525
Segment liabilities	2,057	9,098	(6,514)	4,641
Capital expenditure	138	48	-	186

Geographical Segments

	Total Revenue Qtr Ended		Total (LBT) Qtr Ended	
	31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Malaysia	4,948	944	(7,687)	(17,438)
Taiwan	3,581	3,091	241	(1,354)
	<u>8,529</u>	<u>4,035</u>	<u>(7,446)</u>	<u>(18,792)</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 December 2012.

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 December 2012.

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 RM7.45 million on the back of revenue of RM8.53 million representing a decrease in losses as compared to the loss before tax of RM18.79 million in the comparative quarter of the preceding year. The decrease in losses is mainly due to the adjustment made to provision for and written off of receivables and goodwill as well as higher research and development expenses incurred during the comparative quarter of the preceding year.

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

	Current Qtr Ended 31/12/2012 RM'000	Preceding Qtr Ended 30/09/2012 RM'000	% Changes
Turnover	8,529	4,193	103.4%
Loss Before Taxation ("LBT")	(7,446)	(4,101)	-81.6%

The Group recorded a revenue of RM8.53 million and LBT of RM7.45 million in the current quarter as compared to a revenue of RM4.19 million and LBT of RM4.10 million in the immediate preceding quarter. This represents an increase in revenue of approximately 103.4% and an increase in LBT of 81.6% respectively as compared to preceding quarter. The higher revenue recorded in the current quarter was mainly due to realisation of non-recurrent engineering works completed in the current reporting quarter. However, the LBT is higher due to the provision made to write off remaining goodwill arising from consolidation as well as higher sales and marketing expenses incurred in the current quarter.

17. Commentary Of Prospects

The overall market sentiment for semiconductor industry for year 2012 was encouraging despite registering a slightly lower worldwide sales of US\$291.6 billion than of 2011 sales of US\$299.5 billion (www.sia-online.org). The overall momentum created in 2012 is believe to provide a good head start for a higher demand for electronic goods especially consumer electronic sector.

As for the Group, there had been many ground works laid in the year of 2012 especially marketing activities in promoting our technology capabilities and our SD Wifi chips. The Board is in the opinion that the sale of the Wifi chip will garner momentum and will become the main revenue driver for the Group in the year ahead as a result of the marketing activities mentioned above.

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 the extension on 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 2011. The taxation provided in the financial statements were for the interest income derived from placement of fixed deposits with licenced financial institutions.

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.

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(ii) The proceed raised from the IPO has been fully utilised as at the date of this report.

23. Group Borrowings and Debt Securities

The Group does not have any borrowing or issued any debt securities as at 31 December 2012.

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 2012 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 31/12/2012 RM'000	Group 30/09/2012 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(61,181)	(53,587)
- Unrealised - in respect of deferred tax recognised in the income statement	115	115
- in respect of other items of income and expense	83	(38)
Total Group accumulated losses as per consolidated accounts	<u>(60,983)</u>	<u>(53,510)</u>

The determination of realised and unrealised profits or losses is based on the Guidedance 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 December 2012.

28. Loss Per Share

(a) Basic

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

	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	31-Dec-12	31-Dec-11	31-Dec-12	31-Dec-11
Loss After Taxation & Minority Interest (RM'000)	<u>(7,473)</u>	<u>(18,841)</u>	<u>(19,236)</u>	<u>(38,846)</u>
Weighted average number of ordinary shares in issue ('000)	<u>805,000</u>	<u>805,000</u>	<u>805,000</u>	<u>805,000</u>
Basic Loss Per Share (Sen)	<u>(0.93)</u>	<u>(2.34)</u>	<u>(2.39)</u>	<u>(4.83)</u>

(b) Dilutive

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

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	<u>Individual Quarter Ended</u>		<u>Cumulative YTD</u>	
	<u>31-Dec-12</u>	<u>31-Dec-11</u>	<u>31-Dec-12</u>	<u>31-Dec-11</u>
Loss After Taxation & Minority Interest (RM'000)	(7,473)	(18,841)	(19,236)	(38,846)
Dilutive shares on option outstanding ('000)	805,078	804,510	805,039	804,510
Dilutive Loss Per Share (Sen)	(0.93)	(2.34)	(2.39)	(4.83)

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 22 February 2013.