

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The 3rd Quarter Ended 30 September 2013

	Note	Unaudited Current Qtr Ended 30/09/2013 RM'000	Unaudited Comparative Qtr Ended 30/09/2012 RM'000	Unaudited Cumulative YTD 30/09/2013 RM'000	Audited Cumulative YTD 30/09/2012 RM'000
Revenue		17,771	4,193	30,991	12,924
Cost of sales		(13,625)	(3,395)	(23,709)	(10,361)
Gross profits		4,146	798	7,282	2,563
Other income		230	150	590	434
Administrative expenses		(452)	(690)	(1,712)	(2,497)
Selling and distribution expenses		(654)	(397)	(1,768)	(1,137)
Research and development expenses		(3,780)	(3,962)	(10,785)	(11,038)
Loss before tax		(510)	(4,101)	(6,393)	(11,675)
(Loss) before tax is stated after charging/(crediting): -					
Interest income		(124)	(107)	(295)	(326)
Depreciation and amortisation		563	579	1,706	1,739
Foreign exchange gain or loss		(102)	62	(249)	642
Income tax expense	19	(23)	(28)	(77)	(88)
Loss for the period		(533)	(4,129)	(6,470)	(11,763)
Foreign currency translation		179	(121)	321	(135)
Total Comprehensive Loss		(354)	(4,250)	(6,149)	(11,898)
Loss attributable to:					
Equity holders of the Company		(533)	(4,129)	(6,470)	(11,763)
Total comprehensive loss attributable to:					
Equity holders of the Company		(354)	(4,250)	(6,149)	(11,898)
Basic loss per share (sen)	28	(0.07)	(0.51)	(0.81)	(1.46)
Diluted loss per share (sen)	28	(0.07)	(0.51)	(0.81)	(1.47)

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013

	Unaudited As At 30/09/2013 RM'000	Audited As At 31/12/2012 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,391	1,407
Intangible assets	39,839	40,960
Deferred tax assets	184	184
	<u>41,414</u>	<u>42,551</u>
Current assets		
Trade receivables	10,895	3,825
Other receivables	1,599	1,219
Inventories	4,479	688
Cash and cash equivalents	22,202	31,554
	<u>39,175</u>	<u>37,286</u>
	<u>80,589</u>	<u>79,837</u>
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	(353)	(318)
Accumulated loss	(67,211)	(60,741)
ESOS reserve	757	757
Other reserve	350	29
	<u>68,930</u>	<u>75,114</u>
Total Equity		
Current liabilities		
Trade payables	8,185	3,019
Other payables	3,404	1,704
Tax liabilities	70	-
	<u>11,659</u>	<u>4,723</u>
	<u>11,659</u>	<u>4,723</u>
Total liabilities		
	<u>80,589</u>	<u>79,837</u>
TOTAL EQUITY AND LIABILITIES		
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0856	0.0933

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 3rd Quarter Ended 30 September 2013

	Unaudited 9 Months Ended 30/09/2013 RM'000	Audited 9 Months Ended 30/09/2012 RM'000
Cash Flow From Operating Activities		
(Loss) before taxation	(6,393)	(11,675)
Adjustments for:		
Amortisation of intangible assets	1,129	1,131
Depreciation of property, plant and equipment	577	608
Foreign exchange translation	321	(135)
Exceptional item: -		
Share option expenses	-	26
Interest income	(295)	(326)
Operating (loss) before working capital changes	(4,661)	(10,371)
Changes in working capital: -		
(Increase) / Decrease in inventories	(3,791)	(882)
(Increase) / Decrease in receivables	(7,450)	1,149
Increase/(Decrease) in payables	6,866	(302)
Cash used in operations	(9,036)	(10,406)
Interest received	295	326
Tax paid	(7)	(26)
Net cash flow used in operating activities	(8,748)	(10,106)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(561)	(77)
Purchase of intangible assets	(8)	
Purchase of investment in subsidiary	-	-
Net cash used in investing activities	(569)	(77)
CASH FLOW FROM FINANCING ACTIVITIES		
Payment for shares buy-back	(35)	(18)
Net cash used in financing activities	(35)	(18)
Net decrease in cash and cash equivalents	(9,352)	(10,201)
Cash and cash equivalents as at 1 Jan	31,554	41,250
Cash and cash equivalents as at end of the financial period	22,202	31,049

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 3rd Quarter Ended 30 September 2013
(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 2013	80,500	54,887	(318)	757	29	(60,741)	75,114	-	75,114			
Total Comprehensive Loss	-	-	-	-	321	(6,470)	(6,149)	-	(6,149)			
Buy-back of ordinary shares	-	-	(35)	-	-	-	(35)	-	(35)			
At 30 September 2013 (Unaudited)	80,500	54,887	(353)	757	350	(67,211)	68,930	-	68,930			
At 1 January 2012	80,500	54,887	(300)	810	76	(41,747)	94,226	-	94,226			
Total Comprehensive Loss	-	-	-	-	(135)	(11,763)	(11,898)	-	(11,898)			
Buy-back of ordinary shares	-	-	(18)	-	-	-	(18)	-	(18)			
Share option granted under ESOS	-	-	-	26	-	-	26	-	26			
At 30 September 2012 (Unaudited)	80,500	54,887	(318)	836	(59)	(53,510)	82,336	-	82,336			

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 30 September 2013 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 2012. 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 2012.

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 2012, except for the adoption of new/revised MFRSs that are effective 1 January 2013. These new/revised MFRSs are not expected to have significant impact on the financial position or results.

2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2012 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 30 September 2013				
Segment Revenue				
Sales	3,184	14,587	-	17,771
Segment LBT				
Loss before tax	(3,707)	2,967	-	(740)
Other income				230
Loss before tax				<u>(510)</u>
Depreciation	146	41	-	187
Non cash expenses other than depreciation	375	1	-	376
	Non-recurring engineering services RM'000	Recurring engineering services RM'000	Eliminations RM'000	Consolidated RM'000
Cumulative YTD ended 30 September 2013				
Segment Revenue				
Sales	4,800	26,579	(388)	30,991
Segment LBT				
Loss before tax	(12,868)	5,885	-	(6,983)
Other income				590
Loss before tax				<u>(6,393)</u>
Depreciation	444	133	-	577
Non cash expenses other than depreciation	1,127	2	-	1,129
Segment assets	70,906	16,944	(7,261)	80,589
Segment liabilities	3,604	12,475	(4,420)	11,659
Capital expenditure	113	456		569
Geographical Segments				
	Total Revenue		Total (LBT)	
	Qtr Ended	Qtr Ended	Qtr Ended	Qtr Ended
	30/09/2013	30/09/2012	30/09/2013	30/09/2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	3,168	427	(1,771)	(3,247)
Taiwan	14,603	3,766	1,261	(854)
	<u>17,771</u>	<u>4,193</u>	<u>(510)</u>	<u>(4,101)</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 30 September 2013

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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 30 September 2013

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 RM0.51 million on the back of revenue of RM17.77 million representing a decrease in losses as compared to the loss before tax of RM4.1 million in the comparative quarter of the preceding year. The decrease in losses is mainly contributed by higher revenue recorded in the current quarter. The increase in revenue is due to higher demand from Taiwanese and Russian customers.

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

	Current Qtr Ended 30/09/2013 RM'000	Preceding Qtr Ended 30/06/2013 RM'000	% Changes
Turnover	17,771	6,917	156.9%
Loss Before Taxation ("LBT")	(510)	(2,417)	-78.9%

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The Group recorded a revenue of RM17.77 million and LBT of RM0.51 million in the current quarter as compared to a revenue of RM6.92 million and LBT of RM2.42 million in the immediate preceding quarter. This represents an increase in revenue of approximately 156.9% and a decrease in LBT of 78.9% respectively as compared to preceding quarter. The decrease in losses is mainly due to higher revenue recorded in the current quarter.

17. Commentary Of Prospects

The industry worldwide semiconductor sales recorded for the third (3rd) quarter 2013 has been very encouraging and posted the highest ever quarterly total to US\$80.92 billion accordance to the press release by Semiconductor Industry Association. The growth largely built from the strong growing momentum especially from America.

In line with the positive growth in the industry, Key ASIC achieved a tremendous increase in its revenue for the quarter under review largely driven by higher demand from customers. The Board of Directors is in the view that the revenue will continue to grow with the SD WiFi enable chip as the main revenue driver in moving forward this year but may be restricted by limited supply of material as mentioned above or others unforeseen external factor.

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

There was no corporate proposal announced but not completed 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 30 September 2013.

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 2013 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.

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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 30/09/2013 RM'000	Group 30/06/2013 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(67,277)	(66,743)
- Unrealised - in respect of deferred tax recognised in the income statement	184	184
- in respect of other items of income and expense	(118)	(119)
Total Group accumulated losses as per consolidated accounts	<u>(67,211)</u>	<u>(66,678)</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 30 September 2013

28. Loss Per Share

(a) Basic

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

	Individual Quarter Ended		Cumulative YTD	
	30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
Loss After Taxation & Minority Interest (RM'000)	(533)	(4,129)	(6,470)	(11,763)
Weighted average number of ordinary shares in issue ('000)	802,571	805,000	802,571	805,000
Basic Loss Per Share (Sen)	<u>(0.07)</u>	<u>(0.51)</u>	<u>(0.81)</u>	<u>(1.46)</u>

(b) Dilutive

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

	Individual Quarter Ended		Cumulative YTD	
	30-Sep-13	30-Sep-12	30-Sep-13	30-Sep-12
Loss After Taxation & Minority Interest (RM'000)	(533)	(4,129)	(6,470)	(11,763)
Dilutive shares on option outstanding ('000)	802,571	802,832	802,571	802,832
Dilutive Loss Per Share (Sen)	<u>(0.07)</u>	<u>(0.51)</u>	<u>(0.81)</u>	<u>(1.47)</u>

There were no dilutive shares during the quarter under review as the average market price is higher than the granted ESOS exercise price.

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 25 November 2013.