

KEY ASIC BHD
(Company No. 707082-M)
Condensed Consolidated Statements Of Comprehensive Income
For The 4th Quarter Ended 31 December 2013

	Note	Unaudited Current Qtr Ended 31/12/2013 RM'000	Unaudited Comparative Qtr Ended 31/12/2012 RM'000	Unaudited Cumulative YTD 31/12/2013 RM'000	Audited Cumulative YTD 31/12/2012 RM'000
Revenue		9,204	8,529	40,195	21,591
Cost of sales		(5,796)	(4,276)	(29,505)	(14,757)
Gross profits		3,408	4,253	10,690	6,834
Other income		2,497	586	3,086	725
Administrative expenses		(641)	(7,318)	(2,352)	(9,486)
Selling and distribution expenses		(814)	(1,304)	(2,582)	(2,471)
Research and development expenses		(5,145)	(3,663)	(15,931)	(14,744)
Loss before tax		(695)	(7,446)	(7,089)	(19,142)
(Loss) before tax is stated after charging/(crediting):-					
Interest income		(90)	(103)	(385)	(523)
Depreciation and amortisation		625	575	2,331	2,302
Provision for and written off of inventories		-	-	-	53
Reversal of impairment loss on trade receivables		(1,550)	(345)	(1,550)	(443)
Impairment loss on goodwill on consolidation		-	6,325	-	6,325
Foreign exchange gain or loss		(611)	329	(860)	838
Income tax expense	19	(23)	(27)	(100)	69
Loss for the period		(718)	(7,473)	(7,189)	(19,073)
Foreign currency translation		(211)	21	110	(47)
Total Comprehensive Loss		(929)	(7,452)	(7,079)	(19,120)
Loss attributable to:					
Equity holders of the Company		(718)	(7,473)	(7,189)	(19,073)
Total comprehensive loss attributable to:					
Equity holders of the Company		(929)	(7,452)	(7,079)	(19,120)
Basic loss per share (sen)	28	(0.09)	(0.93)	(0.90)	(2.38)
Diluted loss per share (sen)	28	(0.09)	(0.93)	(0.90)	(2.38)

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 31 December 2013

	Unaudited As At 31/12/2013 RM'000	Audited As At 31/12/2012 RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	1,274	1,407
Intangible assets	39,474	40,960
Deferred tax assets	184	184
	40,932	42,551
Current assets		
Trade receivables	4,484	3,825
Other receivables	2,657	1,219
Inventories	3,980	688
Cash and cash equivalents	22,814	31,554
	33,935	37,286
	74,867	79,837
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)	(1,550)
Accumulated loss	(67,930)	(60,741)
ESOS reserve	757	757
Other reserve	139	29
	68,000	73,882
Total Equity		
Current liabilities		
Trade payables	2,533	3,019
Other payables	4,235	1,704
Tax liabilities	99	-
	6,867	4,723
Total liabilities		
	6,867	4,723
TOTAL EQUITY AND LIABILITIES		
	74,867	78,605
Net Assets Per Share Attributable to Equity of Parent (RM)	0.0845	0.0918

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 4th Quarter Ended 31 December 2013

	Unaudited 12 Months Ended 31/12/2013 RM'000	Audited 12 Months Ended 31/12/2012 RM'000
Cash Flow From Operating Activities		
(Loss) before taxation	(7,089)	(19,142)
Adjustments for:		
Amortisation of intangible assets	1,506	1,508
Depreciation of property, plant and equipment	825	794
Foreign exchange translation	110	
Exceptional item:-		
Impairment loss on goodwill on consolidation		6,325
Inventories written off		53
Reversal of impairment loss on trade receivables	(1,550)	(443)
Share option expenses	-	26
Interest income	(454)	(523)
Operating (loss) before working capital changes	(6,652)	(11,402)
Rev Changes in working capital:-		(1,550)
(Increase) / Decrease in inventories	(3,292)	(556)
(Increase) / Decrease in receivables	(3,647)	1,316
Increase/(Decrease) in payables	2,045	88
Cash used in operations	(11,546)	(12,104)
Interest received	454	523
Tax paid	(1)	577
Net cash flow used in operating activities	(11,093)	(11,004)
Cash Flow From Investing Activities		
Purchase of property, plant & equipment	(692)	(172)
Purchase of intangible assets	(20)	
Net cash used in investing activities	(712)	(172)
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	(11,840)	(11,194)
Effects of changes in exchange rates		(52)
Cash and cash equivalents as at 1 Jan	31,554	41,250
Cash and cash equivalents as at end of the financial period	19,714	30,004

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 4th Quarter Ended 31 December 2013
(The figures have not been audited)

	<----- Attributable to Equity Holders of the Parent ----->						Total	Non-Controlling Interest	Total Equity			
	<----- Non Distributable ----->					(Accumulated Losses				RM'000	RM'000	RM'000
	Share Capital	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	-	-	-	-	110	(7,189)	(7,079)	-	(7,079)			
Buy-back of ordinary shares	-	-	(35)	-	-	-	(35)	-	(35)			
At 31 December 2013 (Unaudited)	80,500	54,887	(353)	757	139	(67,930)	68,000	-	68,000			
At 1 January 2012	80,500	54,887	(300)	810	76	(41,747)	94,226	-	94,226			
Total Comprehensive Loss	-	-	-	-	(47)	(19,073)	(19,120)	-	(19,120)			
Buy-back of ordinary shares	-	-	(18)	-	-	-	(18)	-	(18)			
Share option granted under ESOS	-	-	-	26	-	-	26	-	26			
Share options lapsed	-	-	-	(79)	-	79	-	-	-			
At 31 December 2012 (Unaudited)	80,500	54,887	(318)	757	29	(60,741)	75,114	-	75,114			

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 31 December 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 31 December 2013				
Segment Revenue				
Sales	7,934	3,166	(1,896)	9,204
Segment LBT				
Loss before tax	(3,293)	101	-	(3,192)
Other income				2,497
Loss before tax				<u>(695)</u>
Depreciation	127	121	-	248
Non cash expenses other than depreciation	376	1	-	377
Cumulative YTD ended 31 December 2013				
Segment Revenue				
Sales	12,735	29,744	(2,284)	40,195
Segment LBT				
Loss before tax	(16,161)	5,986	-	(10,175)
Other income				3,086
Loss before tax				<u>(7,089)</u>
Depreciation	572	253	-	825
Non cash expenses other than depreciation	1,503	3	-	1,506
Segment assets	79,354	5,095	(9,582)	74,867
Segment liabilities	12,226	1,174	(6,533)	6,867
Capital expenditure	151	541		692

Geographical Segments

	Total Revenue		Total (LBT)	
	Qtr Ended 31/12/2013	Qtr Ended 31/12/2012	Qtr Ended 31/12/2013	Qtr Ended 31/12/2012
	RM'000	RM'000	RM'000	RM'000
Malaysia	5,539	4,948	(517)	(7,687)
Taiwan	3,665	3,581	(178)	241
	<u>9,204</u>	<u>8,529</u>	<u>(695)</u>	<u>(7,446)</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 2013

5. Changes in Estimates

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There were no changes in accounting estimates made that would materially affect the accounts of the Group for the quarter ended 31 December 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 RM0.43 million on the back of revenue of RM9.2 million representing a decrease in losses as compared to the loss before tax of RM7.45 million in the comparative quarter of the preceding year. The decrease in losses is mainly due to higher administrative expenses and selling and distribution expenses recorded in the comparative quarter of the preceding year. At the same time, the increase in other income offset with the increase in research and development expenses and also the decrease in gross profit for the current quarter.

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

	Current Qtr Ended 31/12/2013 RM'000	Preceding Qtr Ended 30/09/2013 RM'000	% Changes
Turnover	9,204	17,771	-48.2%
Loss Before Taxation ("LBT")	(695)	(510)	36.3%

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The Group recorded a revenue of RM9.2 million and LBT of RM0.7 million in the current quarter as compared to a revenue of RM17.77 million and LBT of RM0.51 million in the immediate preceding quarter. This represents a decrease in revenue of approximately 48.2% and an increase in LBT of 36.3% respectively as compared to preceding quarter. The decrease in revenue is due to lower demand from Taiwanese customers. The increase in losses is mainly due to lower revenue recorded in the current quarter.

17. Commentary Of Prospects

The global semiconductor industry for the year ended 2013 has performed well and the worldwide semiconductor sales reached US\$305.6 billion, the industry highest ever annual total, an increase of 4.8% from the year 2012. The increase was spurred by consistent, steady growth across all regions and product categories especially America whereby it grew nearly three times faster than the global semiconductor market. Moving forward to 2014, it is likely the momentum of growth and demand to be maintained as quoted by the market researcher.

In line with the positive growth in the industry, Key ASIC achieved a tremendous increase in its revenue for the year ended 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 moving forward 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 31 December 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 31/12/2013 RM'000	Group 30/09/2013 RM'000
Total accumulated losses of Key ASIC Berhad and it's subsidiaries:		
- Realised	(68,359)	(67,277)
- Unrealised - in respect of deferred tax recognised in the income statement	184	184
- in respect of other items of income and expense	245	(118)
Total Group accumulated losses as per consolidated accounts	<u>(67,930)</u>	<u>(67,211)</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 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	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Loss After Taxation & Minority Interest (RM'000)	(718)	(7,473)	(7,189)	(19,073)
Weighted average number of ordinary shares in issue ('000)	802,571	802,832	802,571	802,832
Basic Loss Per Share (Sen)	<u>(0.09)</u>	<u>(0.93)</u>	<u>(0.90)</u>	<u>(2.38)</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	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Loss After Taxation & Minority Interest (RM'000)	(718)	(7,473)	(7,189)	(19,073)
Dilutive shares on option outstanding ('000)	802,571	802,832	802,571	802,832
Dilutive Loss Per Share (Sen)	<u>(0.09)</u>	<u>(0.93)</u>	<u>(0.90)</u>	<u>(2.38)</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 February 2014.