



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2016	2015	2016	2015
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
REVENUE	6,386	9,378	14,099	20,953
Operating profit	(1,694)	(725)	(2,719)	(994)
Other income	52	40	212	109
Interest income	48	65	102	120
Amortisation and depreciation	(387)	(457)	(775)	(986)
Interest expense	(130)	(118)	(258)	(239)
Share of results of associate company	0	(46)	0	(46)
Loss before taxation	(2,111)	(1,241)	(3,438)	(2,036)
Taxation	0	0	0	0
Loss after taxation	(2,111)	(1,241)	(3,438)	(2,036)
Profit/(loss) attributable to:				
Equity holders of the company	(1,888)	(2,347)	(3,327)	(3,226)
Non-controlling interest	(223)	1,106	(111)	1,190
Loss after taxation	(2,111)	(1,241)	(3,438)	(2,036)
Weighted average number of shares in issue ('000)	666,336	580,800	666,336	580,800
Earnings per share (sen) - basic	(0.28)	(0.40)	(0.50)	(0.56)

The unaudited condensed consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT END OF CURRENT QUARTER 6/30/2016 (Unaudited) RM'000	AS AT PRECEDING FINANCIAL YEAR ENDED 12/31/2015 (Audited) RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	26,257	21,268
Other investment	2,131	2,427
Goodwill	8,376	8,375
	36,764	32,070
Current Assets		
Inventories	8,074	6,773
Trade and other receivables	18,917	17,601
Amount owing by associate	45	-
Tax recoverable	421	186
Fixed deposits with licensed banks	5,857	5,668
Cash and bank balances	661	2,508
	33,975	32,736
TOTAL ASSETS	70,739	64,806
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	36,953	29,040
Share premium	9,554	10,087
Accumulated Loss	(14,310)	(10,983)
Share option reserve	1,053	1,053
Warrants reserve	3,775	3,775
	37,025	32,972
Non-controlling interest	1,211	1,322
Total Equity	38,236	34,294
Non-current Liability		
Deferred tax liabilities	1,615	1,615
Borrowings	7,449	6,302
	9,064	7,917
Current Liabilities		
Trade and other payables	19,561	14,084
Bank overdrafts	1,980	1,963
Bank borrowings	1,898	1,540
Contingent consideration	0	5,008
	23,439	22,595
Total Liabilities	32,503	30,512
TOTAL EQUITY AND LIABILITIES	70,739	64,806

Net assets per share attributable to ordinary equity holders of the parent (RM)

0.06 0.06

The unaudited condensed consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.

**KEY ALLIANCE GROUP BERHAD (609953-K)**

(Incorporated in Malaysia)

SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6-MONTHS ENDED	12-MONTHS ENDED
	30/06/16	31/12/15
	(Unaudited)	(Audited)
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,438)	(7,707)
Adjustment for:		
Non-cash items	1,324	4,863
Non-operating items	156	263
Operating loss before working capital changes	(1,958)	(2,581)
Net changes in current assets	(2,617)	(211)
Net changes in current liabilities	5,477	1,155
Cash used in operations	902	(1,637)
Interest paid	(258)	(512)
Net tax paid	(230)	(756)
Net cash used in operating activities	414	(2,905)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	102	249
Placement of fixed deposits	(189)	(1,398)
Purchase of property, plant and equipment	(4,470)	(2,291)
Proceeds from disposal of plant and equipment	22	3
Investment in associate	0	0
Advance to an associate	(45)	(163)
Net cash flow on deemed disposal of subsidiary	0	(6)
Acquisition of subsidiary	0	0
Purchase of investment	296	(1,271)
Net cash used in investing activities	(4,284)	(4,877)
CASH FLOWS FOR FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to private placement	2,904	-
Share issuance expenses	(533)	(188)
Repayment of finance lease liabilities	(337)	(463)
Proceeds from term loan	0	0
Repayment of term loan	(205)	(378)
Proceeds from bill payables	177	345
Net cash (used in)/generated from financing activities	2,006	(684)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,864)	(8,466)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	545	9,011
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	(1,319)	545
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Fixed deposits with licensed bank	5,857	5,668
Cash and bank balances	661	2,508
Bank overdrafts	(1,980)	(1,963)
	4,538	6,213
Less : Fixed deposits pledged	(5,857)	(5,668)
	(1,319)	545

The unaudited condensed consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.



KEY ALLIANCE GROUP BERHAD (609953-K)
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SECOND QUARTER ENDED 30 JUNE 2016

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Capital	Share Premium	Warrant Reserve	Share Option Reserve	Accumulated Loss	Non - Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2016	29,040	10,087	3,775	1,053	(10,983)	1,322	34,294
Total comprehensive income/(loss) for the period	0	0	0	0	(3,327)	(111)	(3,438)
Share issuance	7,913	(533)	0	0	0	0	7,380
Balance as of 30 June 2016	36,953	9,554	3,775	1,053	(14,310)	1,211	38,236

	Issued Capital	Share Premium	Warrant Reserve	Capital Reserve	Accumulated Loss	Non - Controlling Interest	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as of 1 January 2015	58,080	10,275	3,775	0	(30,820)	51	41,361
Total comprehensive income/(loss) for the period	0	0	0	0	(3,226)	1,190	(2,036)
Par value reduction	(29,040)	(86)	0	0	29,040	0	(86)
Balance as of 30 June 2015	29,040	10,189	3,775	0	(5,006)	1,241	39,239

The unaudited condensed consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.