

KEY ALLIANCE GROUP BERHAD (609953-K)
(FORMERLY KNOWN AS DVM TECHNOLOGY BERHAD)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	2015	2014	2015	2014
	CURRENT QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	<u>30/09/2015</u>	<u>30/09/2014</u>	<u>30/09/2015</u>	<u>30/09/2014</u>
	RM'000	RM'000	RM'000	RM'000
REVENUE	8,576	19,038	29,529	35,521
Operating profit	(1,019)	(1,025)	(2,013)	(840)
Other income	61	235	170	612
Interest income	67	81	187	320
Amortisation and depreciation	(449)	(553)	(1,435)	(1,439)
Interest expense	(125)	(11)	(364)	(22)
Share of results of associate company	0	(11)	(46)	9
Loss before taxation	<u>(1,465)</u>	<u>(1,284)</u>	<u>(3,501)</u>	<u>(1,360)</u>
Taxation	(23)	(19)	(23)	(19)
Loss after taxation	<u><u>(1,488)</u></u>	<u><u>(1,303)</u></u>	<u><u>(3,524)</u></u>	<u><u>(1,379)</u></u>
Profit/(loss) attributable to:				
Equity holders of the company	(1,752)	(1,448)	(4,978)	(1,545)
Non-controlling interest	264	145	1,454	166
Loss after taxation	<u><u>(1,488)</u></u>	<u><u>(1,303)</u></u>	<u><u>(3,524)</u></u>	<u><u>(1,379)</u></u>
Weighted average number of shares in issue ('000)	580,800	580,800	580,800	580,800
Earnings per share (sen) - basic	(0.30)	(0.25)	(0.86)	(0.27)

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 2014 and the accompanying explanatory notes attached to this interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	AS AT END OF CURRENT QUARTER 30/9/2015 (Unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31/12/2014 (Audited)
	RM'000	RM'000
ASSETS		
Non-current Assets		
Property, Plant and Equipment	19,270	19,776
Development Expenditure	0	178
Investment in Associate	170	216
Other investment	2,322	1,346
Goodwill	9,025	9,025
	30,787	30,541
Current Assets		
Inventories	7,462	10,029
Trade and other receivables	14,954	19,095
Amount owing by associate	513	-
Tax recoverable	340	36
Fixed deposits with licensed banks	5,852	4,420
Cash and bank balances	4,925	10,840
	34,046	44,420
TOTAL ASSETS	64,833	74,961
EQUITY AND LIABILITIES		
Capital and Reserves		
Issued capital	29,040	58,080
Share premium	10,087	10,275
Accumulated Loss	(6,758)	(30,820)
Warrants reserve	3,775	3,775
	36,144	41,310
Non-controlling interest	1,505	51
Total Equity	37,649	41,361
Non-current Liability		
Deferred tax liabilities	1,674	1,674
Borrowings	6,134	6,157
	7,808	7,831
Current Liabilities		
Trade and other payables	10,938	17,390
Bank overdrafts	1,967	1,979
Bank borrowings	1,463	1,071
Tax liabilities	0	321
Contingent consideration	5,008	5,008
	19,376	25,769
Total Liabilities	27,184	33,600
TOTAL EQUITY AND LIABILITIES	64,833	74,961
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.06	0.07

The unaudited condensed consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	9-MONTHS ENDED 30/09/15 (Unaudited) RM'000	12-MONTHS ENDED 31/12/14 (Audited) RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(3,501)	(3,450)
Adjustment for:		
Non-cash items	2,049	3,431
Non-operating items	177	-241
Operating loss before working capital changes	(1,275)	(260)
Net changes in current assets	6,195	(2,043)
Net changes in current liabilities	(6,452)	(896)
Cash used in operations	(1,532)	(3,199)
Interest paid	(364)	(132)
Net tax paid	(646)	(384)
Net cash used in operating activities	(2,542)	(3,715)
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	187	373
Placement of fixed deposits	(1,273)	(3,203)
Purchase of property, plant and equipment	(1,375)	(5,281)
Investment in associate	0	(170)
Advance to an associate	0	(2)
Acquisition of subsidiary	0	(7,465)
Purchase of investment	(976)	(1,646)
Net cash used in investing activities	(3,437)	(17,394)
CASH FLOWS FOR FINANCING ACTIVITIES		
Share issuance expenses	(188)	0
Repayment of hire purchase	(230)	(84)
Proceeds from lease financing	0	0
Repayment of lease financing	(103)	(54)
Proceeds from term loan	0	5,000
Repayment of term loan	(275)	(600)
Proceeds from trade line	722	0
Net cash (used in)/generated from financing activities	(74)	4,262
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,053)	(16,847)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR	9,011	25,858
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR	2,958	9,011
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Fixed deposits with licensed bank	5,852	4,420
Cash and bank balances	4,925	10,840
Bank overdrafts	(1,967)	(1,979)
	8,810	13,281
Less : Fixed deposits pledged	(5,852)	(4,270)
	2,958	9,011

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 2014 and the accompanying explanatory notes attached to this interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THIRD QUARTER ENDED 30 SEPTEMBER 2015**

	Issued Capital	Share Premium	Warrant Reserve	Non-distributable reserve - Reserve on consolidation	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	(4,978)	1,454	(3,524)
Par value reduction	(29,040)	(188)	0	0	29,040	0	(188)
Balance as of 30 September 2015	<u>29,040</u>	<u>10,087</u>	<u>3,775</u>	<u>0</u>	<u>(6,758)</u>	<u>1,505</u>	<u>37,649</u>

	Issued Capital	Share Premium	Warrant Reserve	Non-distributable reserve - Reserve on consolidation	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 2014	58,080	10,275	3,775	0	(26,538)	(1,105)	44,487
Total comprehensive income/(loss) for the period	0	0	0	0	(1,545)	166	(1,379)
Acquisition of subsidiary with non-controlling interest	0	0	0	0	0	825	825
Balance as of 30 September 2014	<u>58,080</u>	<u>10,275</u>	<u>3,775</u>	<u>0</u>	<u>(28,083)</u>	<u>(114)</u>	<u>43,933</u>

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 2014 and the accompanying explanatory notes attached to this interim financial statements.