



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
THIRD QUARTER ENDED 31 DECEMBER 2017

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

| | INDIVIDUAL QUARTER | | | CUMULATIVE QUARTER | | |
|---|--------------------|--------------------------------------|---------|----------------------|-------------------------------------|---------|
| | 2017 | 2016 | Changes | 2017 | 2016 | Changes |
| | CURRENT QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD | |
| | 31/12/2017 | 31/12/2016 | % | 31/12/2017 | 31/12/2016 | % |
| | RM'000 | RM'000 | | RM'000 | RM'000 | |
| REVENUE | 7,288 | 8,036 | -9% | 21,559 | N/A | N/A |
| Operating expenses | (3,586) | 430 | -934% | (13,755) | N/A | N/A |
| Other income | 3,821 | 21 | 18095% | 5,432 | N/A | N/A |
| Interest income | 158 | 45 | 251% | 510 | N/A | N/A |
| Interest expense | (137) | (156) | -12% | (407) | N/A | N/A |
| Profit/(Loss) before taxation | 256 | 340 | -25% | (8,220) | N/A | N/A |
| Taxation | 13 | 0 | - | 13 | N/A | N/A |
| Profit/(Loss) after taxation | 269 | 340 | -21% | (8,207) | N/A | N/A |
| Profit/(loss) attributable to: | | | | | | |
| Equity holders of the company | 239 | 231 | 3% | (8,551) | N/A | N/A |
| Non-controlling interest | 30 | 109 | -72% | 344 | N/A | N/A |
| Profit/(Loss) after taxation | 269 | 340 | -21% | (8,207) | N/A | N/A |
| Weighted average number of shares in issue ('000) | 1,070,574 | 704,424 | | 1,070,574 | N/A | |
| Earnings per share (sen) - basic | 0.02 | 0.03 | | (0.80) | N/A | |

In view of the change in financial year end in previous year end, there were no comparative financial information available for the 9-month financial period ended 31 December 2017.

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 period ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
THIRD QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | AS AT END OF CURRENT QUARTER 31/12/2017 (Unaudited) RM'000 | AS AT PRECEDING FINANCIAL YEAR ENDED 31/3/2017 (Audited) RM'000 |
|-------------------------------------|---|--|
| ASSETS | | |
| Non-current Assets | | |
| Property, Plant and Equipment | 39,306 | 25,736 |
| Other investment | 11,914 | 2,131 |
| Goodwill | 5,805 | 8,047 |
| | 57,025 | 35,914 |
| Current Assets | | |
| Inventories | 7,008 | 8,105 |
| Trade and other receivables | 15,368 | 11,988 |
| Tax recoverable | 641 | 522 |
| Fixed deposits with licensed banks | 5,274 | 5,106 |
| Cash and bank balances | 9,337 | 1,422 |
| | 37,628 | 27,143 |
| TOTAL ASSETS | 94,653 | 63,057 |
| EQUITY AND LIABILITIES | | |
| Capital and Reserves | | |
| Issued capital | 94,797 | 40,953 |
| Share premium | 0 | 10,037 |
| Accumulated loss | (36,126) | (16,185) |
| Share option reserve | 593 | 570 |
| Warrants reserve | 17,617 | 3,775 |
| | 76,881 | 39,150 |
| Non-controlling interest | 2,798 | 1,429 |
| Total Equity | 79,679 | 40,579 |
| Non-current Liability | | |
| Deferred tax liabilities | 1,468 | 1,466 |
| Borrowings | 5,212 | 6,367 |
| | 6,680 | 7,833 |
| Current Liabilities | | |
| Trade and other payables | 4,682 | 10,632 |
| Bank overdrafts | 1,965 | 1,996 |
| Bank borrowings | 1,647 | 1,712 |
| Tax liabilities | 0 | 305 |
| | 8,294 | 14,645 |
| Total Liabilities | 14,974 | 22,478 |
| TOTAL EQUITY AND LIABILITIES | 94,653 | 63,057 |

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

0.0718

0.0538

The unaudited condensed consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
THIRD QUARTER ENDED 31 DECEMBER 2017

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| | 9-MONTHS ENDED | 12-MONTHS ENDED |
|--|-----------------------|------------------------|
| | 31/12/17 | 31/3/17 |
| | (Unaudited) | (Audited) |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before tax | (8,220) | (4,786) |
| Adjustment for: | | |
| Non-cash items | 9,149 | 3,462 |
| Non-operating items | (103) | 514 |
| Operating loss before working capital changes | 826 | (810) |
| Net changes in current assets | (3,242) | 4,256 |
| Net changes in current liabilities | (5,949) | (8,448) |
| Cash used in operations | (8,365) | (5,002) |
| Interest paid | (407) | (747) |
| Net tax paid | (402) | (488) |
| Net cash used in operating activities | (9,174) | (6,237) |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Acquisition of subsidiaries | (383) | 0 |
| Advance to an associate | (14) | (29) |
| Interest received | 510 | 232 |
| Investment in other investments | (10,153) | 0 |
| Placement of fixed deposits | (168) | 562 |
| Proceeds from disposal of plant and equipment | 503 | 35 |
| Proceeds from redemption of redeemable preference shares | 0 | 296 |
| Purchase of property, plant and equipment | (15,746) | (5,276) |
| Net cash used in investing activities | (25,451) | (4,180) |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Repayment of finance lease liabilities | (929) | (1,211) |
| Repayment of term loan | (307) | (525) |
| Share issuance expenses | (821) | (533) |
| Proceeds from bill payables | 0 | (345) |
| Proceeds from issuance of right shares | 40,953 | 11,913 |
| Proceeds from issuance of share issuance scheme | 3,675 | - |
| Net cash generated from financing activities | 42,571 | 9,299 |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 7,946 | (1,118) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD/YEAR | (574) | 544 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD/YEAR | 7,372 | (574) |
| CASH AND CASH EQUIVALENTS COMPRISE OF: | | |
| Fixed deposits with licensed bank | 5,274 | 5,106 |
| Cash and bank balances | 9,337 | 1,422 |
| Bank overdrafts | (1,965) | (1,996) |
| | 12,646 | 4,532 |
| Less : Fixed deposits pledged | (5,274) | (5,106) |
| | 7,372 | (574) |

The unaudited condensed consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.



KEY ALLIANCE GROUP BERHAD (609953-K)
(Incorporated in Malaysia)
THIRD QUARTER ENDED 31 DECEMBER 2017

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 April 2017 | 40,953 | 10,037 | 3,775 | 570 | (16,185) | 1,429 | 40,579 |
| Adjustment for effects of Companies Act 2016* | 9,216 | (9,216) | 0 | 0 | 0 | 0 | 0 |
| Total comprehensive loss for the period | 0 | 0 | 0 | 0 | (8,551) | 344 | (8,207) |
| Grant of share issuance scheme | 0 | 0 | 0 | 2,475 | 0 | 0 | 2,475 |
| Issuance of right share | 40,953 | (821) | 13,842 | 0 | (13,842) | 0 | 40,132 |
| Exercise of Share issuance scheme | 3,675 | 0 | 0 | (2,452) | 2,452 | 0 | 3,675 |
| Arising from acquisition of subsidiary | 0 | 0 | 0 | 0 | 0 | 1,025 | 1,025 |
| Balance as of 31 December 2017 | <u>94,797</u> | <u>0</u> | <u>17,617</u> | <u>593</u> | <u>(36,126)</u> | <u>2,798</u> | <u>79,679</u> |

| | 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 2016 | 29,040 | 10,087 | 3,775 | 1,053 | (10,983) | 1,322 | 34,294 |
| Total comprehensive loss for the period | 0 | 0 | 0 | 0 | (4,818) | 34 | (4,784) |
| Exercise of share issuance scheme | 4,000 | 0 | 0 | (1,053) | 1,053 | 0 | 4,000 |
| Share issuance | 7,913 | (533) | 0 | 0 | 0 | 0 | 7,380 |
| Balance as of 31 December 2016 | <u>40,953</u> | <u>9,554</u> | <u>3,775</u> | <u>0</u> | <u>(14,748)</u> | <u>1,356</u> | <u>40,890</u> |

* With the Companies Act 2016 ("the Act") coming into effect on 31 January 2017, the credit stating in the share premium accounts of RM9,216,098 has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the Act, the Group may exercise its right to use the credit amounts being transferred from share premium within 24 months after the commencement of the Act. The Board of Directors will make a decision thereon by 31 January 2019.

The unaudited condensed consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to this interim financial statements.