

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD**

(Company No. 643114-X)

(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT  
FOR THE FIRST QUARTER ENDED 30 APRIL 2009**

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)**

(Incorporated in Malaysia)

**Quarterly report on consolidated results for the first quarter ended 30 April 2009  
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT**

The Board of Directors of Key West Global Telecommunications Berhad would like to announce the following unaudited condensed consolidated results for the three month quarter ended 30 April 2009.

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30-Apr-09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-08 RM'000	CURRENT YEAR TO DATE 30-Apr-09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Apr-08 RM'000
Revenue	A4	47,022	35,033	47,022	35,033
Cost of Sales		(43,342)	(28,991)	(43,342)	(28,991)
Gross Profit		3,680	6,042	3,680	6,042
Other income		13	153	13	153
Administrative expenses		(4,583)	(3,860)	(4,583)	(3,860)
Selling and marketing expenses		(1,243)	(1,526)	(1,243)	(1,526)
Other expenses		(307)	(724)	(307)	(724)
Finance costs		(84)	(93)	(84)	(93)
Loss before taxation		(2,524)	(8)	(2,524)	(8)
Taxation	B20	998	18	998	18
(Loss)/profit for the period		(1,526)	10	(1,526)	10
Attributable to:					
Equity holder of the parent		(1,526)	10	(1,526)	10
Minority interest		-	-	-	-
		(1,526)	10	(1,526)	10
Basic earnings per share (sen)	B28	(0.68)	0.004	(0.68)	0.004
Diluted earnings per share (sen)	B28	N/A	N/A	N/A	N/A

N/A - Not Applicable

*The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial statements.*

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 April 2009  
**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET**

		Unaudited 2009 As at 30 April RM'000	Audited 2009 As at 31 Jan RM'000
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	A9	5,753	6,063
Intangible assets		8,127	8,443
Deferred tax assets		1,249	1,262
		<u>15,129</u>	<u>15,768</u>
<b>CURRENT ASSETS</b>			
Inventories, at cost		77	70
Trade receivables		23,193	18,400
Other receivables		2,582	2,017
Tax recoverable		2,577	1,770
Cash and bank balances		2,778	6,202
		<u>31,207</u>	<u>28,459</u>
<b>TOTAL ASSETS</b>		<b><u>46,336</u></b>	<b><u>44,227</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	A10	22,500	22,500
Share premium		409	409
Reserve		(2,509)	(2,325)
Accumulated losses		(3,050)	(1,524)
Equity attributable to equity holders of the parent		<u>17,350</u>	<u>19,060</u>
Minority interest		-	-
<b>Total equity</b>		<b><u>17,350</u></b>	<b><u>19,060</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B24	280	293
Deferred tax liability		18	18
		<u>298</u>	<u>311</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		18,695	14,170
Other payables		4,471	4,586
Provision for liabilities		511	762
Deferred revenue		702	590
Borrowing	B24	4,309	4,625
Tax payable		-	123
		<u>28,688</u>	<u>24,856</u>
<b>Total liabilities</b>		<b><u>28,986</u></b>	<b><u>25,167</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>46,336</u></b>	<b><u>44,227</u></b>
Net assets per share (RM)		<u>0.08</u>	<u>0.08</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the company's annual audited financial statements for the period ended 31 January 2009.

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 April 2009  
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →				Minority Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Distributable Retained Earnings RM'000		
<b>At 1 February 2008</b>						
As previously stated	22,500	409	(716)	3,252	-	25,445
Foreign exchange reserve	-	-	(712)	-	-	(712)
Net profit for the period	-	-	-	10	-	10
<b>At 30 April 2008</b>	<b>22,500</b>	<b>409</b>	<b>(1,428)</b>	<b>3,262</b>	<b>-</b>	<b>24,743</b>
<b>At 1 February 2009</b>						
As previously stated	22,500	409	(2,325)	(1,524)	-	19,060
Foreign exchange reserve	-	-	(184)	-	-	(184)
Net loss for the period	-	-	-	(1,526)	-	(1,526)
<b>At 30 April 2009</b>	<b>22,500</b>	<b>409</b>	<b>(2,509)</b>	<b>(3,050)</b>	<b>-</b>	<b>17,350</b>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 January 2009 and the accompanying explanatory notes attached to the interim financial statements.

KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the first quarter ended 30 April 2009

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 30-Apr-09 RM'000	3 months ended 30-Apr-08 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(2,524)	(8)
Adjustments for:		
Allowance for doubtful debts	511	299
Depreciation	429	416
Amortisation of intangibles	143	135
Amortisation of development costs	8	8
Net foreign exchange (gain)/loss	(282)	164
Operating (loss)/profit before working capital changes	<u>(1,715)</u>	<u>1,014</u>
Changes in current assets and liabilities:		
Trade receivables	(5,304)	(3,031)
Other receivables	(565)	217
Inventories	(7)	-
Provision for liabilities	(251)	(76)
Trade payables	4,525	3,514
Other payables and accruals	(102)	(3,422)
Deferred revenue	112	-
Cash flows used in operations	<u>(3,307)</u>	<u>(1,784)</u>
Income taxes received/(paid)	68	(24)
Net cash used in operating activities	<u>(3,239)</u>	<u>(1,808)</u>
<b>Cash flows from investing activities</b>		
Intangibles	173	26
Purchase of property, plant and equipment	(119)	(12)
Development costs	(8)	(151)
Net cash generated from/(used in) investing activities	<u>46</u>	<u>(137)</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(316)	(178)
Repayment of hire purchase	(13)	3
Net cash used in financing activities	<u>(329)</u>	<u>(175)</u>
Effects of exchange rate changes	98	(876)
<b>Net decrease in cash and cash equivalents</b>	(3,424)	(2,996)
<b>Cash and cash equivalents at beginning of period</b>	<u>6,202</u>	<u>10,320</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>2,778</u></u>	<u><u>7,324</u></u>
<b>Cash and cash equivalents comprise the following</b>		
Other investment	-	317
Cash and bank balances	<u>2,778</u>	<u>7,007</u>
	<u><u>2,778</u></u>	<u><u>7,324</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the company's annual audited financial statements for the period ended 31 January 2009.

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)**

(Incorporated in Malaysia)

**Quarterly report on consolidated results for the first quarter ended 30 April 2009****A NOTES TO THE INTERIM FINANCIAL REPORT****A1 Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The interim financial report should be read in conjunction with the audited financial statements of Key West Global Telecommunications Berhad ("KeyWest" or "the Company") for the period ended 31 January 2009.

The accounting policies and methods of computation adopted by KeyWest and its subsidiary corporations ("KeyWest Group" or "the Group") in this interim financial report are consistent with those adopted in the annual financial statements for the period ended 31 January 2009.

**A2 Changes in accounting policies**

The accounting policies and methods of computation used in the presentation of the quarterly financial statements are consistent with those applied in the latest audited annual financial statements ended 31 January 2009.

**A3 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the period ended 31 January 2009 was not qualified.

**A4 Segment information**

The Group is a provider of network products and services to telecommunications companies ("Telcos") as well as corporate and individual subscribers. The business segments can be broken down as Telco sales and Retail sales.

For the three months ended 30 April 2009	Revenue RM '000	Loss from operations before tax RM '000
Telco product and services	35,525	(436)
Retail product and services	11,497	(2,082)
Others	-	(6)
	47,022	(2,524)

For the three months ended 30 April 2008	Revenue RM '000	Loss from operations before tax RM '000
Telco product and services	23,020	(362)
Retail product and services	12,013	377
Others	-	(23)
	35,033	(8)

**A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

During the quarter under review, there were no items or events that arose, which affected assets, liabilities, equity, net income or cash flows, that are unusual by reason of their nature, size or incidence.

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**Quarterly report on consolidated results for the first quarter ended 30 April 2009**

**A6 Material changes in estimates**

There were no changes in estimates of amounts reported that have a material effect in the quarter under review.

**A7 Seasonal or cyclical factors**

The Group's operations were not subject to any seasonal or cyclical changes.

**A8 Dividend paid**

No dividend was paid in the current financial quarter.

**A9 Carrying amount of revalued assets**

There were no changes in the valuation of the property, plant and equipment reported in the quarter under review.

**A10 Debt and equity securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter except as shown on the Unaudited Condensed Consolidated Statement of Changes in Equity.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the quarter under review.

**A12 Discontinued operation**

There were no discontinued operation during the quarter under review.

**A13 Capital commitments**

There were no capital commitments as at the date of this announcement.

**A14 Contingent liabilities**

The Company has provided a corporate guarantee to a financial institution in respect of credit facilities of a wholly-owned subsidiary, Voicestar Communications Sdn Bhd ("VCSB"). As at 30 April 2009, VCSB has utilised RM4.231 million of the credit facilities.

**A15 Material events subsequent to the end of the quarter**

On 16 February 2009, the Company's subsidiary Times Telecom Inc. (TTI), had on 30 January 2009 filed a listing application with the TSX Venture Exchange ("TSX.V") that incorporates a draft preliminary prospectus which will be filed with various Securities Commissions in Canada in due course. The listing application is subject to review and approval by the TSX.V.

Subsequently, on 6 May 2009, the Company announced that TTI had on 30 April 2009 filed its preliminary prospectus to the British Columbia Securities Commission and Alberta Securities Commission.

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B16 Review of performance**

The Group's revenue for the first quarter ended 30 April 2009 was RM47 million with loss before tax of RM2.52 million. Approximately 76% of the revenue was derived from the Telco sector (RM35.52 million) and 24% from the Retail sector (RM11.48 million).

The Group's revenue increased by RM12 million or 34.2% compared to RM35 million from the preceding year's corresponding quarter. The increase mainly attributable to the Telco revenue experienced steady growth in the business volume and traffic minutes. On the other hand, the retail revenue drop slightly due to slow growth in customer base.

Despite an increase in revenue, the Group's loss before tax increased by RM2.52 million as compared to the preceding year's corresponding quarter and this was mainly due to reduced margins, as the business felt the effects of the recent economic slowdown. The operating expenses increased for this reporting quarter mainly due to the additional provision of doubtful debts.

**B17 Material change in profit before taxation**

The Group's loss before taxation for the current quarter ended 30 April 2009 of RM2.52 million represents a decrease of RM2.04 million over the loss before tax of RM4.56 million for the previous quarter ended 31 January 2009. The reported loss of the previous quarter were substantially higher attributable to the provision of doubtful debts and impairment of the telecommunication equipment provided.

The revenue for the Retail sector remained stable for the quarter. However, losses from operations increased mainly due to lower gross margin contribution plus the company expanded its interconnection network to cater for higher traffic capacity.

In the Telco sector, the revenue increased by 35% to RM35.52 million as compared to RM26.26 million from the previous quarter. The increase was mainly due to the increase in wholesale traffic volumes. Loss from operations narrowed attributed by increase in gross profit contribution, cost cutting exercises and lower provision of doubtful debts.

**B18 Current Year Prospects**

The Board expects to face a challenging year ahead with the recent turmoil in the global capital markets. In response to this, the Group will continue to improve liquidity and minimise credit exposure by emphasising on collections. In addition, the Group will undertake prudent measures to manage costs in order to ride out this period of global financial turbulence, taking into consideration prevailing sentiments and market conditions.

**B19 Profit forecast and profit guarantee**

No profit forecast or profit guarantee announced, therefore there is no comparison between actual results and forecast.

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**B20 Income tax expense**

The Group's taxation represents the consolidation of the estimated taxation expense of the various companies within the Group and is computed vis-à-vis the respective tax jurisdiction and legislation of the various countries of operation.

	3 months ended 30-Apr-09 RM('000)	3 months ended 30-Apr-08 RM('000)
Income tax/(recovery):		
Malaysian income tax	-	-
Foreign tax	(998)	(18)
	<u>(998)</u>	<u>(18)</u>

There is no tax expense for the current period as the Company and most of its subsidiaries posted with losses. The effective tax rates for the period presented above are lower than the statutory rate principally due to availability of tax recovery on certain entities' net operating loss carryback to financial years.

**B21 Unquoted investments and properties**

There were no acquisitions or disposals of unquoted investments and properties during the quarter ended 30 April 2009.

**B22 Quoted securities**

There were no acquisitions or disposals of quoted securities during the quarter ended 30 April 2009.

**B23 Status of Corporate Proposal**

Please refer to Note A15 for status of corporate proposals.

**Status of Utilisation of Proceeds**

As at 30 April 2009, the total proceeds from the IPO and Rights Issue were utilised as follows:

Proceeds:	RM ('000)					
Rights Issue	5,396					
Initial Public Offering	14,800					
	<u>20,196</u>					
		Proposed Utilisation *	Revised Utilisation **	Actual Utilisation	Unutilised Amount	Explanations
		RM('000)	RM('000)	RM('000)	RM('000)	%
Capital expenditure	3,713	3,713	3,713	3,713	-	- Note 2
R & D	2,700	1,150	1,150	1,150	-	- Note 2
Working capital	3,195	4,745	4,608	4,608	137	2.9% Note 1
Listing expenses	2,000	2,000	2,000	2,000	-	- Note 2
Acq. of the assets of Yestel	8,588	8,588	8,588	8,588	-	- Note 2
	<u>20,196</u>	<u>20,196</u>	<u>20,059</u>	<u>20,059</u>	<u>137</u>	

\* Proposed Utilisation was adjusted as detailed under Circular to Shareholders dated 14 March 2006 and approved by shareholders at the Extraordinary General Meeting held on 29 March 2006.

\*\* SC had vide their letter dated 31 October 2008 approved the redeployment of unutilised proceeds which was allocated to R & D Cost purposes, for use as a working capital purposes of the Company.

Note 1: The Group has yet to fully utilise the proceeds in accordance to the revised utilisation schedule.

Note 2: Fully utilised

**B24 Group's borrowings and debt securities**

The Group borrowings consist of the following:

- (a) On 9 April 2008, both Times Telecom Inc. and Keywest Networks (Canada) Inc., wholly owned subsidiaries of the Company, collectively were granted new credit facilities by HSBC Bank Canada ("Bank").

Facilities	: CAD 290,000 revolving demand term loan (the "Overdraft").
Purposes	: To assist in financing the day-to-day working capital requirements.
Status	: As at 30 April 2009, collectively TTI and KNI have utilised CAD 70,000 of the Overdraft facility (not utilised - 30 April 2008).
Facilities	: CAD 110,000 revolving demand loan (the "Equipment Loan")
Purposes	: To assist in financing the capital requirements.
Status	: As at 30 April 2009, collectively TTI and KNI have utilised CAD 66,000 (CAD104,500 - 30 April 2009) of the Equipment Loan.
Facilities	: CAD100,000 guarantee line, a sub-limit of the Overdraft (the "Guarantee Line").
Purposes	: To issue guarantees to third party telecommunications providers.
Status	: As at 30 April 2009, collectively TTI and KNI have not utilised the Guarantee Line.
Facilities	: CAD190,000 import loan, a sub-limit of the Overdraft (the "Import Loan").
Purposes	: To issue standby letters of credit to overseas suppliers.
Status	: As at 30 April 2009, collectively TTI and KNI have utilised USD140,000 (USD140,000 - 30 April 2008) of the Import Loan.

In addition to the above, the loans are subject to margin requirements and financial covenants that are currently breached. TTI and KNI are currently in negotiation with the bank for revision of terms. The loans are guaranteed by Keywest Communications (USA) Inc.

- (b) On 6 March 2006, Voicestar Communication Sdn Bhd ("VCSB") entered into a hire purchase agreement with Hong Leong Bank Berhad for the purchase of a motor vehicle. The amount of the facility was RM 314,000. Monthly payments of RM 3,693 commenced on 6 April 2006 for 108 months with RM 3,629 as the final payment.  
As at 30 April 2009, VCSB had made 37 instalment payments totalling RM136,600 (RM92,300 - 30 April 2008).

- (c) On 19 June 2006, VCSB accepted the following banking facilities ("the Facilities") granted by AmBank (M) Berhad ("AmBank"), subject to the terms and conditions stipulated in AmBank's Letter of Offer dated 5 June 2006:

(i)	Facilities	:	RM4,000,000 overdraft facility ("OD").
	Purposes	:	For general working capital.
	Status	:	As at 30 April 2009, VCSB has utilised RM4 million of the OD facility.
(ii)	Facilities	:	RM500,000 bank guarantee facility ("BG").
	Purposes	:	As performance bonds, tender deposits, earnest money for tender/ security deposits in favour of statutory bodies and/ or other parties acceptable to AmBank.
	Status	:	As at 30 April 2009, VCSB has not utilised the BG facility.

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(Incorporated in Malaysia)

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**B25 Off balance sheet financial instruments**

There was no financial instrument with off-balance sheet risk as at the date of this announcement applicable to the Group.

**B26 Material litigation**

There were no material litigations pending at the date of this announcement.

**B27 Dividend payable**

No dividend has been declared in respect of the financial period under review.

**B28 Earnings per share**a) Basic earnings per share ("EPS")

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	CURRENT YEAR QUARTER 30-Apr-09	PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-08	CURRENT YEAR TO DATE 30-Apr-09	PRECEDING YEAR CORRESPONDING PERIOD 30-Apr-08
(Loss)/profit for the period attributable to ordinary shareholders of the Company (RM'000)	(1,526)	10	(1,526)	10
Weighted average number of ordinary shares in issue ('000)	225,000	225,000	225,000	225,000
Basic EPS (sen)	(0.68)	0.004	(0.68)	0.004

b) Diluted EPS

There is no dilution of share capital for the Group.

**B29 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 26 June 2009.