

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD**  
(Company No. 643114-X)  
(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT  
FOR THE FIRST QUARTER ENDED 30 APRIL 2010**

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the first quarter ended 30 April 2010**  
**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 2010.

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30-Apr-10 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30-Apr-09 RM'000	CURRENT YEAR TO DATE 30-Apr-10 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30-Apr-09 RM'000
Revenue	A4	26,809	47,022	26,809	47,022
Cost of Sales		(23,508)	(43,342)	(23,508)	(43,342)
Gross Profit		3,301	3,680	3,301	3,680
Other income		20	13	20	13
Administrative expenses		(2,620)	(4,583)	(2,620)	(4,583)
Selling and marketing expenses		(1,225)	(1,243)	(1,225)	(1,243)
Other expenses		(730)	(307)	(730)	(307)
Finance costs		(73)	(84)	(73)	(84)
Loss before taxation		(1,327)	(2,524)	(1,327)	(2,524)
Taxation	B21	-	998	-	998
Loss for the period		(1,327)	(1,526)	(1,327)	(1,526)
Attributable to:					
Equity holder of the parent		(1,327)	(1,526)	(1,327)	(1,526)
Minority interest		-	-	-	-
		(1,327)	(1,526)	(1,327)	(1,526)
Basic earnings per share (sen)	B28	(0.77)	(0.68)	(0.77)	(0.68)
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 2010 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 2010  
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited 2010 As at 30 April RM'000	Audited 2010 As at 31 January RM'000
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	A9	3,204	4,845
Intangible assets		-	7,252
Deferred tax assets		1	1,226
		3,205	13,323
<b>CURRENT ASSETS</b>			
Inventories, at cost		-	582
Trade receivables		25,109	25,612
Other receivables		999	2,093
Tax recoverable		406	1,129
Cash and bank balances		2,653	4,422
		29,167	33,838
<b>TOTAL ASSETS</b>		<b>32,372</b>	<b>47,161</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	A10	13,500	22,500
Share premium		-	409
Reserve		(3,290)	(2,012)
Accumulated losses		(3,931)	(8,965)
Equity attributable to equity holders of the parent		6,279	11,932
Minority interest		-	-
<b>Total equity</b>		<b>6,279</b>	<b>11,932</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B24	134	193
Deferred tax liability		7	8
		141	201
<b>CURRENT LIABILITIES</b>			
Trade payables		18,654	25,190
Other payables		2,740	4,037
Provision for liabilities		633	968
Deferred revenue		108	729
Borrowing	B24	3,817	3,995
Tax payable		-	109
		25,952	35,028
<b>Total liabilities</b>		<b>26,093</b>	<b>35,229</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,372</b>	<b>47,161</b>
Net assets per share (RM)		0.05	0.05

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 2010.

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)**  
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Quarterly report on consolidated results for the first quarter ended 30 April 2010  
**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	← Non-Distributable → Share Premium RM'000		Other Reserves RM'000		
<b>At 1 February 2009</b>	22,500	409	(2,325)	(1,524)	-	19,060
Foreign exchange reserve	-	-	313	-	-	313
Net loss for the period	-	-	-	(7,441)	-	(7,441)
<b>At 31 January 2010</b>	<b>22,500</b>	<b>409</b>	<b>(2,012)</b>	<b>(8,965)</b>	-	<b>11,932</b>
<b>At 1 February 2010</b>	22,500	409	(2,012)	(8,965)	-	11,932
Demerger of TTI	(9,000)	(409)	(1,126)	6,361	-	(4,174)
Foreign exchange reserve	-	-	(152)	-	-	(152)
Net loss for the period	-	-	-	(1,327)	-	(1,327)
<b>At 30 April 2010</b>	<b>13,500</b>	<b>-</b>	<b>(3,290)</b>	<b>(3,931)</b>	-	<b>6,279</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 2010 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 2010  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended 30-Apr-10 RM'000	3 months ended 30-Apr-09 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation	(1,327)	(2,524)
Adjustments for:		
Allowance for doubtful debts	168	511
Depreciation	185	429
Amortisation of intangibles	78	143
Amortisation of development costs	-	8
Net foreign exchange loss/(gain)	1,350	(282)
Operating loss before working capital changes	<u>454</u>	<u>(1,715)</u>
Changes in current assets and liabilities:		
Trade receivables	335	(5,304)
Other receivables	1,194	(565)
Inventories	582	(7)
Provision for liabilities	(335)	(251)
Trade payables	(6,536)	4,525
Other payables and accruals	(194)	(102)
Deferred revenue	(621)	112
Cash flows used in operations	<u>(5,121)</u>	<u>(3,307)</u>
Income taxes recovered/(paid)	12	68
Net cash used in operating activities	<u>(5,109)</u>	<u>(3,239)</u>
<b>Cash flows from investing activities</b>		
Intangibles	-	173
Demerger of subsidiaries	5,035	-
Purchase of property, plant and equipment	-	(119)
Development costs	-	(8)
Net cash used in investing activities	<u>5,035</u>	<u>46</u>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(178)	(316)
Repayment of hire purchase	(59)	(13)
Net cash used in financing activities	<u>(237)</u>	<u>(329)</u>
Effects of exchange rate changes	<u>(1,350)</u>	<u>98</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(1,661)</u>	<u>(3,424)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>643</u>	<u>6,202</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>(1,018)</u></u>	<u><u>2,778</u></u>
<b>Cash and cash equivalents comprise the following</b>		
Cash and bank balances	2,653	4,610
Bank overdraft	(3,671)	(1,832)
	<u><u>(1,018)</u></u>	<u><u>2,778</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 2010.*

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD (643114-X)**  
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Quarterly report on consolidated results for the first quarter ended 30 April 2010

**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 and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") for the ACE 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 2010.

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 2010.

**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 2010.

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

The auditors' report on the financial statements for the period ended 31 January 2010 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 2010	Revenue RM '000	Loss from operations before tax RM '000
Telco product and services	22,645	(430)
Retail product and services	4,164	(688)
Others	-	(209)
	26,809	(1,327)

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)

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

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**Quarterly report on consolidated results for the first quarter ended 30 April 2010**

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

During the quarter under review, TTI Group was demerged from the Company after 8 March 2010, which TTI's assets, liabilities, equity, net income or cash flows will not be consolidated under the group after the demerger completed.

**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**

On 24 November 2009, the High Court of Malaya granted an order under Section 64 of the Companies Act 1965 confirming the Proposed Capital Distribution which would be effected via the cancellation of 90 million KGTB shares on the basis of two (2) KGTB shares for every five (5) KGTB shares held, amounting to RM9.0 million.

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

On 8 March 2010, the TTI Group (retail segment), was completely demerged from the Company and subsequently listed on the TSX Venture Exchange in Toronto.

**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 2010, VCSB has utilised RM3.67 million of the credit facilities.

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Quarterly report on consolidated results for the first quarter ended 30 April 2010

**A15 Material events during the quarter under review**

On 24 November 2009, the High Court of Malaya granted an order under Section 64 of the Companies Act 1965 confirming the Proposed Capital Distribution which will be effective via the cancellation of 90 million KGTB shares on the basis of two (2) KGTB shares for every five (5) KGTB shares held, amounting to 9 million.

Subsequent to year end after fulfilling all of the conditions of the SC, TTI Group has successfully demerged from KGTB and became publicly traded on the TSX Venture Exchange after 8 March 2010. As such, the proposed demerger of TTI Group has been completed.

**A16 Material events subsequent to the end of the quarter**

There were no material events subsequent to the end of the quarter during the quarter under review.



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

**B17 Review of performance**

The Group's revenue for the first quarter ended 30 April 2010 was RM26.8 million with loss before tax of RM1.3 million. Approximately 84% of the revenue was derived from the Telco sector (RM22.6 million) and 16% from the Retail sector (RM4.2 million).

The Group's revenue decreased by RM20.2 million or 42.9% compared to RM47.0 million from the preceding year's corresponding quarter as result of the demerger of the TTI Group.

The Group's loss before tax was RM1.3 million, which was an improvement compared to the preceding year's corresponding quarter loss before tax of RM1.5 million. This was mainly attributed by the decrease in administrative expense after the demerger of TTI Group and mitigated by the foreign exchange losses for the first quarter.

**B18 Material change in profit before taxation**

The Group's loss before taxation for the current quarter ended 30 April 2010 of RM1.3 million represents an improvement of RM3.7 million over the loss before tax of RM5.0 million in the previous quarter ended 31 January 2010. The smaller loss was mainly attributed to lower administrative expenses in the current quarter. During the prior quarter professional fees incurred for the corporate exercise to demerge its TTI retail segment was recorded in administrative expenses. TTI was listed on the TSX Venture Exchange in Toronto on 8 March 2010.

In the Retail segment, the revenue decreased by 67.7% to RM4.2 million as compared to RM13.0 million from the previous quarter. The decrease was mainly due to the demerger of the TTI Group from the KGTB Group on 8 March 2010. However, the loss before taxation had been reduced significantly, from the previous quarter of RM3.1 million to the current quarter of RM688,000. This once again was mainly from the effects of the demerger resulting in recording only one month of the losses from the TTI Group.

In the Telco sector, the revenue increased by 22.16% to RM22.6 million as compared to the previous quarter of RM18.5 million. The increase was mainly due to the inclusion of sales (traffic sales) to TTI which was previously eliminated prior to the demerger as intercompany revenue. In addition, margins were generally better this quarter as compared to the previous quarter and there was also a one-time rebate received from a key vendor - PLDT, that provided a 1.20% boost to the profit margin. Loss before taxes for the quarter was RM430,000 which was significantly better than the RM1.7 million loss from the prior quarter. The improvement was mainly resulting from the healthier gross margin and lower administrative costs in the current quarter. The previous quarter recognised more bad debt and administrative expenses than the current quarter.

**B19 Current Year Prospects**

Management remains cautious as the global economy emerges from the recessionary pressures, as signs of recovery remain unclear. The Group continues to focus on minimizing credit exposure by exercising prudence with tight credit control measures. Following the demerger of TTI Group from KGTB, management undertakes new strategies to drive incremental sales and profit margins, coupled with effective cost management and pro-active steps taken to strengthen its balance sheet to deliver better results in the new year.

**B20 Profit forecast and profit guarantee**

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

Quarterly report on consolidated results for the first quarter ended 30 April 2010

**B21 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-10 RM('000)	3 months ended 30-Apr-09 RM('000)
Income tax paid/(recovery):		
Malaysian income tax	-	-
Foreign tax	-	(998)
	-	(998)

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 carry back to financial years.

**B22 Unquoted investments and properties**

There were no acquisitions or disposals of unquoted investments and properties except the demerger exercise of TTI Group during the quarter ended 30 April 2010.

**B23 Quoted securities**

There were no acquisitions or disposals of quoted securities during the quarter ended 30 April 2010.

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

The Group's borrowings as at 30 April 2010:

	Current RM'000	Non-Current RM'000	Total RM'000
<b>Unsecured</b>			
Bank overdraft	3,671	-	3,671
<b>Secured</b>			
Hire purchase creditors	87	134	221
Term loans	59	-	59
	3,817	134	3,951

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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.

	CURRENT YEAR QUARTER 31-Jan-10	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan-09
Loss for the period attributable to ordinary shareholders of the Company (RM'000)	(1,327)	(1,526)
Weighted average number of ordinary shares in issue ('000)	171,404	225,000
Basic EPS (sen)	(0.77)	(0.68)

**B28 Earnings per share (Contd.)**

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 25 June 2010.