KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD

(Company No. 643114-X)
(Incorporated in Malaysia)

UNAUDITED QUARTERLY REPORT
FOR THE FOURTH QUARTER ENDED 31 JANUARY 2011

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

Quarterly report on consolidated results for the fourth quarter ended 31 January 2011
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME

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 31 January 2011.

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31-Jan-11	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan-10	CURRENT YEAR TO DATE 31-Jan-11 (Restated)	PRECEDING YEAR CORRESPONDING PERIOD 31-Jan-10
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	A4	15,363	31,470	76,584	160,808
Cost of sales		(13,372)	(26,675)	(67,282)	(140,430)
Gross profit		1,991	4,795	9,302	20,378
Other income		18	11	65	90
Administrative expenses		(623)	(6,901)	(5,346)	(19,231)
Selling and marketing expenses		(1,219)	(1,824)	(4,455)	(6,176)
Other expenses		(243)	(553)	(885)	(2,320)
Effect of demerger of TTI Group		-	-	4,242	-
Finance costs		(110)	(81)	(409)	(352)
Gain/(loss) before tax		(186)	(4,553)	2,514	(7,611)
Taxation	B21	(69)	(194)	(69)	510
Gain/(loss) net of tax		(255)	(4,747)	2,445	(7,101)
Other comprehensive income:					
Foreign currency translation gain/(loss)		48	(442)	(419)	(340)
Other comprehensive gain/(loss), net of tax		48	(442)	(419)	(340)
Total comprehensive gain/(loss) for the period		(207)	(5,189)	2,026	(7,441)
Attributable to:					
Equity holder of the parent		(207)	(5,189)	2,026	(7,441)
Minority interest		-	-	-	-
		(207)	(5,189)	2,026	(7,441)
Basic earnings per share (sen)	B28	(0.15)	(2.31)	1.12	(3.31)
Diluted earnings per share (sen)	B28	(0.15)	(2.31)	1.12	(3.31)

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 fourth quarter ended 31 January 2011
UNAUDITED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited 2011 As at 31 January RM'000	Audited 2010 As at 31 January RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	A9	2,526	4,845
Intangible assets		-	7,252
Deferred tax assets		4	1,226
		2,530	13,323
CURRENT ASSETS			
Inventories, at cost		-	582
Trade and other receivables		27,871	27,705
Tax recoverable		232	1,129
Cash and bank balances		2,428	4,422
		30,531	33,838
TOTAL ASSETS		**33,061**	**47,161**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	A10	13,500	22,500
Share premium		-	409
Reserve		(1,370)	(2,012)
Accumulated losses		(6,939)	(8,965)
Equity attributable to equity holders of the parent		5,191	11,932
Minority interest		-	-
Total equity		5,191	11,932
NON-CURRENT LIABILITIES			
Borrowings	B24	130	193
Deferred tax liability		5	8
		135	201
CURRENT LIABILITIES			
Trade and other payables		23,042	29,227
Provision for liabilities		1,223	968
Deferred revenue		12	729
Borrowing	B24	3,458	3,995
Tax payable		-	109
		27,735	35,028
Total liabilities		27,870	35,229
TOTAL EQUITY AND LIABILITIES		**33,061**	**47,161**
Net assets per share (RM)		0.04	0.05

The Unaudited Statement of Financial Position 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)
(Incorporated in Malaysia)

Quarterly report on consolidated results for the fourth quarter ended 31 January 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent					
		Non-Distributable				
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Minority Interest RM'000	Total RM'000
At 1 February 2009	22,500	409	(2,325)	(1,524)	-	19,060
Total comprehensive income	-	-	-	(7,441)	-	(7,441)
Transactions with owners						
Foreign exchange reserve	-	-	313	-	-	313
At 31 January 2010	**22,500**	**409**	**(2,012)**	**(8,965)**	**-**	**11,932**
At 1 February 2010	22,500	409	(2,012)	(8,965)	-	11,932
Total comprehensive income	-	-	-	2,026	-	2,026
Transactions with owners						
Demerger of TTI	(9,000)	(409)	-	-	-	(9,409)
Foreign exchange reserve	-	-	642	-	-	642
At 31 January 2011	**13,500**	**-**	**(1,370)**	**(6,939)**	**-**	**5,191**

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 fourth quarter ended 31 January 2011
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended 31-Jan-11 RM'000	12 months ended 31-Jan-10 RM'000
Cash flows from operating activities		
Profit/(loss) before taxation	2,514	(7,611)
Adjustments for:		
Allowance for doubtful debts	240	1,196
Depreciation	765	1,754
Amortisation of intangibles	78	586
Loss on disposal of equipments	15	264
Effect of demerger of TTI Group	(4,242)	-
Net foreign exchange loss/(gain)	419	(146)
Operating profit/(loss) before working capital changes	**(211)**	**(3,957)**
Changes in current assets and liabilities:		
Trade and other receivables	(406)	(8,206)
Inventories	582	(512)
Provision for liabilities	255	34
Trade and other payables	(835)	10,480
Deferred revenue	(717)	139
Cash flows used in operations	**(1,332)**	**(2,022)**
Income taxes recovered	163	1,382
Net cash used in operating activities	**(1,169)**	**(640)**
Cash flows from investing activities		
Intangibles	-	576
Proceed from disposal of equipments	1	(509)
Development costs	-	(264)
Net cash used in investing activities	**1**	**(197)**
Cash flows from financing activities		
Repayment of borrowings	(537)	(140)
Repayment of hire purchase	(60)	(98)
Net cash used in financing activities	**(597)**	**(238)**
Effects of exchange rate changes	**154**	**(201)**
Net decrease in cash and cash equivalents	(1,611)	(1,276)
Cash and cash equivalents at beginning of period	643	1,919
Cash and cash equivalents at end of period	**(968)**	**643**
Cash and cash equivalents comprise the following		
Cash and bank balances	2,428	4,415
Bank overdraft	(3,396)	(3,772)
	(968)	**643**

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.

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 ("KGTB" or "the Company") for the year ended 31 January 2010.

The accounting policies and methods of computation adopted by KGTB and its subsidiary corporations in this interim financial report are consistent with those adopted in the annual financial statements for the period ended 31 January 2010. The explanatory notes attached to the interim financial report provides an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group.

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 financial statements except for the mandatory adoption of the following new and revised FRSs and Issues Committee Interpretations ("IC Int") effective for the financial period beginning on 1 January 2010 as follow:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing costs
FRS 139	Financial Instrument: Recognition and Measurement
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Meaasurements, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives

Improvement to FRSs (2009)

IC Int. 9	Reassessment of Embedded Derivatives
IC Int. 10	Interim Financial Reporting and Impairment

The adoption of the above standards and interpretations did not have any significant effect on the interim financial performance of the Group except for those below:

a) FRS 7: Financial Instruments

The adoption of FRS 7 requires additional disclosures regarding fair value measurements and liquidity risk in the full year financial statements, and has no effect on reported profit or equity. However, FRS 7 disclosures are not required in the interim financial statements, and hence no further disclosures have been made in these interim financial statements.

b) FRS 8: Operating Segments

FRS 8, which replaces FRS 114: Segment reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocation resources to the segments and assessing their performance. The standard also required the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. As this is a disclosure standard, there is no impact on the financial position or results of the Group for the period.

A2 Changes in accounting policies (Contd.)

c) FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of comprehensive income. The standard also introduces the statement of comprehensive income, which presents in one single statement, or two linked statement, or two linked statements. In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the reclassification of items in the financial statements. This revised FRS does not have any impact on the financial position and results of the Group.

d) FRS 139: Financial Instruments - Recognition and Measurement

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the adoption of the standard, as at transitional date on 1 January 2010.

Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group's financial liabilities include trade and other payables, loans and borrowings and are carried at amortised cost.

A3 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the period ended 31 January 2010 was unqualified.

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.

	Telco products and services RM'000	Retail products and services RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
12 month period ended					
31-Jan-11					
Revenue					
External sales	72,465	4,119	-	-	76,584
Inter-segment sales	1,957	-	1,727	(3,684)	-
Total revenue	74,422	4,119	1,727	(3,684)	76,584
Result					
Segment results					(1,798)
Effect of demerger					4,242
Interest income					60
Finance costs					(409)
Profit before tax					2,095
Taxation					(69)
Net profit for the period					2,026

	Telco products and services RM'000	Retail products and services RM'000	Others RM'000	Adjustments/ eliminations RM'000	Consolidated RM'000
12 month period ended					
31-Jan-10					
Revenue					
External sales	111,835	48,973	-	-	160,808
Inter-segment sales	21,234	-	4,761	(25,995)	-
Total revenue	133,069	48,973	4,761	(25,995)	160,808
Result					
Segment results					(7,682)
Interest income					71
Finance costs					(340)
Loss before tax					(7,951)
Taxation					510
Net loss for the period					(7,441)

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

TTI Group was demerged from the Company after 8 March 2010. TTI's assets, liabilities, equity, net income and cash flows will not be consolidated under the group after the demerger. The effect of the demerger of approximately RM4.24 million should have been recognised to the Comprehesive Income Statement as of the date of the demerger which is now reflected in the current cumulative quarter.

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. This was completed on 8 March 2010.

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 31 January 2011, VCSB has utilised RM3.40 million of the credit facilities.

A15 Material events during the period under review

There were no material events during the period under review.

A16 Material events subsequent to the end of the quarter

Private placement

On 16 March 2011, the Company had announced to undertake a private placement of up to 10% of the issued and paid up share capital of Keywest which is 13,500,000 new ordinary shares of RM0.10 each. The latest issued and paid-up share capital of the Company after the private placement is 148,500,000 ordinary shares of RM0.10 each. This private placement was completed on 17 March 2011.

Joint venture agreement

KEY WEST had on 25 March 2011 entered into a Joint Venture Agreement ("JVA") with PT SA PETROLEUM ("PTSA") to carry out the extraction of petroleum, further details of the Joint Venture ("JV") are as per the following:-

KOPERASI UNIT DESA KARYA SEJAHTERA ("Koperasi") holds the concession rights granted by PERUSAHAAN PERTAMBANGAN MINYAK DAN GAS BUMI NEGARA ("PERTAMINA") to extract petroleum from an oil field located at the District of Bojonegoro, East Java, Indonesia ("the Oil Field") pursuant to an agreement entered into between the Koperasi and PERTAMINA dated 18 March 2005 which has been renewed by a further agreement dated 29 September 2010 ("the Concession Agreement").

By a joint venture agreement (Perjanjian Kerjasama Penambangan Minyak) dated 11 April 2008 entered into between the Koperasi and PTSA ("Koperasi-PTSA Agreement"), it was agreed that the Koperasi and PTSA will jointly exploit and carry out the extraction of petroleum from the Oil Field. Specifically, PTSA shall be responsible for providing the machinery, technology, manpower and working capital to fulfill the duties and obligations of the Koperasi provided in the Concession Agreement and in return the Koperasi will pay PTSA in the manner stipulated in the Koperasi-PTSA Agreement, namely PTSA will be entitled to 80% of the proceeds of sale of petroleum to PERTAMINA whilst the Koperasi will be entitled to the balance 20% of the proceeds.

The Oil Field is currently in active operation and production but PTSA is desirous of improving the technology used for more efficient extraction of petroleum.

PTSA is desirous of entering into a JV arrangement with KEY WEST to carry out the extraction of petroleum from the eight (8) oil wells within the Oil Field as described in the JVA ("the Identified Wells") for commercial profit. For avoidance of doubt, the Joint Venture encompasses only the Identified Wells and does not extend to the other oil wells within the Oil Field unless extended to the other oil wells within the Oil Field by mutual agreement of both parties.

The parties have engaged Uzma Engineering Sdn. Bhd., a company providing a wide range of services to the oil and gas sector ("UZMA") as consultant to achieve more efficiently the objectives of the Joint Venture. UZMA has completed a preliminary study on the Oil Field and the Board is of the opinion that the JV is viable.

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

B17 Review of performance

The Group's revenue for the fourth quarter ended 31 January 2011 was RM15.36 million with a comprehensive loss of RM207,000. Approximately 94% of the revenue was derived from the Telco sector (RM15.30 million) and 6% from the Retail sector (RM65,000). The Telco sector achieved profit before tax of RM179,000 but Retail sector incurred a loss of RM165,000 during the fourth quarter under review.

The Group's current year's accumulated revenue decreased to RM76.58 million as compared to RM160.80 million from the preceding year as a result of the demerger of the TTI Group. However, the Group's quarterly revenue grew from RM12.58 million in Q3 to RM15.36 million in Q4, a 22% increase quarter over quarter, mainly from the increase in sales from the Telco sector.

The Group's current year achieved accumulated gain of RM2.03 million compared to last financial year's comprehensive loss of RM7.44 million, This was mainly due to the effect of the post-demerger of RM4.24 million reflected in the current year's comprehensive income statement. In addition, there was a reduction in administrative expenses due to TTI's demerger from the Group.

The accumulated loss from the Telco sector has reduced to RM0.203 milion for the current year to date, from the preceding year's loss of RM2.30 million. Similarly, the Retail sector incurred a lower accumulated loss of RM2.207 million in the current year as compared to a loss of RM 3.3 million in the preceding year.

B18 Material change in profit before taxation

The Group experienced an accumulated operating loss of RM2.15 million for the financial year ended 31 January 2011, but an accumulated gain of RM2.10 million before taxation upon recognizing the effect of the demerger of TTI Retail group. This adjustment has been appropriately reflected in the current quarter's comprehensive income statement.

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 prudent credit control measures. Following the demerger of TTI Group from KGTB, management undertakes new strategies to drive incremental sales and profit margins, and initiate cost management measures in order to reverse the losses sustained by the Group for the past three years.

Looking forward, the Board is optimistic that the new joint venture that was recently forged in the Oil and Gas sector will contribute positively in the new financial year.

B20 Profit forecast and profit guarantee

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

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 31-Jan-11 RM('000)	3 months ended 31-Jan-10 RM('000)	12 months ended 31-Jan-11 RM('000)	12 months ended 31-Jan-10 RM('000)
Income tax paid/(recovery):				
Malaysian income tax	-	-	-	-
Foreign tax	69	194	69	(510)
	69	194	69	(510)

B22 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments and properties except the demerger exercise of TTI Group.

B23 Quoted securities

There were no acquisitions or disposals of quoted securities during the quarter ended 31 January 2011.

B24 Group's borrowings and debt securities

The Group's borrowings as at 31 January 2011:

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bank overdraft	3,396	-	3,396
Secured			
Hire purchase creditors	51	130	181
Term loans	11	-	11
	3,458	130	3,588

The Group's borrowings as at 31 January 2010:

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bank overdraft	3,772	-	3,772
Secured			
Hire purchase creditors	108	193	301
Term loans	115	-	115
	3,995	193	4,188

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-11	PRECEDING YEAR CORRESPONDING QUARTER 31-Jan-10	CURRENT YEAR TO DATE 31-Jan-11	PRECEDING YEAR CORRESPONDING PERIOD 31-Jan-10
Loss for the period attributable to ordinary shareholders of the Company (RM'000)	**(207)**	(5,189)	**2,026**	(7,441)
Weighted average number of ordinary shares in issue ('000)	**135,000**	225,000	**180,896**	225,000
Basic EPS (sen)	**(0.15)**	(2.31)	**1.12**	(3.31)

B28 Earnings per share (Contd.)

b) Diluted EPS

There is no dilution of share capital for the Group therefore Diluted EPS equals Basic EPS.

B29 Realised and unrealised profits/losses

	As at 31-Jan-11 RM'000	As at 31-Oct-10 RM'000
Total accumulated losses of KGTB and its subsidiaries:		
- Realised	(502)	2,304
- Unrealised	(1,697)	(1,467)
	(2,199)	837
Less: Consolidation adjustments	(4,740)	(5,450)
	(6,939)	(4,613)

Comparative figures are not required in the first financial year of complying with the Realised and Unrealised Profits/Losses disclosure.

B30 Effect of demerger of TTI Group

TTI Group was demerged from the Company after 8 March 2010. The effect of the demerger of approximately RM4.24 million should have been recognised to the Comprehesive Income Statement as of the date of the demerger which is now reflected in the current cumulative quarter.

	As at 31-Oct-10 RM'000 Restated	As at 31-Jul-10 RM'000 Restated	As at 30-Apr-10 RM'000 Restated
Accumulated total comprehensive loss for the period	(2,009)	(1,220)	(1,327)
Effect of demerger of TTI Group	4,242	4,242	4,242
Restated accumulated total comprehensive gain for the period	2,233	3,022	2,915

B31 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 31 March 2011.