

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

**UNAUDITED QUARTERLY REPORT
FOR THE SECOND QUARTER ENDED 31 JULY 2012**

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012
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 first quarter ended 31 July 2012.

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT QUARTER 31-Jul-12 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jul-11 RM'000	CURRENT QUARTER TO DATE 31-Jul-12 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Jul-11 RM'000
Continuing operations					
Revenue	A4	-	76	-	164
Cost of sales		-	(120)	-	(227)
Gross profit		-	(44)	-	(63)
Other income		-	-	-	-
Administrative expenses		(127)	(472)	(316)	(843)
Other expenses		-	-	-	-
Finance costs		(12)	(71)	(42)	(140)
Loss before tax		(139)	(587)	(358)	(1,046)
Taxation	B21	-	-	-	-
Loss from continuing operations, net of tax		(139)	(587)	(358)	(1,046)
Discontinued operations					
Profit/(Loss) from discontinued operations, net of tax	A12	425	(650)	650	(974)
Profit/(Loss) for the period		286	(1,237)	292	(2,020)
Other comprehensive income/(loss):					
Foreign currency translation		1	26	18	(65)
Total comprehensive income/(loss) for the period		287	(1,211)	310	(2,085)
Earnings/(Loss) per share attributable to equity holders of the Company					
- Basic (sen)	B29	0.19	(0.87)	0.20	(1.43)
Basic loss per share attributable to equity holders of the Company (sen)					
- continuing operations	B29	0.29	(0.46)	0.44	(0.69)
- discontinued operations	B29	(0.09)	(0.41)	(0.24)	(0.74)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 January 2012 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 second quarter ended 31 July 2012
UNAUDITED STATEMENT OF FINANCIAL POSITION

	Unaudited 2012 As at 31 July RM'000	Audited 2012 As at 31 January RM'000
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	A9 25	78
	<u>25</u>	<u>78</u>
CURRENT ASSETS		
Trade and other receivables	1,364	1,156
Tax recoverable	49	49
Cash and bank balances	8	1,147
	<u>1,421</u>	<u>2,352</u>
Asset held for sale	14,827	27,214
	<u>16,248</u>	<u>29,566</u>
TOTAL ASSETS	16,273	29,644
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	A10 14,850	14,850
Share premium	409	409
Reserve	(1,335)	(1,353)
Accumulated losses	(10,621)	(10,913)
Equity attributable to equity holders of the parent	<u>3,303</u>	<u>2,993</u>
Minority interest	-	-
Total equity	3,303	2,993
NON-CURRENT LIABILITIES		
Borrowings	B24 -	93
	<u>-</u>	<u>93</u>
CURRENT LIABILITIES		
Trade and other payables	572	2,125
Provision for liabilities	-	-
Deferred revenue	-	-
Borrowings	B24 753	2,383
	<u>1,325</u>	<u>4,508</u>
Liabilities for subsidiaries held for sale	11,645	22,050
	<u>12,970</u>	<u>26,558</u>
Total liabilities	12,970	26,651
TOTAL EQUITY AND LIABILITIES	16,273	29,644
Net assets per share (RM)	<u>0.02</u>	<u>0.02</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 January 2012 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 second quarter ended 31 July 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to Equity Holders of the Parent →			Accumulated Losses RM'000	Minority Interest RM'000	Total RM'000
	Share Capital RM'000	← Non-Distributable → Share Premium RM'000 Other Reserves RM'000				
At 1 February 2011	13,500	409	(1,370)	(7,346)	-	5,193
Total comprehensive income	-	-	17	(3,567)	-	(3,550)
Transactions with owners						
Private placement	1,350	-	-	-	-	1,350
At 31 January 2012	14,850	409	(1,353)	(10,913)	-	2,993
At 1 February 2012	14,850	409	(1,353)	(10,913)	-	2,993
Total comprehensive income	-	-	18	292	-	310
At 31 July 2012	14,850	409	(1,335)	(10,621)	-	3,303

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 January 2012 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 second quarter ended 31 July 2012
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	6 months ended 31-Jul-12 RM'000	6 months ended 31-Jul-11 RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(358)	(1,046)
Profit/(Loss) before tax from discontinued operations	650	(974)
Profit/(Loss) before tax from discontinued operations	<u>292</u>	<u>(2,020)</u>
Adjustments for:		
Gain on disposal of subsidiaries	233	-
Depreciation	2	141
Net foreign exchange loss	-	62
Operating loss before working capital changes	<u>527</u>	<u>(1,817)</u>
Changes in current assets and liabilities:		
Trade and other receivables	208	4,223
Provision for liabilities	-	112
Trade and other payables	1,441	(4,329)
Cash flows used in operations	<u>2,176</u>	<u>(1,811)</u>
Income taxes recovered/(paid)	-	-
Net cash generated from/(used in) operating activities	<u>2,176</u>	<u>(1,811)</u>
Cash flows from investing activities		
Proceed from disposal of equipments	-	-
Investment in joint venture	-	-
Net cash (used in)/generated from investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Repayment of borrowings	(1,723)	(88)
Private placement issuance	-	1,350
Net cash (used in)/generated from financing activities	<u>(1,723)</u>	<u>1,262</u>
Effects of exchange rate changes	-	(69)
Net increase in cash and cash equivalents	453	(618)
Cash and cash equivalents at beginning of period	(1,198)	(968)
Cash and cash equivalents at end of period	<u>(745)</u>	<u>(1,586)</u>
Cash and cash equivalents comprise the following		
Cash and bank balances	8	2,948
Bank overdraft	(753)	(3,297)
	<u>(745)</u>	<u>(349)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 January 2012 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 second quarter ended 31 July 2012

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 2012.

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 year ended 31 January 2012. 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.

New Malaysian Accounting Standards Board ("MASB") Approved Accounting Standards

To converge with International Financial Reporting Standards ("IFRSs") in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs"), which are mandatory for annual financial period beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture ("Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRSs for an additional one year. Consequently, adoption of the MFRSs by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013. However, the Group and the Company do not qualify as Transitioning Entities and are therefore required to adopt the MFRSs for financial period beginning on or after

The Group and the Company have not earlier adopted the MFRS Framework.

The Group and the Company have not completed its quantification of the financial effects of the differences between Financial Reporting

The Group and the Company expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A3 Auditors' report on preceding annual financial statements

The Auditors' Report on the financial statements for the year ended 31 January 2012 was with a disclaimer opinion. Set out below is the extract of the Auditors' Report for the year ended 31 January 2012 with regards to the qualifications:

Basis for Disclaimer of Opinion

As disclosed in Note 34(c) to the financial statements, the Company had on 27 May 2011 announced to dispose off its subsidiary companies, namely Keywest Communications Inc. ("KCI") and KeyWest Networks (Canada) Inc. ("KNI"). The disposal of these subsidiary companies were completed subsequent to the financial year end which was on 27 February 2012 as disclosed in Note 34(d) to the financial statements. Consequently, all the accounting records and information of KCI and KNI were transferred to the acquirer and the Company has no right to access to these accounting records and information subsequent to 27 February 2012. Our audit was conducted subsequent to 27 February 2012 and the relevant accounting records and information of KCI and KNI were not made available for our audit purposes. Hence, we were unable to carry out appropriate audit procedures to obtain sufficient and appropriate audit evidence over the financial information of KCI and KNI.

The unaudited management financial information of KCI and KNI were used for the preparation of the consolidated financial statements of the Group for the financial year ended 31 January 2012. Based on the unaudited management financial information, the financial cor

We are unable to ascertain the possible adjustments, if any, that may be required to be made to the Group's audited statement of financ

Disclaimer of Opinion

Because of the significant of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain s

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.

	Discontinued		Continued		Adjustments/ eliminations RM'000	Consolidated RM'000
	Telco and services RM'000	Retail products and services RM'000	Retail products and services RM'000	Others RM'000		
3 month period ended 30 April 2012						
Revenue						
External sales	3,642	217	-	-	-	3,859
Inter-segment sales	-	10	-	-	(10)	-
Total revenue	<u>3,642</u>	<u>227</u>	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>3,859</u>
Result						
Segment results						228
Finance costs						(12)
Profit before tax						<u>216</u>
Taxation						-
Net profit for the period						<u>216</u>

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A4 Segment Information (contd.)

3 month period ended 31 July 2011	Discontinued		Continued		Adjustments/ eliminations/ RM'000	Consolidated RM'000
	Telco and services RM'000	Retail products and services RM'000	Retail products and services RM'000	Others RM'000		
Revenue						
External sales	20,536	1,907	164	-	-	22,607
Inter-segment sales	83	83	-	-	(166)	-
Total revenue	20,619	1,990	164	-	(166)	22,607
Result						
Segment results						(904)
Finance costs						(71)
Loss before tax						(975)
Taxation						-
Net loss for the period						(975)

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.

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 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 quarter.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the quarter under review, except for the completion of disposal of KNI and KCHK as mentioned in Note A15.

A12 Discontinued operation

The results of discontinued operation:

	Quarter ended		Year-to-date ended	
	31-Jul-12 RM'000	31-Jul-11 RM'000	31-Jul-12 RM'000	31-Jul-11 RM'000
Revenue and other income	1,426	11,022	3,859	22,609
Expenses	(1,001)	(11,529)	(3,442)	(23,417)
Loss from operations	425	(507)	417	(808)
Finance costs	-	(143)	-	(166)
Gain on disposal of subsidiaries	-	-	233	-
Profit/(loss) before tax from discontinued operations	425	(650)	650	(974)
Taxation	-	-	-	-
Profit/(loss) from discontinued operations, net of tax	425	(650)	650	(974)

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 2012, VCSB has utilised approximately RM0.7million of the credit facilities.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A15 Material events during the period under review

Proposed disposal of wholesale Group

On 27 May 2011, the Company announced that it has entered into a conditional sales and purchase agreement dated 26 May 2011 (27 May 2011, Malaysia time) ("SPA") with Sifa Technology Limited ("STL" or the "Purchaser") for the disposal of 100% equity interest in Keywest Communications Inc. ("KCI") and Keywest Networks (Canada) Inc. ("KNI"). ("Proposed Disposal").

The main details of the Proposed Disposal pursuant to the SPA are as follows:

- The sale of the entire issued and paid-up share capital of KCI and KNI (collectively known as ("Sale Shares") for a consideration of RM1.00 ("Sale Price").
- STL agrees and undertakes to repay the aggregate amount outstanding of the intercompany loans to KCI Group and KNI of RM4,225,000 (repayment sum as at 30 April 2011 (the Loans) on behalf of KCI Group and KNI to the Company being the full and final settlement of the Loans.
- Keywest agrees and undertakes to waive any and other outstanding amount arising from or incidental to the Loans in event the Repayment Sum is insufficient to repay the Loans in full on completion date.

The completion of the SPA is dependant on the following:

- (i) The completion of a due diligence exercise over the business, affairs, operations, assets, financial condition, prospects and records of the KCI Group and KNI, and the results of the due diligence exercise must be satisfactory to the Purchaser;
- (ii) Keywest's procurement of the approval from the shareholders of Keywest for the sale of the Sale Shares by Keywest to the Purchaser on the terms and conditions contained in the SPA being obtained at a general meeting of such shareholders on or before the completion date.
- (iii) Keywest's procurement of such other authorisations, consents or approvals as may be required of any third party or governmental, regulatory body or competent authority or under any and all applicable laws having jurisdiction over the sale of the Sale Shares, including without limitation to governmental, regulatory bodies and competent authorities in the jurisdiction of Canada, United States of American and British Virgin Island.

The following are the events of default by the Company:

- (i) Keywest fails to complete the sale and purchase of the Sale Shares in accordance with the terms and conditions contained herein; or
- (ii) Keywest fails to observe and perform any of its obligations, covenants and undertakings contained herein; or
- (iii) A petition shall be presented against or an order be made against or a resolution be passed on the winding up of Keywest or Keywest goes into liquidation whether compulsorily or voluntarily or its it is proposed that any of the foregoing shall be done; or
- (iv) Keywest is reprimanded by any regulator or authority in respect of the SPA or is placed on list prescribed by Guidance Note No. 3.

On 24 August 2011, the Company announced that the Purchaser and the Company have mutually agreed to extend the Completion Date for the fulfilment of the conditions of completion of the SPA to 16 December 2011.

On 16 December 2011, the Company announced that the Purchaser and the Company have mutually agreed to further extend the Completion Date for the fulfilment of the conditions of completion of the SPA to 31 January 2012.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A15 Material events during the period under review (contd.)

Proposed disposal of wholesale Group (contd.)

On 29 February 2012, the Company announced that the Purchaser and the Company entered into a Letter of Agreement to vary the terms in the SPA to complete the transactions contemplated therein in two (2) tranches as follows:-

(a) 1st Tranche:-

- (i) The sale and purchase of the entire issued and paid-up share capital of KNI ("KNI Shares"); and
- (ii) The sale and purchase of 99% of the issued and paid-up share capital of Keywest Communications (HK) Limited (Company No. 751988) ("KCHK"), which is held by KCI ("KCHK Shares"), to be completed on 27 February 2012 ("1st Tranche Completion Date").

As the Federal Communications Commission's ("FCC") approval is not required to give effect to the transactions contemplated under the 1st Tranche, the Parties have agreed to waive the conditions to procure the FCC's approval for the completion of the transactions contemplated under the 1st Tranche.

(b) 2nd Tranche:-

The sale and purchase of the entire issued and paid-up share capital of KCI ("KCI Shares") (together with its remaining two (2) wholly-owned subsidiaries namely Keywest Communications (USA) Inc. (Company No. C-6518-2001) and KeyWest Data Network Inc. (Company No. CS200601119)) to be completed upon the approval from the FCC, which in any event shall fall within two (2) months from the date of the Letter of Agreement unless the Parties mutually agree in writing to extend the same ("2nd Tranche Completion Date").

On 2 May 2012, the Company announced that the Parties have mutually agreed to extend the 2nd Tranche Completion Date to procure the approval from the FCC for the fulfilment of the conditions of completion of the SPA to 30 June 2012 vide a letter requesting for extension of time duly executed on 30 April 2012.

On 2 July 2012, the Company announce that Keywest and STL have mutually agreed to further extend the 2nd Tranche Completion Date to 31 August 2012 as the approval from the FCC for the fulfilment of the conditions of completion of the SPA has not been obtained. All other terms and conditions in the SPA and the Letter of Agreement remained unchanged.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A15 Material events during the period under review (contd.)

Heads of Agreement

On 28 March 2012, the Company ("Keywest") announced that it entered into Heads of Agreement ("HOA") with Maryland International Offshore Ltd ("the Vendor"), in relation to the sale and purchase of convertible bonds issued by Manjung Niaga Sdn. Bhd. from the Vendor for a purchase consideration of USD52.5 million (equivalent to approximately RM161.15 million) to be satisfied by cash of USD28 million (equivalent to approximately RM85.95 million) and balance sum to be satisfied via issuance of new Keywest Shares at an issue price of RM0.12 per share or such other mode and manner of payment as may be mutually agreed between the parties to be determined upon signing of the definitive sale and purchase agreement.

On 2 April 2012, the Company is pleased to state that the expert report on the policies on the foreign investments and repatriation of profits of the host country is currently ongoing and details therein shall only be made available upon the receipt of the said report or at the announcement of the Definitive Agreement.

PTFSE holds a 15-year cooperative agreement with PT Pertamina EP since 2007 to reactivate and optimize the production of petroleum resources in Tanjung Tiga Timur field in South Sumatera, Indonesia and is presently producing oil. The Company is currently awaiting for the completion of the initial reserve evaluation report which is expected to be completed in one (1) to two (2) months time to determine the level of expected returns from the oilfields.

Additionally, as announced on 28 March 2012, Keywest may undertake a debt and/or equity fundraising exercise to part fund the purchase consideration which will affect the shareholding structure of the Company and also other financial effects. As such, the financial effects of the Proposed Acquisition will only be disclosed upon the signing and formalizing of the Definitive Agreement.

The Company will also be providing the following information after the execution of the Definitive Agreement:

- 1) The timeframe for full utilization by Manjung Niaga of the proceeds arising from the convertible bonds;
- 2) Detailed background information on the vendor; and
- 3) Whether there will be any change in the board of directors of Keywest after the Proposed Acquisition.

On 3 April 2012, the Company wishes to inform that Maryland is a special purpose vehicle incorporated to undertake the Proposed Acquisition. The current corporate make up of Maryland (such as its composition of the board of directors, authorized and issued and paid up capital and its shareholding structure) may not be reflective of its eventual corporate structure, upon signing of the definitive sale and purchase agreement ("Definitive Agreement"). Nevertheless, upon the signing of the Definitive Agreement the appropriate information on the detailed background of Maryland shall be announced.

On 29 June 2012, the Company announced that announce that the Company has requested Maryland for a one (1) month extension of time from 29 June 2012 to 28 July 2012 for the execution of the Definitive Agreement for the Proposed Acquisition and Keywest is currently awaiting response from Maryland. On 10 August 2012, the Company announced that Keywest and Maryland have been unable to agree on the terms of the definitive agreement for the Proposed Acquisition including the mode and manner of payment of the purchase consideration. Further, both Keywest and Maryland have also not agreed to any further extension of time for the execution of the definitive agreement. Accordingly, Keywest and Maryland have entered into the Deed of Termination on 10 August 2012 to mutually agree to terminate the Heads of Agreement dated 28 March 2012 ("HOA") for the Proposed Acquisition with immediate effect.

Shareholders and potential investors should be aware that the execution of the Definitive Agreement for the Proposed Acquisition is

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A15 Material events during the period under review (contd.)

Private Placement

On 13 March 2012, the Company announced that it proposes to undertake a private placement of new ordinary shares of RM0.10 each in the Company representing up to 10% of the issued and paid-up share capital of the Company .

On 26 June 2012, the Company announced the Board has decided to abort the Proposed Private Placement pursuant to the Company being an Affected Listed Company pursuant to the Guidance Note No. 3 of the Listing Requirements.

Pursuant to the aforesaid abortion of the Proposed Private Placement, the Board has also decided to withdraw the listing application for the Proposed Private Placement from Bursa Securities.

Proposed diversification

On 27 May 2011, the Company announced that it is proposing to diversify its business into the oil and gas sector ("Proposed Diversification").

On 31 May 2012, the Company announced that it is an Affected Listed Company pursuant to the Guidance Note No. 3 ("GN 3") of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market based on the criterias as prescribed under Rule 2.1(a) and (f) of GN 3 in the ACE LR. The Company has yet to formalise a regularisation plan to address its GN 3 status. Appropriate announcement on the regularisation plan shall be announced by the Company in due course.

On 26 June 2012, the Company announced to abort the Proposed Private Placement pursuant to the Company being an Affected Listed Company pursuant to the Guidance Note No. 3 of the Listing Requirements.

A16 Material events subsequent to the end of the quarter

On 10 August 2012, the Company announced that Keywest and Maryland have been unable to agree on the terms of the definitive agreement for the Proposed Acquisition including the mode and manner of payment of the purchase consideration. Further, both Keywest and Maryland have also not agreed to any further extension of time for the execution of the definitive agreement. Accordingly, Keywest and Maryland have entered into the Deed of Termination on 10 August 2012 to mutually agree to terminate the Heads of Agreement dated 28 March 2012 ("HOA") for the Proposed Acquisition with immediate effect and henceforth: -

(a) each party shall be released from their respective obligations under the HOA;

(b) neither party shall have any claim against the other in respect of any matters in respect of or connected with or incidental to the HOA; and

(c) the HOA shall cease to be of any force and effect and shall be rendered null and void as if the parties hereto have not entered into the HOA.

Shareholders and potential investors are advised to take into the aforesaid matter when dealing in the securities of Keywest.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

A16 Material events subsequent to the end of the quarter (cont'd)

On 17 August 2012, the Company announced that the approval from the FCC has been obtained for the transaction contemplated under the 2nd tranche vide its letter dated 9 August 2012 (which was received on 14 August 2012). In view of the foregoing, Keywest shall deliver to STL the following in accordance with the Letter of Agreement:-

(i) the original share certificates in respect of KCI Shares;

(ii) valid and registrable instruments of transfer (subject only to stamp duty, if applicable) in respect of all KCI Shares duly executed by Keywest in favour of STL or its nominee(s) together with all other relevant documents required to effectively transfer KCI Shares to STL or its nominee(s) free from encumbrances; and

(iii) certified extract of the resolution of the shareholders and directors of Keywest that approved the sale and transfer of KCI Shares to STL or its nominee(s) free from encumbrances.

In exchange for the documents set out above, STL shall pay Keywest the following amount:-

(i) a sum of RM0.50 in favour of Keywest as the consideration for the sale and purchase of KCI Shares; and

(ii) a sum of RM1,500,000.00 in favour of Keywest as full and final settlement and repayment of the inter-company loans provided by Ke

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

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

B17 Review of performance

The Group recorded a profit of approximately RM216,000 for the period as compared to losses of RM1,237,000 in the corresponding period of last year.

B18 Material change in profit before taxation

The Group profit for the current quarter primarily attributable to the better performance from the discontinued operations.

B19 Current Year Prospects

As mentioned in Note A16, the Company has yet to formalise a regularisation plan to address its GN 3 status. Appropriate announcement on the regularisation plan shall be announced by the Company in due course.

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-Jul-12 RM'000	3 months ended 31-Jul-11 RM'000
Income tax:		
Malaysian income tax	-	-
Foreign tax	-	-
	<u>-</u>	<u>-</u>

B22 Unquoted investments and properties

There were no acquisitions or disposals of unquoted investments and properties during the current quarter under review.

B23 Quoted securities

There were no acquisitions or disposals of quoted securities during the current quarter under review.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

B24 Group's borrowings and debt securities

The Group's borrowings as at 31 July 2012:

	Current RM'000	Non-Current RM'000	Total RM'000
Unsecured			
Bank overdraft	753	-	753
	<u>753</u>	<u>-</u>	<u>753</u>

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 Significant Related Party Transactions

	Quarter ended		Year-to-date ended	
	31-Jul-12 RM'000	31-Jul-11 RM'000	31-Jul-12 RM'000	31-Jul-11 RM'000
Rental expenses payable to a Director	9	-	18	-
	<u>9</u>	<u>-</u>	<u>18</u>	<u>-</u>

B28 Dividend payable

No dividend has been declared in respect of the current quarter under review.

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

Quarterly report on consolidated results for the second quarter ended 31 July 2012

B29 Loss per share

a) Basic loss per share ("LPS")

Basic loss per share is calculated by dividing the net loss for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Quarter ended		Year-to-date ended	
	31-Jul-12 RM'000	31-Jul-11 RM'000	31-Jul-12 RM'000	31-Jul-11 RM'000
Loss for the period attributable to equity holders of the Company (RM'000)	286	(1,237)	292	(2,020)
(Less)/Add back:				
Loss from discontinued operations, net of tax, attributable to equity holders of the Company	425	(650)	650	(974)
Loss from continuing operations, net of tax, attributable to equity holders of the Company	(139)	(587)	(358)	(1,046)
Weighted average number of ordinary shares in issue ('000)	148,500	141,674	148,500	141,674

b) Diluted LPS

The Company has no potential ordinary shares in issue as at the reporting date and therefore, diluted (loss)/earnings per share have not been presented.

B30 Realised and unrealised profits/losses

	As at 31-Jul-12 RM'000	As at 31-Jan-12 RM'000
Total accumulated losses of KGTB and its subsidiaries:		
- Realised	(15,925)	(16,456)
- Unrealised	(1,619)	(1,619)
	(17,544)	(18,075)
Less: Consolidation adjustments	6,923	7,162
	(10,621)	(10,913)

B31 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 26 July 2012.