

**KEY WEST GLOBAL TELECOMMUNICATIONS BERHAD**

(Company No. 643114-X)

(Incorporated in Malaysia)

**UNAUDITED QUARTERLY REPORT  
FOR THE SECOND QUARTER ENDED 31 JULY 2013**

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

**Quarterly report on consolidated results for the second quarter ended 31 July 2013**  
**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 second quarter ended 31 July 2013

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31-Jul-13 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-Jul-12 RM'000	CURRENT YEAR TO DATE 31-Jul-13 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31-Jul-12 RM'000
<b>Continuing operations</b>					
Revenue	A4	-	-	-	-
Cost of sales		-	-	-	-
Gross profit		-	(0)	-	-
Other income		-	-	-	-
Administrative expenses		(137)	(127)	(294)	(316)
Other expenses		-	-	(1)	-
Finance costs		(30)	(12)	(30)	(42)
Loss before tax		(167)	(139)	(325)	(358)
Taxation	B21	-	-	-	-
Loss from continuing operations, net of tax		(167)	(139)	(325)	(358)
<b>Discontinued operations</b>					
Gain on disposal of discontinued operations	A12	-	425	-	650
Profit/(Loss) for the period		(167)	286	(325)	292
<b>Other comprehensive income/(loss):</b>					
Foreign currency translation		-	1	-	18
<b>Total comprehensive income/(loss) for the period</b>		(167)	287	(325)	310
Earnings/(Loss) per share attributable to equity holders of the Company					
- Basic (sen)	B29	(0.11)	0.19	(0.22)	0.20
Basic loss per share attributable to equity holders of the Company (sen)					
- continuing operations	B29	-	0.29	-	0.44
- discontinued operations	B29	(0.11)	(0.09)	(0.22)	(0.24)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 January 2013 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 2013**

The Board of Directors of Key West Global Telecommunications Berhad would like to announce the following unaudited condensed consolidated balance sheet as at 31 July 2013.

		<b>Unaudited</b>	<b>Audited</b>
		<b>As at 31 July 2013</b>	<b>As at 31 January 2013</b>
		<b>RM'000</b>	<b>RM'000</b>
	Note		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	A9	<u>18</u>	<u>18</u>
		<u>18</u>	<u>18</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables		2,608	252
Tax recoverable		49	49
Cash and bank balances		<u>29</u>	<u>9</u>
		2,686	310
Asset held for sale		<u>-</u>	<u>-</u>
		<u>2,686</u>	<u>310</u>
<b>TOTAL ASSETS</b>		<b><u>2,704</u></b>	<b><u>328</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	A10	14,850	14,850
Share premium		409	409
Reserve		-	-
Accumulated losses		<u>(17,522)</u>	<u>(17,197)</u>
Equity attributable to equity holders of the parent		<u>(2,263)</u>	<u>(1,938)</u>
Minority interest		-	-
<b>Total equity</b>		<b><u>(2,263)</u></b>	<b><u>(1,938)</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	B24	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		4,188	1,487
Provision for liabilities		-	-
Deferred revenue		-	-
Borrowings	B24	<u>779</u>	<u>779</u>
		4,967	2,266
Liabilities for subsidiaries held for sale		<u>-</u>	<u>-</u>
		<u>4,967</u>	<u>2,266</u>
<b>Total liabilities</b>		<b><u>4,967</u></b>	<b><u>2,266</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>2,704</u></b>	<b><u>328</u></b>
Net assets per share (RM)		<u>(0.01)</u>	<u>(0.01)</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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

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**Quarterly report on consolidated results for the second quarter ended 31 July 2013**

	Attributable to Equity Holders of the Parent			Accumulated Losses RM'000	Minority Interest RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Other Reserves RM'000			
<b>At 1 February 2012</b>	14,850	409	(1,353)	(10,913)	-	2,993
Total comprehensive loss	-	-	1,353	(6,284)	-	(4,931)
<b>At 31 January 2013</b>	<b>14,850</b>	<b>409</b>	<b>-</b>	<b>(17,197)</b>	<b>-</b>	<b>(1,938)</b>
<b>At 1 February 2013</b>	14,850	409	-	(17,197)	-	(1,938)
Total comprehensive loss	-	-	-	(325)	-	(325)
<b>At 31 July 2013</b>	<b>14,850</b>	<b>409</b>	<b>-</b>	<b>(17,522)</b>	<b>-</b>	<b>(2,263)</b>

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 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

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**Quarterly report on consolidated results for the second quarter ended 31 July 2013  
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>6 months ended 31-Jul-13 RM'000</b>	<b>6 months ended 31-Jul-12 RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before tax from continuing operations	(325)	(358)
Profit/(Loss) before tax from discontinued operations	-	650
Profit/(Loss) before tax	<u>(325)</u>	<u>292</u>
Adjustments for:		
Loss on disposal of subsidiaries	-	233
Depreciation	-	2
Bad debts written off	8	-
Interest expenses	30	42
Operating loss before working capital changes	<u>(287)</u>	<u>569</u>
Changes in current assets and liabilities:		
Trade and other receivables	(2,364)	208
Trade and other payables	2,701	1,399
Cash flows used in operations	<u>50</u>	<u>2,176</u>
Interest paid	<u>(30)</u>	<u>-</u>
Net cash generated from/(used in) operating activities	<u>20</u>	<u>2,176</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	-	-
Proceeds from disposal of assets held for sale	-	-
Net cash (used in)/generated from investing activities	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Repayment of finance lease payables	-	(1,723)
Net cash (used in)/generated from financing activities	<u>-</u>	<u>(1,723)</u>
<b>Net increase in cash and cash equivalents</b>	20	453
<b>Cash and cash equivalents at beginning of period</b>	<u>(770)</u>	<u>(1,198)</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>(750)</u></u>	<u><u>(745)</u></u>
<b>Cash and cash equivalents comprise the following</b>		
Cash and bank balances	29	8
Bank overdraft	<u>(779)</u>	<u>(753)</u>
	<u><u>(750)</u></u>	<u><u>(745)</u></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 2013 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 2013

#### 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 2013.

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 2013. 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 adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 February 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- MFRS 10 - Consolidated Financial Statements
- MFRS 11 - Joint Arrangements
- MFRS 12 - Disclosure of Interests in Other Entities
- MFRS 13 - Fair Value Measurement
- MFRS 101 - Presentation of Items of Other Comprehensive Income
- MFRS 127 - Separate Financial Statements
- Amendments to MFRS 1 - First-time adoption of Malaysian Financial Reporting Standards (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 7 - Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10 - Consolidated Financial Statements - Transition Guidance
- Amendments to MFRS 11 – Joint Arrangement – Transition Guidance
- Amendments to MFRS 12 – Disclosure of Interest in Other Entities – Transition Guidance
- Amendments to MFRS 101- Presentation of Financial Statements (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 116 – Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS132 – Financial Instruments – Presentation (Annual Improvements 2009-2011 Cycle)
- Amendments to MFRS 134 – Interim Financial Reporting (Annual improvements 2009-2011 Cycle)
- IC Interpretation 20 – Stripping Costs in the Production Phase of a Surface Mine

The adoption of the above standards and amendments are not expected to have any impact on the financial statements of the Group and of the Company.

##### **MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective**

The following MFRSs, Amendments to MFRSs and IC Interpretations issued by MASB are relevant to the Group and the Company, however, they have not been early adopted in this set of financial statements.

##### **Amendments effective for annual periods beginning on or after 1 February 2014**

- Amendments to MFRS 10 – Consolidated Financial Statements – Investment Entities
- Amendments to MFRS 12 – Disclosure of Interest in Other Entities – Investment Entities
- Amendments to MFRS 127 – Separate Financial Statements – Investment Entities
- Amendments to MFRS 132 – Financial Instruments – Presentation – Offsetting Financial Assets and Financial Liabilities

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

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### Quarterly report on consolidated results for the second quarter ended 31 July 2013

#### A2 Changes in accounting policies (cont'd)

##### **MFRS and Amendments effective for annual periods beginning on or after 1 February 2015**

- MFRS 9 – Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9 – Financial Instruments (IFRS 9 issued by IASB in October 2010)

The Directors anticipate that the adoption of above new/revised MFRS, amendments to MFRS and IC Interpretation will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

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

The Auditors' Report on the financial statements for the year ended 31 January 2013 was with a disclaimer opinion. Set out below is the extract of the Auditors' Report for the year ended 31 January 2013 with regards to the qualifications:

##### Basis for Disclaimer of Opinion

As disclosed in Note 2.6 to the financial statements, the financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concern. The application of going concern basis is based on the assumption that the Group and the Company will be able to realise their assets and discharge their liabilities in the normal course of business.

The Group and the Company have capital deficiency of RM1,938,224 and RM1,944,237 respectively. The Group and the Company incurred net losses of RM6,284,057 and RM4,334,634 respectively during the financial year ended 31 January 2013 and as at that date, the Group's and the Company's current liabilities exceeded their current assets by RM1,956,680 and RM1,944,240 respectively. There is no revenue generated by the Group and the Company during the financial year ended 31 January 2013 as disclosed in Note 21 to the financial statements. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's and the Company's ability to continue as going concern. The going concern basis of preparing the financial statements of the Groups and of the Company as stated in Note 2.6 to the financial statements may be inappropriate.

On 31 May 2012 the Company announced that it becomes an Affected Listed Issuer pursuant to Guidance Note 3 ("GN 3") of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market. The Company is in the midst of evaluating various options in its endeavour to formulate a regularisation plan to meet its obligations pursuant to GN 3 of the Listing Requirements of Bursa Securities.

The Directors had not performed a detailed assessment on the Group's and the Company's ability to continue as going concern, and we were not made available of any management's plan to deal with these events or conditions. We were unable to obtain sufficient appropriate audit evidence regarding the ability of the Group and of the Company to achieve sustainable and viable operations and to generate adequate cash flows for its operating activities. Accordingly, we are unable to satisfy ourselves as to whether the use of going concern basis in the preparation of the financial statements of the Group and of the Company is appropriate. Had the going concern basis used in the preparation of the financial statements of the Group and of the Company is considered inappropriate, adjustments relating to the amounts and classifications of assets and liabilities may be required.

##### 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 sufficient appropriate audit evidence to provide a basis of an audit opinion. Accordingly, we do not express an opinion on the financial statements.

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

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**Quarterly report on consolidated results for the second quarter ended 31 July 2013**

**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	Consolidated
	Telco and services RM'000	Retail products and services RM'000	Retail products and services RM'000	Others RM'000		
6 months ended 31 July 2013						
<b>Revenue</b>						
External sales	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
<b>Result</b>						
Segment results						(295)
Finance costs						(30)
Profit before tax						(325)
Taxation						-
Net profit for the period						(325)

	Discontinued		Continued		Adjustments/ eliminations	Consolidated
	Telco and services RM'000	Retail products and services RM'000	Retail products and services RM'000	Others RM'000		
6 months ended 31 July 2012						
<b>Revenue</b>						
External sales	-	-	-	-	-	-
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	-	-	-	-	-
<b>Result</b>						
Segment results						334
Finance costs						(42)
Loss before tax						292
Taxation						-
Net loss for the period						292

**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**

This is not applicable as the Group has minimal business operations.



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

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**Quarterly report on consolidated results for the second quarter ended 31 July 2013****A8 Dividend paid**

No dividends have been paid during the financial year to-date.

**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.

**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**

The results of discontinued operation:

	Quarter ended		Year-to-date ended	
	31-Jul-13	31-Jul-12	31-Jul-13	31-Jul-12
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of discontinued operations	-	425	-	650

**A13 Capital commitments**

There were no capital commitments as at 19 September 2013.

**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 2013, VCSB has utilised approximately RM0.7million of the credit facilities. The overdraft balance has been restructured or renegotiated with the financial institution.

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

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### Quarterly report on consolidated results for the second quarter ended 31 July 2013

#### A15 Material events during the period under review

##### (a) 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.

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### Quarterly report on consolidated results for the second quarter ended 31 July 2013

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

##### (a) 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.

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 Keywest to KCI Group (excluding KCHK) and all other outstanding sums due and owing to Keywest by KCI Group (excluding KCHK).

The Group is endeavouring to complete its obligations pursuant to this transaction in the next financial quarter.

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### Quarterly report on consolidated results for the second quarter ended 31 July 2013

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

- (b) 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 submitted to Bursa Malaysia a regularisation plan to address its GN 3 status.

Pursuant to this plan, the Company had on 23 May 2013 entered into a Share Sale Agreement with Testa Holdings Limited ("Testa"), Fox Empire Group Ltd, Hong Kong Hongsheng Investment Company Limited and Superb First Limited (collectively referred to as the "Vendors") for the proposed acquisition of the entire issued and paid-up share capital of Supreme Global Group Limited ("Proposed Acquisition"). In conjunction with the Proposed Acquisition, Keywest is proposing to undertake the following proposals:-

(a) proposed increase in the authorised share capital of Keywest from RM50,000,000 comprising 500,000,000 ordinary shares of RM0.10 each in the share capital of Keywest ("Shares") to RM500,000,000 comprising 5,000,000,000 Shares ("Proposed Increase in the Authorised Share Capital");

(b) proposed amendments to the Memorandum and Articles of Association of Keywest ("Proposed Amendment");

(c) proposed exemption to be sought by Testa, Ms. Li Hui Jun and parties acting in concert with them, namely Perfect Timing Holdings Limited, being the holding company of Testa and wholly-owned company of Ms. Li Hui Jun, and Mr. Ma GuoLiang, being the spouse of Ms. Li Hui Jun, under Paragraph 16.1 of Practice Note 9 of the Malaysian Code on Take-overs and Mergers 2010 from the obligation to undertake a mandatory general offer for all remaining Shares not already owned by them after completion of the Proposed Acquisition ("Proposed Exemption");

(d) proposed offer for sale of up to 200,000,000 Shares to selected investors by Testa ("Proposed Offer for Sale");

(e) proposed private placement of 300,000,000 new Shares to selected investors upon completion of the Proposed Acquisition ("Proposed Private Placement"); and

(f) proposed change of the Company's name from Key West Global Telecommunications Berhad to XingHe Holdings Berhad ("Proposed Change of Name") after completion of the Proposed Acquisition

The Proposed Acquisition are subject to the following approvals being obtained:

(a) approval from Bursa Securities for the:-

(i) Proposed Acquisition;

(ii) listing and quotation of the Consideration Shares on the ACE Market of Bursa Malaysia Securities Berhad; and

(iii) listing and quotation of the Placement Shares on the ACE Market of Bursa Malaysia Securities Berhad.

(b) the approval of the Securities Commission for the Proposed Exemption under the provisions of the Code;

(c) the approval of Registrar of Companies pursuant to Section 23 (2) of the Companies' Act, 1965 for the Proposed Change of Name;

(d) the approval of shareholders of Keywest at the extraordinary general meeting to be convened for the Proposals; and

(e) the approval, waivers and/or consent from any other relevant authorities or parties, if required.

- (c) The Company has submitted an application to the relevant authority on 6 May 2013 to dissolve Solomon Corporation, a wholly-owned subsidiary Company incorporated in the Federal Territory of Labuan.

Solomon Corporation has remained dormant since its incorporation. The dissolution of Solomon Corporation will not have any material effect on the earnings or assets of KeyWest Group for the financial year ending 31 January 2014.

The dissolution had been completed on 9 July 2013.

- (d) The Company has on 16 May 2013 submitted an application to the Companies Commission of Malaysia ("CCM") for Full Deal Sdn. Bhd. to be struck-off from the Register of CCM pursuant to Section 308 of the Companies Act, 1965.

The striking off is pending the approval of CCM.

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

**Quarterly report on consolidated results for the second quarter ended 31 July 2013**

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

There is no material events subsequent to the end of the quarter.

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

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

**B17 Review of performance**

The Group had managed to reduce its administrative expenses in this quarter as compared to the corresponding quarter in last financial year, after significant rationalisation exercise throughout the financial year ended 31 January 2013.

**B18 Material change in profit before taxation**

The Group losses for the current quarter primarily attributable to the administrative expenses incurred in relation to the proposed regularisation plan announced.

**B19 Current Year Prospects**

As disclosed in Note A15(b), the Company became an affected listed company pursuant to Guidance Note ("GN") 3 of the Listing Requirements on 31 May 2012. As an GN 3 company, the Company is required to submit to Bursa Securities a regularisation plan and to obtain Bursa Securities' approval to implement such regularisation plan within 12 months from the date the company announced that it is a GN 3 company. i.e. by 31 May 2013.

The Company has submitted a regularisation plan submitted to Bursa Malaysia on 23 May 2013. This plan if approved, will only be completed in the last quarter of the current 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.

	<b>3 months ended 31-Jul-13 RM'000</b>	<b>3 months ended 31-Jul-12 RM'000</b>
Income tax:		
Malaysian income tax	-	-
Foreign tax	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

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

(Incorporated in Malaysia)

**Quarterly report on consolidated results for the second quarter ended 31 July 2013****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.

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

The Group's borrowings as at 31 July 2013:

	<b>Current RM'000</b>	<b>Non-Current RM'000</b>	<b>Total RM'000</b>
<b>Unsecured</b>			
Bank overdraft	779	-	779
	<u>779</u>	<u>-</u>	<u>779</u>

All the borrowings is denominated in Ringgit Malaysia.

**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 as of 19 September 2013.

**B27 Significant Related Party Transactions**

	<b>Quarter ended</b>		<b>Year-to-date ended</b>	
	<b>31-Jul-13 RM'000</b>	<b>31-Jul-12 RM'000</b>	<b>31-Jul-13 RM'000</b>	<b>31-Jul-12 RM'000</b>
Rental expenses payable to a Director	<u>9</u>	<u>9</u>	<u>18</u>	<u>18</u>

**B28 Dividend payable**

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

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

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**Quarterly report on consolidated results for the second quarter ended 31 July 2013****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-13 RM'000	31-Jul-12 RM'000	31-Jul-13 RM'000	31-Jul-12 RM'000
Loss for the period attributable to equity holders of the Company (RM'000)	(167)	286	(325)	292
(Less)/Add back:				
Loss from discontinued operations, net of tax, attributable to equity holders of the Company	-	425	-	650
Loss from continuing operations, net of tax, attributable to equity holders of the Company	(167)	(139)	(325)	(358)
Weighted average number of ordinary shares in issue ('000)	148,500	148,500	148,500	148,500

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-13 RM'000	As at 31-Jan-13 RM'000
Total accumulated losses of KGTB and its subsidiaries:		
- Realised	(21,668)	(21,536)
- Unrealised	-	-
	(21,668)	(21,536)
Less: Consolidation adjustments	4,146	4,339
	(17,522)	(17,197)

**B31 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 26 September 2013.