



## VIZTEL SOLUTIONS BERHAD (489232-W)

### QUARTERLY REPORT

On consolidated results for the first quarter ended 31 March 2007.

The figures have not been audited.

#### Unaudited Condensed Consolidated Income Statement for the first quarter ended 31 March 2007

	Note	Individual Quarter ended		Cumulative Quarter ended	
		31 Mar 2007 RM'000	31 Mar 2006 RM'000	31 Mar 2007 RM'000	31 Mar 2006 RM'000
<b>Revenue</b>	<b>A9</b>	347	137	347	137
Cost of Sales		(63)	(24)	(63)	(24)
<b>Gross Profit</b>		<u>284</u>	<u>113</u>	<u>284</u>	<u>113</u>
Other income		41	48	41	48
Administrative expenses		(223)	(431)	(223)	(431)
Marketing and distribution expenses		-	(41)	-	(41)
Other operating expenses		-	-	-	-
Finance costs		-	-	-	-
<b>Profit/(Loss) before taxation</b>	<b>A9</b>	<u>102</u>	<u>(311)</u>	<u>102</u>	<u>(311)</u>
Taxation	<b>B5</b>	-	-	-	-
<b>Profit/(Loss) after taxation</b>		<u>102</u>	<u>(311)</u>	<u>102</u>	<u>(311)</u>
Minority interests		-	-	-	-
<b>Profit/(Loss) for the period</b>		<u><u>102</u></u>	<u><u>(311)</u></u>	<u><u>102</u></u>	<u><u>(311)</u></u>
<b>Earnings/(Loss) per share (sen)</b>	<b>B13</b>				
(a) Basic		<u><u>0.2</u></u>	<u><u>(0.5)</u></u>	<u><u>0.2</u></u>	<u><u>(0.5)</u></u>

#### Notes:

1. The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements hereto.



## VIZTEL SOLUTIONS BERHAD (489232-W)

### Unaudited Condensed Consolidated Balance Sheet

	Note	Unaudited As at end of current quarter 31 Mar 2007 RM'000	Audited As at preceding financial year ended 31 Dec 2006 RM'000
<b>Plant and equipment</b>	<b>A10</b>	1,288	1,399
<b>Deferred development costs</b>		1,134	908
<b>Intangible asset</b>		1,200	1,200
<b>Current assets</b>			
Trade receivables		1,506	989
Other receivables		761	925
Amount owing by an associate		498	391
Fixed deposits with licensed banks		143	143
Cash and bank balances		72	583
		<u>2,980</u>	<u>3,031</u>
<b>Current liabilities</b>			
Trade payables		501	520
Other payables		687	752
Deferred Income		1,050	968
Tax payable		1	1
		<u>2,239</u>	<u>2,241</u>
Net current assets		741	790
		<u><u>4,363</u></u>	<u><u>4,297</u></u>
<b>Financed by:</b>			
<b>Share Capital and Reserves</b>			
Share capital		6,050	6,050
Reserves		<u>(1,720)</u>	<u>(1,787)</u>
		4,330	4,263
<b>Non-current Liabilities</b>			
Deferred taxation		<u>33</u>	<u>34</u>
		<u><u>4,363</u></u>	<u><u>4,297</u></u>
		RM	RM
Net assets per share		<u><u>0.07</u></u>	<u><u>0.07</u></u>

#### Note :

- The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements hereto.



**VIZTEL SOLUTIONS BERHAD (489232-W)**

**Unaudited Condensed Consolidated Statement of Changes in Equity for the first quarter ended 31 March 2007**

Group	Note	Share Capital RM'000	Non Distributable Share premium RM'000	Foreign exchange translation reserve RM'000	Distributable Retained profits / (Accumulated losses) RM'000	Total RM'000
<b>(Audited)</b>						
<b>At 1 January 2006</b>		6,050	9,031	(3)	(1,311)	13,767
Foreign exchange translation difference		-	-	(78)	-	(78)
Net loss for the period		-	-	-	(9,426)	(9,426)
<b>At 31 December 2006</b>		<u>6,050</u>	<u>9,031</u>	<u>(81)</u>	<u>(10,737)</u>	<u>4,263</u>
<b>(Unaudited)</b>						
<b>At 1 January 2007</b>		6,050	9,031	(81)	(10,737)	4,263
Foreign exchange translation difference		-	-	(35)	-	(35)
Net Profit for the period		-	-	-	102	102
<b>At 31 March 2007</b>		<u>6,050</u>	<u>9,031</u>	<u>(116)</u>	<u>(10,635)</u>	<u>4,330</u>

**Note :**

1. The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements hereto.



**VIZTEL SOLUTIONS BERHAD (489232-W)**

**Unaudited Condensed Consolidated Cash Flow Statement for the first quarter ended 31 March 2007**

	<b>Unaudited 3 months ended 31 Mar 2007 RM'000</b>	<b>Unaudited 3 months ended 31 Mar 2006 RM'000</b>
Net cash used in operating activities	(262)	(1,246)
Net cash used in investing activities	(214)	(304)
Net cash generated from financing activities	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(476)</u>	<u>(1,550)</u>
Effects of exchange rates changes	(35)	(33)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	726	1,905
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>215</u></u>	<u><u>322</u></u>
<b>Represented by:</b>		
Cash and bank balances	72	183
Deposits pledged for bank guarantees	<u>143</u>	<u>139</u>
	<u><u>215</u></u>	<u><u>322</u></u>

**Note :**

1. The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the financial statements hereto.



## VIZTEL SOLUTIONS BERHAD (489232-W)

Notes on the quarterly report - 31 March 2007

### A. EXPLANATORY NOTES AS PER FINANCIAL REPORTING STANDARD NO. 134

#### A1. Basis of preparation

These interim unaudited financial statements have been prepared in compliance with the Financial Reporting Standard ("FRS") No. 134, Interim Financial Reporting and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange") for the MESDAQ Market, and should be read in conjunction with the Group's annual audited financial statements for the financial year ended 31 December 2006. The accounting policies and methods of computation adopted by the Group in the interim unaudited financial statements are consistent with those adopted for the financial year ended 31 December 2006.

#### A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 December 2006 except for the following Financial Reporting Standards ("FRS") which have been issued and are effective for financial periods beginning on or after 1 October 2006 and will be effective for the Group's financial statements for the financial year ending 31 December 2007:-

FRS 2	Share-based Payments
FRS 101	Presentation of Financial Statements
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investment in Associates
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
FRS 138	Intangible Assets

#### A3. Audit report

The auditor's report on the financial statements for the financial year ended 31 December 2006 was not qualified.

#### A4. Seasonality or cyclical of interim operations

The Group's interim operations were not affected by seasonal or cyclical factors.

#### A5. Unusual items

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. Changes in estimates

There were no changes in the estimates of amounts reported in prior interim periods of the current financial year or in prior financial years that have had a material effect on the results in the quarter under review.

#### A7. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities for the quarter under review.

#### A8. Dividends

No dividend has been declared or paid during the period under review.



**VIZTEL SOLUTIONS BERHAD (489232-W)**

Notes on the quarterly report - 31 March 2007

**A9. Segmental reporting**

	Individual quarter ended 31 March 2007		Cumulative quarter ended 31 March 2007	
	<u>Revenue</u> RM'000	<u>Profit before taxation</u> RM'000	<u>Revenue</u> RM'000	<u>Profit before taxation</u> RM'000
Speech & Network Solutions Division	347	61	347	61
	<u>347</u>	<u>61</u>	<u>347</u>	<u>61</u>
Other income	-	41	-	41
	<u>347</u>	<u>102</u>	<u>347</u>	<u>102</u>

**A10. Plant and equipment**

There were no changes or revaluation on the value of the Group's plant and equipment from the previous quarters and preceding annual audited financial statements.

**A11. Subsequent material events**

There were no other material events subsequent to the end of the quarter under review which is likely to substantially affect the results of the operations of the Company for the quarter under review.

**A12. Changes in the composition of the Group**

There were no changes in the composition of the Group since the last quarter.

**A13. Changes in contingent liabilities or contingent assets**

There were no changes in contingent liabilities or contingent assets since the last quarter.

**A14. Capital Commitment**

The Group does not have any capital commitment as at 31 March 2007.

**A15. Significant Related Party Transactions**

There were no significant related party transactions during the quarter under review.



**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 March 2007**

**B. ADDITIONAL INFORMATION REQUIRED BY THE MESDAQ MARKET LISTING REQUIREMENTS (APPENDIX 7A)**

**B1. Review of group results for the quarter ended 31 March 2007**

The Group recorded approximately RM347,000 in revenue for the quarter ended 31 March 2007 due to the ongoing recurring income from maintenance contract coupled with new businesses secured by the Group during the quarter. The Group managed to trim down its operating cost compared to similar period last year to record a profit before tax of RM102,000 for the quarter as a result of the cost reduction exercise embarked by the Group.

**B2. Variation of results against the preceding quarter**

	Current Quarter RM'000	Preceding Quarter RM'000
Revenue	347	499
Profit/(Loss) before taxation	102	(6,767)

The Group embarked on a realignment strategy towards providing Speech and Network solutions further to its exit from the discounted call services sector in the last quarter. The Group further experienced the effect of a short gestation and turnaround period during the quarter from the realignment strategy. The strategic shift in focus is expected to path a positive roadmap to achieving better results in the longer term.

The Group recorded a profit before taxation of RM102,000 as compared to a loss before taxation of RM6,767,000 due to the impairment charge of approximately RM6.1 million in deferred development cost in the preceding quarter.

**B3. Prospects for current financial year**

The Directors anticipate the Malaysian telecommunication industry would require more value added services as intensified competition and liberalisation is expected to persist within the industry. The Group's realignment strategy towards providing more innovative telephony solutions and value-added services, particularly in Speech and Network solutions, is congruent with the anticipated rising demands for differentiation in telecommunication services from our customers. Barring any unforeseen circumstances, the Directors remain cautiously optimistic that the performance of the Group will be satisfactory in the current financial year.

**B4. Profit forecast or profit guarantee**

Not applicable as the Group has not previously provided a profit forecast in a public document or a profit guarantee.

**B5. Taxation**

The company was also accorded Multimedia Super Corridor (MSC) status whereby income derived from its operating activities is exempted from taxation. The MSC status expired on 22 August 2005 but was subsequently renewed for another period of five (5) years expiring 22 August 2010.

**B6. Sale of unquoted investments and/or properties**

There were no disposal of unquoted investments or properties during the period under review.

**B7. Quoted and marketable securities**

The Company/Group does not hold any quoted or marketable securities as at 31 March 2007. There were no purchases or disposals of quoted securities for the current quarter.



**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 March 2007**

**B8. Status of corporate proposals as at 26 May 2007 (being a date not earlier than seven (7) days from the date of this report)**

**(a) Corporate Proposals**

There were no corporate proposals announced but not completed as at the date of this report.

**(b) Status of utilisation of listing proceeds**

The listing proceeds have been fully utilised as at 30 June 2006.

**B9. Group borrowings and debt securities**

The Group has no borrowings as at 31 March 2007.

**B10. Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

**B11. Material litigation**

Save for the following, the Directors are not aware of any other proceeding, pending or threatened litigation or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Group as at 26 May 2007 (being a day not earlier than seven (7) days from the date of this report).

***Viztel Solutions Berhad ("VSB") versus Allied Interactive Sdn Bhd ("Allied Interactive")***

Nature : Recovery of debts of RM200,000 for services rendered.

The Company has filed an application under Order 26A Rules of the Subordinate Court 1980 for summary judgement and the court has ruled in favour of VSB after the hearing session held on 25 October 2004 for the recovery of the whole portion of the debt with interest accruing and cost of litigation.

For the hearing on 18 July 2006, the High Court has dismissed Allied Interactive's Notice of Appeal and the defendant is required to settle the debts immediately to the Company.

***TT dotCom Sdn Bhd ("TTDC") versus VSB***

Nature : Writ of Summons on dispute services provided under the Strategic Alliance Agreement (Global IP)

The Company had on 4 April 2006 been served a writ of summons (Suit No. S622-212) ("Writ of Summons") by TTDC claiming a sum of RM1,405,693.10 plus interest at the rate of 8% per annum from 14 October 2005 to final settlement for services allegedly provided by them pursuant to a Strategic Alliance Agreement (Global IP) which was entered into between SmartDial International Sdn Bhd ("Smartdial"), a former subsidiary of VSB, with TTDC. The Writ of Summons was filed at the Kuala Lumpur High Court of Malaysia, naming VSB as the first defendant; Smartdial as the second defendant; and three (3) VSB officers (former directors of Smartdial prior to the disposal of the latter) as the third, fourth and fifth defendants.

The Directors refute the claims and have appointed a legal counsel to vigorously defend the Company's interest. A defence has been filed for the above claims together with an application to strike out the claims against the Directors. The sealed application is now pending retrieval from court.





**VIZTEL SOLUTIONS BERHAD (489232-W)**  
Notes on the quarterly report - 31 March 2007

**B12. Dividends**

The Directors do not recommend the payment of a dividend in respect of the current financial year.

**B13. Earnings / (Loss) per share ("EPS/(LPS)")**

	<b>Individual quarter ended 31 Mar 2007</b>	<b>Individual quarter ended 31 Mar 2006</b>	<b>Cumulative quarter ended 31 Mar 2007</b>	<b>Cumulative quarter ended 31 Mar 2006</b>
<b>Basic EPS/(LPS)</b>				
Net profit for the period (RM'000)	102	(311)	102	(311)
Weighted average number of ordinary shares in issue ('000)	60,500	60,500	60,500	60,500
Basic EPS/(LPS) (sen)	<u>0.2</u>	<u>(0.5)</u>	<u>0.2</u>	<u>(0.5)</u>

Basic EPS/(LPS) is calculated by dividing the net profit or loss for the period in review by the weighted average number of ordinary shares in issue during the period.

There were no potential dilutive components in the shareholdings of the Company as at 31 March 2006 and 31 March 2007.