



## VIZTEL SOLUTIONS BERHAD (489232-W)

### QUARTERLY REPORT

On consolidated results for the fourth quarter ended 31 December 2008.

The figures have not been audited.

#### Unaudited Condensed Consolidated Income Statement for the fourth quarter ended 31 December 2008

	Note	Individual Quarter ended		(Audited) Cumulative Quarter ended	
		31 Dec 2008 RM'000	31 Dec 2007 RM'000	31 Dec 2008 RM'000	31 Dec 2007 RM'000
<b>Revenue</b>	<b>A9</b>	3	423	677	1,522
Cost of Sales		1	(7)	(596)	(344)
<b>Gross Profit</b>		<u>4</u>	<u>416</u>	<u>81</u>	<u>1,178</u>
Other income		8	45	526	242
Administrative expenses		(2,820)	(270)	(4,512)	(1,145)
Marketing and distribution expenses		-	-	-	-
Other operating expenses		-	(20)	-	(20)
Finance costs		-	-	-	(695)
<b>Profit/(Loss) before taxation</b>	<b>A9</b>	<u>(2,808)</u>	<u>171</u>	<u>(3,906)</u>	<u>(440)</u>
Taxation	<b>B5</b>	-	-	-	(4)
<b>Profit/(Loss) after taxation</b>		<u>(2,808)</u>	<u>171</u>	<u>(3,906)</u>	<u>(444)</u>
Minority interests		-	-	-	-
		<u>(2,808)</u>	<u>171</u>	<u>(3,906)</u>	<u>(444)</u>
<b>Earnings/(Loss) per share (sen)</b>	<b>B13</b>				
(a) Basic		<u>(4.6)</u>	<u>0.3</u>	<u>(6.5)</u>	<u>(0.7)</u>

#### Notes:

1 The unaudited Condensed Consolidated Income Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2007 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 ended 31 Dec 2008 RM'000	Audited As at preceding financial year ended 31 Dec 2007 RM'000
<b>Plant and equipment</b>	<b>A10</b>	259	840
<b>Deferred development costs</b>		1,689	1,573
<b>Intangible asset</b>		-	1,200
<b>Current assets</b>			
Trade receivables		447	1,368
Other receivables		483	775
Amount owing by an associate		-	655
Fixed deposits with licensed banks		147	147
Cash and cash equivalents		45	91
		1,122	3,037
<b>Current liabilities</b>			
Trade payables		265	176
Other payables		943	962
Amount due to Directors		807	619
Deferred Income		1,122	1,122
Tax payable		31	37
Borrowings	<b>B9</b>	-	-
		3,168	2,916
Net current assets		(2,046)	121
		(98)	3,735
<b>Financed by:</b>			
<b>Share Capital and Reserves</b>			
Share capital		6,050	6,050
Reserves		(6,148)	(2,315)
		(98)	3,735
<b>Minority interests</b>		-	-
		(98)	3,735
<b>Non-current Liabilities</b>			
Long term borrowings	<b>B9</b>	-	-
Deferred taxation		0	0
		(98)	3,735
		RM	RM
Net assets per share		(0.00)	0.06

**Note :**

1 The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2007 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 December 2008**

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 2007</b>		6,050	9,031	(81)	(10,737)	4,263
Foreign exchange translation difference		-	-	(84)	-	(84)
Negative goodwill derecognised - effects on adoption of FRS 3						-
Net loss for the period		-	-	-	(444)	(444)
<b>At 31 December 2007</b>		<u>6,050</u>	<u>9,031</u>	<u>(165)</u>	<u>(11,181)</u>	<u>3,735</u>
<b>(Unaudited)</b>						
<b>At 1 January 2008</b>		6,050	9,031	(165)	(11,181)	3,735
Foreign exchange translation difference		-	-	73	-	73
Net loss for the period		-	-	-	(3,906)	(3,906)
<b>At 31 December 2008</b>		<u>6,050</u>	<u>9,031</u>	<u>(92)</u>	<u>(15,087)</u>	<u>(98)</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 financial year ended 31 December 2007 and the accompanying explanatory notes attached to the statements hereto.



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

**Unaudited Condensed Consolidated Cash Flow Statement for the first quarter ended 31 December 2008**

	<b>Unaudited 12 months ended 31 Dec 2008 RM'000</b>	<b>Unaudited 12 months ended 31 Dec 2007 RM'000</b>
Net cash generated from/(used in) operating activities	797	(20)
Net cash used in investing activities	(116)	(389)
Net cash generated from financing activities	-	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>681</u>	<u>(409)</u>
Effects of exchange rates changes	73	(79)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	238	726
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u><u>993</u></u>	<u><u>238</u></u>
<b>Represented by:</b>		
Cash and bank balances	45	91
Deposits pledged for bank guarantees	<u>147</u>	<u>147</u>
	<u><u>192</u></u>	<u><u>238</u></u>

**Note :**

1 The unaudited Condensed Consolidated Cash Flow Statement should be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2007 accompanying explanatory notes attached to the financial statements hereto and the



**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 December 2008**

**A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD ("FRS") 134**

**A1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the Financial Reporting Standard ("FRS") 134 - Interim Financial Reporting and Chapter 9, Part K Rule 9.22 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 2007. 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 2007.

**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 2007 except for the following Financial Reporting Standard ("FRS") which have been issued and are effective for financial periods beginning on or after 1 July 2007 and will be effective for the Group's financial statements for the financial year ending 31 December 2008:-

FRS 107 - Cash Flow Statements  
FRS 111 - Construction Contracts  
FRS 112 - Income Taxes  
FRS 118 - Revenue  
FRS 120 - Accounting for Government Grants and Disclosure of Government Assistance  
FRS 134 - Interim Financial Reporting  
FRS 137 - Provisions, Contingent Liabilities and Contingent Assets

The Group has not adopted FRS 139 - Financial Instruments: Recognition and Measurement as the effective date has been deferred to 1st January 2010.

The adoption of the abovementioned FRSs does not result in significant changes in accounting policies of the Group.

**A3. Auditors' report**

The auditor's report on the financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

**A4. Seasonality or cyclicity 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.



**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 December 2008**

**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.

**A9. Segmental reporting**

	Individual quarter ended 31 Dec 2008		Cumulative quarter ended 31 Dec 2008	
	<u>Revenue</u> RM'000	<u>Profit / (Loss)</u> <u>before taxation</u> RM'000	<u>Revenue</u> RM'000	<u>Profit / (Loss)</u> <u>before taxation</u> RM'000
Speech & Telephony Solutions Division	3	(2,816)	677	(4,432)
	<u>3</u>	<u>(2,816)</u>	<u>677</u>	<u>(4,432)</u>
Other income		8	-	526
	<u>3</u>	<u>(2,808)</u>	<u>677</u>	<u>(3,906)</u>

**A10. Valuation of plant and equipment**

There has been no revaluation of plant and equipment during the current quarter under review.

**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 December 2008

**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 December 2008

#### B. ADDITIONAL INFORMATION REQUIRED BY THE MESDAQ MARKET LISTING REQUIREMENTS (APPENDIX 9B)

##### B1. Review of group results for the quarter ended 31 December 2008

The Group recorded approximately RM 3,104 in revenue for the quarter ended 31 December 2008 mainly due to the current economic downturn and lower demand for ICT products. The Group recorded a loss of RM 2,807,904 during the quarter as the Group incurred higher operational costs and provisions.

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

	<u>Current quarter</u> RM'000	<u>Preceding quarter</u> RM'000
Revenue	3	590
Profit/(Loss) before tax	(2,808)	(438)

For the fourth quarter ended 31 December 2008 the Group registered a loss before taxation of RM 2,807,904, higher than that of the previous corresponding quarter of RM 438,000. The decline in terms of revenue coupled with higher operational costs and provisions resulted in further losses for the quarter under review.

##### B3. Prospects for current financial year

The Group is continuously bidding for various government and government link company's (GLC) projects both locally and overseas in relation to the System Integrations projects. The uncertainties surrounding global financial market that has resulted in the weakening of US and EU economies has indirectly contributed to the slow domestic market and directly affects the ICT industry in Malaysia. Most of the tenders and projects have been put on hold until further notification. Barring any unforeseen circumstances, the Directors are cautious the performance of the Group in the next 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

No taxation was provided in the accounts as the Company incurred a loss during the quarter under review. 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 December 2008. There were no purchases or disposals of quoted securities for the current quarter.



**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 December 2008**

**B8. Status of corporate proposals**

**(a) Corporate Proposals**

There were no corporate proposals announced.

**(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 December 2008.

**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 31 December 2008.

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

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

The company has conducted search with the Companies Commission of Malaysia on Allied Interactive Sdn Bhd (hereinafter referred as Allied) to locate the business address of Allied. Company solicitors as well as Allied's solicitor are unable to locate the company at the business address. They have informed the High Court of the situation.

In view of the above, company solicitor advised to execute the Judgement against Allied viz Winding-Up Petition instead of Writ of Seize and Seizure.

***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 Statement of Defence was filed on 3 May 2007 and the case is fixed for a Pre-trial Case Management on 22 May 2008 before the Judge. On 12 Feb 09, the court directed both parties to finalize the agreed facts and issues before Trial. The next case management will be on 31 March 2009.

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.

Discussion has been made on the summons between TTDC and VSB.





**VIZTEL SOLUTIONS BERHAD (489232-W)**  
**Notes on the quarterly report - 31 December 2008**

**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 Dec 2008</b>	<b>Individual quarter ended 31 Dec 2007</b>	<b>Cumulative quarter ended 31 Dec 2008</b>	<b>(Audited) Cumulative quarter ended 31 Dec 2007</b>
<b>Basic EPS/(LPS)</b>				
Net profit/(loss) for the period (RM'000)	(2,808)	171	(3,906)	(444)
Weighted average number of ordinary shares in issue ('000)	60,500	60,500	60,500	60,500
Basic EPS/(LPS) (sen)	<u>(4.6)</u>	<u>0.3</u>	<u>(6.5)</u>	<u>(0.7)</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 December 2007 and 31 December 2008.