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QIS COMPANY PROFILE

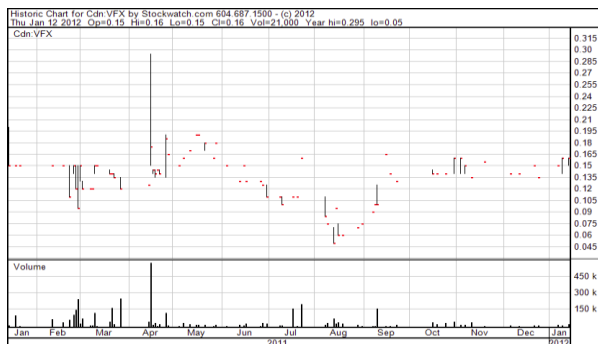


Virtutone Networks Inc.
(VFX:TSX-V)

Date: January 12, 2012

Price: \$0.16

(coverage initiated on Sep. 9, 2011 at \$0.10)



KEY INFORMATION

Fiscal Year-end	January 31
52-Week High/Low	\$0.295 - \$0.05
3-Month Avg. Daily Trading Volume	4,300 shares
Market Capitalization	\$2.9 million
Enterprise Value	\$3.0 million
Book Value per Share	\$0.038
Working Capital per share	\$0.014
Current Ratio	1.6
Gross Margin (qtr ended Oct. 31)	49%
LT Debt to Equity	0.00
Price to f2010 Earnings	nm
Price to f2011 Earnings	nm

FINANCIAL HISTORY (000s of Canadian Dollars)

	F2008	f2009	f2010	f2011
Revenues	\$ 146	\$ 453	\$ 851	\$ 2,883
Gross Profit	82	222	485	1,155
Net Income	46	(723)	(237)	(148)
per share	0.005	(0.053)	(0.014)	(0.009)

FINANCIAL DATA (000s of Canadian Dollars)

	3 Months Oct. 31		9 Months Oct. 31	
	2011	2010	2011	2010
Revenues	\$ 717	\$ 1,077	\$ 2,030	\$ 1,991
Cost of Sales	369	615	1,070	1,200
Gross Profit	349	461	960	791
Net Income	65	111	204	(170)
per share	0.004	0.007	0.014	(0.010)

BALANCE SHEET (as at October 31, 2011)

Current Assets	\$ 679,658
Total Assets	1,101,034
Current Liabilities	428,804
Long-Term Debt	nil
Shareholders' Equity	672,230

SHARES OUTSTANDING (as at December 29, 2011)

Basic (57% held by mgmt & insiders)	18,088,755
Fully-Diluted	20,718,755

Highlights:

- recurring revenue business model
- profitable in each of the past five quarters with strong gross margins
- no long-term debt
- potential for significant future contracts similar to the agreement with The Cash Store Financial Services Inc.

Virtutone Networks Inc. is a supplier of Voice Over Internet Protocol (VoIP) and Fax Over Internet Protocol (FoIP) applications. The company's offerings include IP voice lines, IP fax lines, analog voice lines, analog fax lines, hosted private branch exchange (PBX), on-site PBX, call center applications, calling features and many more communications options to meet customer demands. Virtutone's products significantly reduce the communications costs for its clients and the technology works over terrestrial, wireless, and satellite connections.

The company was incorporated in January 2007 as SatFax Networks Inc. In June 2008, SatFax completed a reverse takeover of Sawhill Capital Ltd, a capital pool company trading on the TSX-V. Pursuant to this transaction in September 2008, the company acquired VoIP lines and related assets from Terrace Communications Inc. and changed its name to Virtutone Networks Inc.

Virtutone generates revenue from four main sources. First, revenue arises from the initial sale of the Fax Terminal Adaptors (FTAs) for fax lines and Analog Terminal Adapters (ATAs) or IP phones for voice lines. The company's second and primary source of revenue is from the recurring line use charges generated by the phone and fax lines provided. The company also derives revenue from the installation and service of its products and lastly, from additional products and services offered to customers.

Virtutone's founders have worked cooperatively for several years offering VoIP services to oil and gas exploration companies, forestry and fire fighting departments and other businesses across North America. Clients at remote work sites,

support camps and bases require a 100% reliable faxing solution, so management seized the opportunity to develop a solution to meet this demand.

Virtutone's initial target market, companies in remote locations, continues to grow, especially in the oil and gas producing states of the southern U.S., including the Gulf of Mexico. A second market that Virtutone has expanded into is the provision of fax services to other VoIP providers not currently able to offer their clients a reliable faxing solution. By reselling Virtutone's fax service, these companies can now offer a complete IP solution to their customers. Virtutone has also focused its sales efforts on companies with multiple locations such as retail outlets and chain stores that require communications between the branches and head office.

In March 2010, the company secured a significant contract with The Cash Store Financial Services Inc. (CSF:TSX) to provide a private network to interconnect the Cash Store's head office with its 500+ retail branch locations. Virtutone provided a fully managed, private network supporting VoIP and FoIP lines to the Cash Store's head office, as well as its current and future branch locations in three countries. There is a minimum commitment to Virtutone over the term of the contract for the voice and fax-line services of \$178 per month per store to over 500 existing locations in Canada, Australia, and the United Kingdom. Furthermore, Cash Store has agreed to install Virtutone VoIP and FoIP lines in all new branches over the next the three years. Based on current growth projections, this is expected to add about 400 branch locations to the contract, bringing the total number to about 900 branches worldwide. The private network will eliminate all inter-company long distance charges and allows four-digit dialing between branches and head office.

As of December 2011, Virtutone had approximately 12,000 active lines. During 2011, the company began to upgrade its infrastructure systems, including the purchase of new hardware and software, as well as the allocation of significant internal resources. This restructuring is expected to be finalized in the near future and will improve the quality of the company's service and the quantity of lines that can be supported (up to 75,000). Once the upgrade is completed, Virtutone expects to significantly ramp up its sales efforts. Management intends to focus on controlling costs and revenue generation, both of which should contribute to continued profitable results.

Virtutone currently has a network of over 100 dealers

and distributors in satellite, cellular and VoIP markets reselling its products and services across North America. Management expects this network to continue to grow and generate increased sales.

In August 2011, the company completed a \$300,000 financing through the issuance of 4,000,001 shares at \$0.075 per share.

In late October 2011, Virtutone acquired certain assets from Transcendent Global Networks LLC (TGN) for total consideration of 600,000 common shares of the company at a deemed issue price of \$0.13 per share. TGN is Virtutone's US distributor of telecommunication products and services. As part of this move that will take advantage of the synergies between the two entities, the President of TGN will become Virtutone's VP of Sales & Marketing.

Virtutone has now been profitable in 5 consecutive quarters. Initial costs were incurred to implement the Cash Store contract in early-mid 2010, but the company became profitable in the second half of the year ended January 31, 2011. This profitability is expected to be sustainable into the foreseeable future due to the company's recurring revenue model. Management believes that the success of the Cash Store contract may potentially lead to a number of new and similar opportunities.

Virtutone's quarterly sales have begun to stabilize with recurring revenue streams making up a higher percentage than amounts derived from sporadic sales and contracts. The company's trailing 4 quarters of results include sales of \$2.9 million with corresponding net income of \$231,361 or \$0.02 per share. With no debt, Virtutone is presently trading at approximately 8 times trailing earnings. In addition, the company's market cap is presently just \$2.9 million, or about 1X annual revenues. Going forward, Virtutone intends to facilitate growth organically and through the pursuit of opportunistic acquisitions.

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