

# **AVT Audio Visual Telecommunications Corporation**

## **2008 Year End Report**

Since our last newsletter, AVT was not able to raise any more funds from individual and other private investors mainly due to the worldwide financial crisis that is affecting every major corporation in the world. Outstanding liabilities that were affecting the operation of AVT had to be addressed immediately. In order for AVT to realize the potential of its patents on a world scale, a private investment corporation had agreed to help pay for some of the most pressing of the outstanding liabilities in order for AVT to remain solvent.

In exchange for this financial commitment, AVT had assigned 50% of its interest in its IP Portfolio including the Multiphone Patent(s) to Lambert Everest Limited (LEL) in exchange for Lambert Everest assuming a majority of the outstanding liabilities and to pay for and promote the true value in AVT and its IP patent portfolio globally.

LEL has also helped AVT to secure and pay for a top-notch group of patent attorneys from the greater Chicago area called Cook Alex who are now on board representing and protecting AVT's intellectual property rights in various potential markets in China, Japan, Europe, USA and Canada.

### **Following is a synopsis of the AVT Patent work to date.**

Cook Alex is taking on AVT's Multiphone patent portfolio internationally to secure licensing arrangements. Once the agreement to represent AVT is secured, the lawyers will be promoting a select portfolio of AVT's Intellectual Property to major cell phone manufactures on a global basis.

Besides the Multiphone Patent, Cook Alex is also representing two other main AVT Patents. The Resilency Patent, which was granted in 2008, and the lawyers wrote more patents around it so as to make it stronger, and the Fast 1/2 PEL application, which is still progressing both in the US and Japan.

In 2008, the Multiphone Patent in Japan was further strengthened by getting a second patent granted, which adds further to the main Multiphone patent that was granted earlier.

The Chinese Multiphone patent was granted in 2008, which took 11 years to get through the Chinese system. The Chinese Multiphone Patent appears to be broad based by even including ALL camera phones as well.

Furthermore, a large Chinese cell phone manufacturer appears to be infringing upon AVT's patent and continues to produce and sell a large amount of phones worth several hundred million dollars on a world scale without paying any royalties whatsoever to AVT.

This same company has now invited AVT, LEL and Cook Alex for face-to-face discussions in order to negotiate a licensing agreement to continue to utilise the patented design. As there are over fifteen major cell phone companies producing cell phones out of China worth billions of dollars, the financial benefit to AVT from an agreement with any one of these companies could be significant.

**There were three major liabilities that AVT had to deal with in 2008.**

The main liability AVT dealt with in 2008 was the Arbitration Consent Certificate of Costs for \$1 million. AVT is happy to report that with the help of Lambert Everest and the AVT directors this liability has now been satisfied. AVT has just obtained the final release of the Arbitration debt obligation.

AVT has made a substantial payment against the outstanding loan debt to David Yanko in 2007 with the amount of liability to be around \$ 120,000, plus interest outstanding. As of 2008, there were no more payments made due to lack of funds and interest is accruing accordingly. It is anticipated that once AVT realizes revenue from its patent portfolio then David Yanko loan debt will be paid out in full.

Apart from Dave Yanko's liability, the other main liability of AVT is for about \$250,000 of the CRA SR&ED grant, which is under appeal to the Tax Court of Canada. The matter has been set over until May/2009 for a further status report. CRA has hired a new consultant and the Department of Justice is reviewing the documentation sent them by AVT. AVT is optimistic that a beneficial solution will be worked out and the liability will be greatly reduced if not totally eliminated.

AVT has engaged an independent accounting firm, Watson, Dauphinee & Masuch from Vancouver to do an audit of AVT's accounts and business practices up to the end of 2008. At the time of this letter, the detailed audit is progressing favourably and should be completed sometime in the very near future.

In conclusion, AVT's star is shining brighter than at any other time since its inception. Past experience has shown that in order for any upstart company, with a secured portfolio of patents is able to move forward, it has to have the financial backing of a major entity

and the power of a world recognized patent law firm that will agree to promote, prosecute and collect on its patents, all of which AVT now has on board.

This is exiting news to go into the New Year with. AVT's main objective for 2009 is to continue assisting LEL and Cook Alex in organizing and strengthening our portfolio of Intellectual Property and to begin a licensing program of the patents to collect royalties from these inventions in the various jurisdictions on a worldwide scale.

Garry Robb

AVT President and CEO