



AV VENTURES CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 108253-W

QUARTERLY FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2005

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AV VENTURES CORPORATION BERHAD (Company No. 108253-W)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2005

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Current Quarter Ended 30/09/2005 RM'000	Corresponding Quarter Ended 30/09/2004 RM'000	Current Year to date Ended 30/09/2005 RM'000	Corresponding Year to date Ended 30/09/2004 RM'000
Revenue	10,247	11,437	33,791	31,474
Operating expenses	(9,981)	(10,583)	(32,105)	(29,312)
Other income	149	131	830	171
Profit from operations	415	985	2,516	2,333
Finance cost	(380)	(491)	(1,242)	(1,444)
Profit before taxation	35	494	1,274	889
Taxation	162	(100)	(354)	(43)
Profit after taxation before minority interest	197	394	920	846
Minority interest	(264)	(142)	(719)	(446)
Net (loss)/profit for the period	(67)	252	201	400
 (Loss)/Profit per share (sen)				
(a) Basic	(0.16)	0.63	0.47	1.00
(b) Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)


AV VENTURES CORPORATIONS BERHAD (Company No. 108253-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2005**
CONDENSED CONSOLIDATED BALANCE SHEETS

	As At End Of Current Quarter 30/09/2005 RM'000	As At Preceding Financial Year Ended 31/12/2004 RM'000
Property, plant and equipment	21,016	22,732
Intangible assets	1,009	1,444
Current assets		
Inventories	5,623	5,555
Trade and other receivables	12,040	12,699
Cash and cash equivalents	8,344	6,158
	26,007	24,412
Current liabilities		
Trade and other payables	11,064	10,810
Government grant	8	31
Borrowings	8,490	8,503
Taxation	52	356
Provisions	514	684
	20,128	20,384
Net current assets	5,879	4,028
	27,904	28,204
Financed by:		
Capital and reserves		
Share capital	43,084	40,930
Reserves	(30,241)	(30,485)
Surplus of shareholder's funds	12,843	10,445
Minority interests	5,365	5,448
Long term and deferred liabilities		
Borrowings	8,988	11,580
Deferred taxation	708	731
	9,696	12,311
	27,904	28,204
Net tangible assets per share (sen)	27.5	22.0

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)


AV VENTURES CORPORATION BERHAD (Company No. 108253-W)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2005

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Share Premium RM'000	Capital Reserves RM'000	Accumulated Losses RM'000	Total RM'000
Current period to date ended 30/09/2005					
Balance at beginning of year	40,930	2,287	700	(33,472)	10,445
Movements during the period	2,154	43	-	201	2,398
Balance at end of period	<u>43,084</u>	<u>2,330</u>	<u>700</u>	<u>(33,271)</u>	<u>12,843</u>
Preceding period to date ended 30/09/2004					
Balance at beginning of year	40,000	2,269	700	(34,028)	8,941
Movements during the year	-	-	-	400	400
Balance at end of year	<u>40,000</u>	<u>2,269</u>	<u>700</u>	<u>(33,628)</u>	<u>9,341</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)


AV VENTURES CORPORATION BERHAD (Company No. 108253-W)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2005**
CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Current Year to date Ended 30/09/2005 RM'000	Corresponding Year to date Ended 30/09/2004 RM'000
Operating Activities		
Net Profit Before Taxation	1,274	889
Adjustment for non-cash flow items:		
Depreciation	2,191	2,350
Amortisation of goodwill	203	203
Amortisation of development costs	172	92
Amortisation of government grant	(23)	(23)
Gain on disposal of property, plant and equipment	(84)	(1)
Interest expense	1,241	1,444
Interest income	(60)	(15)
Provision for warranties	134	87
Reversal of provision	(303)	-
Operating Profit Before Changes In Working Capital	4,745	5,026
Changes In Working Capital		
Net change in current assets	590	(3,747)
Tax paid	(680)	(401)
Net change in current liabilities	253	2,894
Net Cash Flows Generated From Operating Activities	4,908	3,772
Investing Activities		
Purchase of shares in a subsidiary	(576)	-
Purchase of property, plant & equipments	(633)	(1,480)
Proceed from sale of property, plant & equipments	241	4
Development cost incurred	(166)	(139)
Deposits released as security	107	-
Interest received	60	15
Net Cash Flows Used In Investing Activities	(967)	(1,600)
Financing Activities		
Proceeds from exercise of employees share option scheme	2,197	-
Repayment of borrowings	(9,217)	(1,690)
Proceed from trade facilities	7,036	3,110
Repayment of finance lease and hire purchase creditors	(105)	(426)
Dividend paid to minority shareholders of a subsidiary	-	(147)
Interest paid	(1,241)	(1,444)
Net Cash Used In Financing Activities	(1,330)	(597)
Net Change in Cash and Cash Equivalents	2,611	1,575
Cash And Cash Equivalents At Beginning Of Year	5,071	3,165
Cash And Cash Equivalents At End Of Period	7,682	4,740

Cash and cash equivalents at end of the quarter in the condensed consolidated cash flow statement comprise the following balance sheet amounts:

Deposits with licensed banks	2,363	674
Cash and bank balances	5,981	4,740
Bank overdraft	(81)	-
	8,263	5,414
Deposits pledged as security	(581)	-
	7,682	5,414

(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Report for the year ended 31st December 2004)


AV VENTURES CORPORATION BERHAD (Company No. 108253-W)

**EARNINGS PER SHARE
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2005**

	Ref	Individual Quarter		Cumulative Quarter	
		Current Period Corresponding Quarter 30/09/2005	Preceding Period Corresponding Quarter 30/09/2004	Current Year To Date 30/09/2005	Preceding Year To Date 30/09/2004
Basic earnings per share					
Net (loss)/ profit attributable to shareholders (RM)		(67)	252	201	400
Weighted average number of shares outstanding	<i>Note 1</i>	43,084	40,000	43,084	40,000
Basic (loss)/ earnings per share (sen)		(0.16)	0.63	0.47	1.00
Diluted earnings per share					
Net (loss)/ profit attributable to shareholders (RM)		(67)	252	201	400
Weighted average number of shares for basic earnings per share		43,084	40,000	43,084	40,000
Effect of unexercised share options	<i>Note 2</i>		-	-	-
shares outstanding		N/A	40,000	N/A	40,000
Diluted earnings per share		N/A	N/A	N/A	N/A

* Fully diluted earnings per share - The effect on the basic earnings per share arising from the assumed exercise of ESOS is anti-dilutive. Accordingly, dilutive earnings per share was not presented.

Note 1:

Weighted average number of shares outstanding = 43,084,000

Note 2:

Number of shares that would have been issued at fair value = $\frac{\text{Average market price} - \text{ESOS exercise price}}{\text{Average market price}} \times \text{Balance unexercised ESOS}$

= $\frac{0.91 - 1.02}{0.91} \times 2,916,000$

= (352,484) anti-dilutive

Note 3:

Total ESOS = 15% of 40,000,000

= 6,000,000

Total exercised as at 30/06/05 = 3,084,000

Balance unexercised ESOS as at 30/06/05 = 2,916,000

Exercised up to 31.12.04 = 930,000

Exercised for the 1st quarter 2005 = 2,096,000

Exercised for the 2nd quarter 2005 = 58,000

Exercised for the 3rd quarter 2005 = -

3,084,000