



AV VENTURES CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 108253-W

**QUARTERLY FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2009**

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AV VENTURES CORPORATION BERHAD

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(Company No. 108253-W)

CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2009

	CURRENT QUARTER 3 months ended 30 June		CUMULATIVE QUARTER 6 months ended 30 June	
	2009 RM'000 Unaudited	2008 RM'000 Unaudited	2009 RM'000 Unaudited	2008 RM'000 Unaudited
Revenue	25,196	15,617	38,864	34,887
Cost of sales	(20,299)	(13,174)	(32,004)	(28,675)
Gross profit	<u>4,897</u>	<u>2,443</u>	<u>6,860</u>	<u>6,212</u>
Other income	88	1,883	88	2,457
Administrative expenses	(2,387)	(2,274)	(4,727)	(4,837)
Other expenses	(191)	(136)	(234)	(317)
Profit from operations	<u>2,407</u>	<u>1,916</u>	<u>1,987</u>	<u>3,515</u>
Finance cost	(19)	156	(34)	(31)
Interest income	36	42	94	77
Profit before taxation	<u>2,424</u>	<u>2,114</u>	<u>2,047</u>	<u>3,561</u>
Taxation	(137)	(189)	(137)	(259)
Profit for the period	<u><u>2,287</u></u>	<u><u>1,925</u></u>	<u><u>1,910</u></u>	<u><u>3,302</u></u>
Attributable to:-				
Shareholders of the Company	2,169	1,744	1,766	2,846
Minority interests	118	181	144	456
Profit for the period	<u><u>2,287</u></u>	<u><u>1,925</u></u>	<u><u>1,910</u></u>	<u><u>3,302</u></u>
Earnings per share				
Basic earnings per share (sen)	<u>3.72</u>	<u>3.17</u>	<u>3.03</u>	<u>5.17</u>
Diluted earnings per share (sen)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

AV VENTURES CORPORATION BERHAD

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(Company No. 108253-W)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As At 30 June 2009 Unaudited RM'000	As At 31 Dec 2008 Audited RM'000
ASSETS		
Property, plant and equipment	11,527	9,543
Development expenditure	3,150	2,904
Goodwill	245	245
Other investment	10	10
Total non-current assets	14,932	12,702
Inventories	7,777	9,872
Trade & other receivable	21,025	13,855
Current tax assets	416	220
Cash and cash equivalents	7,496	11,720
Total current assets	36,714	35,667
TOTAL ASSETS	51,646	48,369
EQUITY		
Share capital	58,360	58,360
Share premium	2,421	2,421
Other reserves	700	700
Accumulated losses	(29,853)	(31,619)
Total equity attributable to shareholders of the Company	31,628	29,862
Minority interest	3,433	3,588
Total equity	35,061	33,450
LIABILITIES		
Borrowing	-	20
Government grant	148	105
Deferred taxation	589	589
Total non-current liabilities	737	714
Trade & other payables	13,468	12,482
Current tax liabilities	-	64
Government grant	-	33
Borrowing	1,849	1,104
Provision	531	522
Total current liabilities	15,848	14,205
Total Liabilities	16,585	14,919
TOTAL EQUITY AND LIABILITIES	51,646	48,369
Net assets per share attributable to shareholders of the Company (sen)	54.19	51.17

(The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

AV VENTURES CORPORATION BERHAD

(Company No. 108253-W)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2009

	Attributable to shareholders of the Company					Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Consolidation Reserves RM'000	Accumulated Losses RM'000	Total RM'000	
At 1 January 2009	58,360	2,421	700	(31,619)	29,862	33,450
Profit for the period	-	-	-	1,766	1,766	1,910
Dividend to shareholders	-	-	-	-	-	(299)
At 30 June 2009	58,360	2,421	700	(29,853)	31,628	35,061
At 1 January 2008	48,526	2,421	700	(32,368)	19,279	23,004
Profit for the period	-	-	-	2,846	2,846	3,302
Dividend to shareholders	-	-	-	-	-	(422)
Acquisition of additional equity interest in subsidiary	-	-	-	-	-	(330)
Issue of shares pursuant to acquisition of subsidiaries	9,834	2,458	-	-	12,292	12,292
At 30 June 2008	58,360	4,879	700	(29,522)	34,417	37,846

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements)

AV VENTURES CORPORATION BERHAD

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(Company No. 108253-W)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30 June	
	2009 Unaudited RM'000	2008 Unaudited RM'000
Operating Activities		
Net Profit Before Taxation	2,047	3,561
Adjustment for non-cash flow items:		
Depreciation	1,355	1,525
Amortisation of goodwill	-	20
Amortisation of development costs	353	209
Amortisation of government grant	(19)	(16)
Interest expense	34	31
Interest income	(94)	(77)
Provision for warranties	185	127
Reversal of provision	(177)	(241)
Acquisition of subsidiary, net of acquisitions	-	2,649
Negative goodwill arising from acquisition of shares in subsidiaries	-	(167)
Pre-acquisition profits	-	102
Gain on disposal of a property, plant and equipment	-	(742)
Impairment loss on property, plant and equipment	-	-
Operating Profit Before Changes In Working Capital	3,684	6,981
Changes In Working Capital		
Net change in current assets	(5,073)	2,766
Tax paid	(397)	212
Net change in current liabilities	985	(3,761)
Net Cash Flows Generated From / (Used in) Operating Activities	(801)	6,198
Investing Activities		
Purchase of shares in a subsidiary	-	(405)
Purchase of property, plant & equipments	(3,339)	(544)
Proceed from sale of property, plant & equipments	-	9,277
Development cost incurred	(598)	(2,211)
Interest received	94	77
Net Cash Flows Generated From / (Used in) Investing Activities	(3,843)	6,194
Financing Activities		
Proceed from Murabahah Capital Financing	3,757	2,968
Repayment of borrowings	(3,092)	(9,861)
Government grant received	30	117
Deposit released/(pledged)	(1,221)	16
Repayment of finance lease and hire purchase creditors	(20)	(20)
Dividend paid to minority shareholders of a subsidiary	(299)	(422)
Interest paid	(34)	(31)
Net Cash Generated From / (Used in) Financing Activities	(879)	(7,233)
Net Change in Cash and Cash Equivalents	(5,523)	5,159
Cash And Cash Equivalents At Beginning of Period	11,118	5,445
Cash And Cash Equivalents At End of Period	5,595	10,604
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	5,444	8,964
Cash and bank balances	2,052	2,259
Bank overdraft	(177)	(119)
Deposits pledged as security	7,319	11,104
	(1,724)	(500)
	5,595	10,604

(The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the Interim financial statements)

PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS 134²⁰⁰⁴**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2008.

2. Changes in accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the financial statements for the year ended 31 December 2008 except for the adoption of the following revised Financial Reporting Standards (FRS) and new Interpretations effective for financial period beginning 1 January 2009:

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
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Share in Co-operative Entities and Similar Instruments
IC Interpretation 5	Right to interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴ - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

FRS 139 Financial Instruments: Recognition and Measurement has been deferred and has not been adopted by the Group.

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

3. Auditors' Report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the year ended 31 December 2008 in their report dated 21 April 2009.

4. Segmental reporting

The Group operates wholly in Malaysia. Financial information by industry segments is not presented as the Group's activities are principally engaged in the manufacturing and supplying of automotive and related components.

5. Comment about seasonal or cyclical factors

There were no material seasonal or cyclical factors affecting the income and performance of the Group for the current financial period.

6. Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the current financial period.

7. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial period to date results.

8. Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the current financial period.

9. Dividend paid

There was no dividend paid for the current financial period.

10. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

The Group did not revalue any of its property, plant and equipment.

11. Changes in the composition of the group

There were no changes in the composition of the Group during the current quarter and financial period to date.

12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual financial statements as at 31 December 2008 till the date of this quarterly report.

13. Capital commitment

There were no material capital commitments to be disclosed in the financial statement for the current financial period.

14. Subsequent events

There were no material events subsequent to the balance sheet date to be disclosed in the financial statement for the current financial period.

**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA
SECURITIES BERHAD LISTING REQUIREMENT**

15. Review of performance

The Group achieved a revenue of RM38.864 million for the period ended 30 June 2009 which represents an increase of RM3.977 million or 11.40% as compared to the corresponding financial period.

The Group recorded a profit before taxation and minority interest of RM2.047 million for the period ended 30 June 2009 as compared to profit before taxation and minority interest of RM3.561 million in the corresponding financial period ended 30 June 2008.

16. Comparison with preceding quarter's results

The Group revenue increased by RM11.528 million or approximately 84.34% compared to the preceding quarter. The Group generated a profit before taxation and minority interest of RM2.424 million for the current quarter as compared to a loss before taxation and minority interest of RM0.375 million in the preceding quarter.

17. Prospects

The Group expects to maintain its current operating and profitability levels for the immediate future. Nevertheless, the Group remains cautious of the challenging times ahead in view of the current uncertainties over the local and global economies.

18. Variance of actual profit from forecast profit

Not applicable as no profit forecast was published.

19. Sale of unquoted investment and properties

There were no sale of unquoted investment and properties for the current financial quarter under review.

20. Purchase or disposal of quoted securities

There were no purchases or disposal of quoted securities for the current quarter under review.

21. Taxation

The taxation for the current quarter and financial year-to-date is as follows:

	Current quarter 30 June 2009 RM'000	Year-to-date 30 June 2009 RM'000
Tax expenses - current period provision	137	137

22. Corporate proposal

There are no corporate proposals announced by the Group as at 30 June 2009.

23. Group borrowings (secured)

Total Group borrowings as at 30 June 2009 are as follows:-

	30 June 2009 (unaudited) RM'000	31 December 2008 (audited) RM'000
Short term borrowings	1,849	1,104
Long term borrowings	-	20
	<u>1,849</u>	<u>1,124</u>

24. Off balance sheet financial instruments

There were no off balance sheet financial instruments for financial period ended 30 June 2009.

25. Material litigation

Further to the disclosure in the previous quarter's report on material litigation, there are no changes in material litigation as at 30 June 2009.

26. Earnings per share

	Individual Quarter Ended 30 June		Cumulative Quarter Ended 30 June	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
a) Basic				
Net profit attributable to shareholders	2,169	1,744	1,766	2,846
Weighted average number of shares outstanding	58,360	55,082	58,360	55,082
Earnings per share (sen)	3.72	3.17	3.03	5.17
b) Diluted	N/A	N/A	N/A	N/A