



AV VENTURES CORPORATION BERHAD

(Incorporated in Malaysia)

Company No : 108253-W

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

	CURRENT QUARTER 3 months ended 30 Sept		CUMULATIVE QUARTER 9 months ended 30 Sept	
	2009 RM'000 Unaudited	2008 RM'000 Unaudited	2009 RM'000 Unaudited	2008 RM'000 Unaudited
Revenue	22,027	17,060	60,891	51,947
Cost of sales	(18,532)	(14,978)	(50,536)	(43,654)
Gross profit	<u>3,495</u>	<u>2,082</u>	<u>10,355</u>	<u>8,293</u>
Other income	201	207	288	2,664
Administrative expenses	(1,915)	(2,230)	(6,640)	(7,067)
Other expenses	(127)	(117)	(362)	(434)
Profit from operations	<u>1,654</u>	<u>(58)</u>	<u>3,641</u>	<u>3,456</u>
Finance cost	(26)	(17)	(60)	(226)
Interest income	26	60	120	315
Profit before taxation	<u>1,654</u>	<u>(15)</u>	<u>3,701</u>	<u>3,545</u>
Taxation	17	(173)	(120)	(431)
Profit for the period	<u><u>1,671</u></u>	<u><u>(188)</u></u>	<u><u>3,581</u></u>	<u><u>3,114</u></u>
Attributable to:-				
Shareholders of the Company	1,654	(338)	3,420	2,508
Minority interests	17	150	161	606
Profit for the period	<u><u>1,671</u></u>	<u><u>(188)</u></u>	<u><u>3,581</u></u>	<u><u>3,114</u></u>
Earnings per share				
Basic earnings per share (sen)	<u><u>2.83</u></u>	<u><u>(0.61)</u></u>	<u><u>5.86</u></u>	<u><u>4.55</u></u>
Diluted earnings per share (sen)	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></u>	<u><u>N/A</u></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 Sept 2009 Unaudited RM'000	As At 31 Dec 2008 Audited RM'000
ASSETS		
Property, plant and equipment	10,779	9,543
Development expenditure	3,228	2,904
Goodwill	245	245
Other investment	10	10
Total non-current assets	<u>14,262</u>	<u>12,702</u>
Inventories	8,778	9,872
Trade & other receivable	19,092	13,855
Current tax assets	570	220
Cash and cash equivalents	9,389	11,720
Total current assets	<u>37,829</u>	<u>35,667</u>
TOTAL ASSETS	<u><u>52,091</u></u>	<u><u>48,369</u></u>
EQUITY		
Share capital	58,360	58,360
Share premium	2,421	2,421
Other reserves	700	700
Accumulated losses	(28,199)	(31,619)
Total equity attributable to shareholders of the Company	<u>33,282</u>	<u>29,862</u>
Minority interest	<u>3,450</u>	<u>3,588</u>
Total equity	<u><u>36,732</u></u>	<u><u>33,450</u></u>
LIABILITIES		
Borrowing	-	20
Government grant	138	105
Deferred taxation	589	589
Total non-current liabilities	<u>727</u>	<u>714</u>
Trade & other payables	13,085	12,482
Current tax liabilities	-	64
Government grant	-	33
Borrowing	1,035	1,104
Provision	512	522
Total current liabilities	<u>14,632</u>	<u>14,205</u>
Total Liabilities	<u>15,359</u>	<u>14,919</u>
TOTAL EQUITY AND LIABILITIES	<u><u>52,091</u></u>	<u><u>48,369</u></u>
	-	-
Net assets per share attributable to shareholders of the Company (sen)	57.03	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)

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

	Attributable to shareholders of the Company				Total RM'000	Minority Interest RM'000	Total Equity RM'000
	Non-distributable						
	Share Capital RM'000	Share Premium RM'000	Consolidation Reserves RM'000	Accumulated Losses RM'000			
At 1 January 2009	58,360	2,421	700	(31,619)	29,862	3,588	33,450
Profit for the period	-	-	-	3,420	3,420	161	3,581
Dividend to shareholders	-	-	-	-	-	(299)	(299)
At 30 Sept 2009	<u>58,360</u>	<u>2,421</u>	<u>700</u>	<u>(28,199)</u>	<u>33,282</u>	<u>3,450</u>	<u>36,732</u>
At 1 January 2008	48,526	2,421	700	(32,368)	19,279	3,725	23,004
Profit for the period	-	-	-	2,508	2,508	606	3,114
Dividend to shareholders	-	-	-	-	-	(422)	(422)
Acquisition of additional equity interest in subsidiary	-	-	-	-	-	(330)	(330)
Issue of shares pursuant to acquisition of subsidiaries	9,834	2,458	-	-	12,292	-	12,292
At 30 Sept 2008	<u>58,360</u>	<u>4,879</u>	<u>700</u>	<u>(29,860)</u>	<u>34,079</u>	<u>3,579</u>	<u>37,658</u>

(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

	9 months ended 30 Sept	
	2009 Unaudited RM'000	2008 Unaudited RM'000
Operating Activities		
Net Profit Before Taxation	3,701	3,545
Adjustment for non-cash flow items:		
Depreciation	2,097	2,372
Amortisation of goodwill	-	20
Amortisation of development costs	551	297
Amortisation of government grant	(29)	(26)
Interest expense	60	226
Interest income	(120)	(315)
Provision for warranties	271	199
Reversal of provision	(281)	(314)
Acquisition of subsidiary, net of acquisitions	-	2,649
Negative goodwill arising from acquisition of shares in subsidiaries	-	(167)
Gain on disposal of a property, plant and equipment	(17)	(766)
Impairment loss on property, plant and equipment	-	-
Others	2	102
	6,235	7,822
Operating Profit Before Changes In Working Capital		
Changes In Working Capital		
Net change in current assets	(4,143)	3,794
Tax paid	(535)	60
Net change in current liabilities	603	(3,802)
Net Cash Flows Generated From / (Used in) Operating Activities	2,160	7,874
Investing Activities		
Purchase of shares in a subsidiary	-	(405)
Purchase of property, plant & equipments	(3,365)	(2,357)
Proceed from sale of property, plant & equipments	49	9,320
Development cost incurred	(874)	(2,365)
Interest received	120	315
Net Cash Flows Generated From / (Used in) Investing Activities	(4,070)	4,508
Financing Activities		
Proceed from Murabahah Capital Financing	5,416	5,719
Repayment of borrowings	(5,479)	(10,836)
Government grant received	30	117
Deposit released/(pledged)	(1,224)	13
Repayment of finance lease and hire purchase creditors	(30)	(30)
Dividend paid to minority shareholders of a subsidiary	(299)	(422)
Interest paid	(60)	(226)
Net Cash Generated From / (Used in) Financing Activities	(1,646)	(5,665)
Net Change in Cash and Cash Equivalents	(3,556)	6,717
Cash And Cash Equivalents At Beginning of Period	11,118	5,445
Cash And Cash Equivalents At End of Period	7,562	12,162
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	5,441	8,551
Cash and bank balances	3,948	4,115
Bank overdraft	(100)	-
	9,289	12,666
Deposits pledged as security	(1,727)	(504)
	7,562	12,162
	-	-

(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)

AV VENTURES CORPORATION BERHAD

(Incorporated in Malaysia)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

PART A – DISCLOSURE NOTES AS REQUIRED UNDER FRS 134 2004

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
IC Interpretation 7	Applying the Restatement Approach under FRS 129 ²⁰⁰⁴
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.

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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

The Board of Directors is now declaring an interim dividend of 1.5 sen per share, less income tax of 25% for the year 2009 (2008: nil) to be paid on 23 December 2009.

Entitlement to dividends will be determined on the basis of the record of depositors as at 11 December 2009.

Total dividends for the current financial year is 1.5 sen per share (2008: nil).

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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

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.

AV VENTURES CORPORATION BERHAD

(Incorporated in Malaysia)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

15. Review of performance

The Group achieved a revenue of RM60.891 million for the period ended 30 September 2009 which represents an increase of RM8.944 million or 17.22% as compared to the preceding year's corresponding financial period. Revenue for the current financial quarter is also higher by RM4.967 million or 29.11% as compared to the preceding year's corresponding quarter. This has been mainly due to increased volume arising from the roll-out of new car models by certain customers in 2009.

The Group recorded a net profit attributable to shareholders of RM3.420 million for the period ended 30 September 2009 as compared to net profit of RM2.508 million in the corresponding financial period of the prior year. Net profit for the current quarter is also higher at RM1.654 million as compared to a net loss of RM0.338 million for the preceding year's corresponding quarter. This has been mainly due to improved margins from the new car models and improved controls of operating overheads.

16. Comparison with preceding quarter's results

The Group revenue decreased by RM3.169 million or approximately 12.58% compared to the preceding quarter. The Group generated a profit before taxation of RM1.654 million for the current quarter as compared to a profit before taxation of RM2.424 million in the preceding quarter. The decline has largely been attributable to lesser production days during the current financial quarter.

17. Prospects

In view of the current uncertainties over the local and global economies, the Group remains cautiously optimistic. The Group expects to maintain its current operating and profitability levels for the remaining period for the current financial year.

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.

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QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

21. Corporate proposal

There are no corporate proposals that were announced but not completed by the Group within 7 days from the date of issue of this quarterly report.

22. Taxation

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

	Current quarter 30-Sep-09 RM'000	Year-to-date 30-Sep-09 RM'000
Tax expenses		
- current period provision	<u>(17)</u>	<u>120</u>

23. Group borrowings (secured)

	30-Sep-09 (unaudited) RM'000	31-Dec-08 (audited) RM'000
Short term borrowings	1,035	1,104
Long term borrowings	0	20
	<u>1,035</u>	<u>1,124</u>

24. Off balance sheet financial instruments

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

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(Incorporated in Malaysia)

QUARTERLY REPORT – THIRD QUARTER ENDED 30 SEPTEMBER 2009

26. Earnings per share

	Individual Quarter ended 30 Sept		Cumulative Quarter ended 30 Sept	
	2009	2008	2009	2008
a) Basic				
Net profit attributable to shareholders (RM '000)	1,654	(338)	3,420	2,508
Weighted average number of shares outstanding ('000)	58,360	55,082	58,360	55,082
Earnings per share (sen)	<u>2.83</u>	<u>(0.61)</u>	<u>5.86</u>	<u>4.55</u>
b) Diluted				
	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

On behalf of the Board

AV VENTURES CORPORATION BERHAD

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Kong Kok Keong

Executive Chairman & Chief Executive Officer