AutoV Corporation Berhad

(formerly known as AV Ventures Corporation Berhad)
(Incorporated in Malaysia)
Company No : 108253-W

QUARTERLY UNAUDITED FINANCIAL REPORT
FOR THE PERIOD ENDED 31 MARCH 2011

Contents

AutoV Corporation Berhad

(formerly known as AV Ventures Corporation Berhad)

(Company No. 108253-W)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2011

	CURRENT QUARTER 3 months ended 31 Mar		CUMULATIVE QUARTER 3 months ended 31 Mar	
	2011 RM'000 Unaudited	2010 RM'000 Unaudited	2011 RM'000 Unaudited	2010 RM'000 Unaudited
Continuing operations				
Revenue	23,448	26,501	23,448	26,501
Cost of sales	(19,089)	(20,658)	(19,089)	(20,658)
Gross profit	4,359	5,843	4,359	5,843
Other income	923	469	923	469
Administrative expenses	(3,089)	(2,665)	(3,089)	(2,665)
Other expenses	-	-	-	-
Results from operating activities	2,193	3,647	2,193	3,647
Finance cost	(20)	(13)	(20)	(13)
Interest income	122	42	122	42
Profit before taxation	2,295	3,676	2,295	3,676
Income tax expense	(213)	(85)	(213)	(85)
Profit from continuing operations	2,082	3,591	2,082	3,591
Other comprehensive income	-	-	-	-
Total comprehensive income	2,082	3,591	2,082	3,591
Attributable to:-				
Owners of the Company	1,907	3,451	1,907	3,451
Minority interests	175	140	175	140
Total comprehensive income	2,082	3,591	2,082	3,591
Earnings per share				
Basic earnings per share (sen)	3.27	5.91	3.27	5.91
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AutoV Corporation Berhad

(formerly known as AV Ventures Corporation Berhad)

(Company No. 108253-W)

CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 31 Mar 2011 Unaudited RM'000	As At 31 Dec 2010 Audited RM'000
ASSETS		
Property, plant and equipment	14,673	9,141
Development expenditure	1,889	2,102
Goodwill	245	245
Other investment	-	-
Deferred tax assets	1,001	1,001
Total non-current assets	17,808	12,489
Inventories	9,388	9,436
Trade & other receivable	19,384	14,042
Prepayments	-	2,006
Current tax assets	401	133
Cash and cash equivalents	19,201	25,759
Total current assets	48,374	51,376
TOTAL ASSETS	66,182	63,865
EQUITY		
Share capital	58,360	58,360
Share premium	2,421	2,421
Other reserves	700	700
Accumulated losses	(13,755)	(15,662)
Total equity attributable to owners of the Company	47,726	45,819
Minority interest	4,066	3,891
Total equity	51,792	49,710
LIABILITIES		
Borrowing	236	294
Government grant	229	253
Deferred taxation	669	232
Total non-current liabilities	1,134	779
Trade & other payables	11,371	11,387
Current tax liabilities	455	244
Government grant	69	69
Borrowing	1,056	1,270
Provision	305	406
Total current liabilities	13,256	13,376
Total Liabilities	14,390	14,155
TOTAL EQUITY AND LIABILITIES	66,182	63,865
	-	-
Net assets per share attributable to owners of the Company (sen)	81.78	78.51

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AutoV Corporation Berhad

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2010

	Attributable to shareholders of the Company						
	Non-distributable						
	Share Capital RM'000	**Share Premium RM'000**	**Consolidation Reserves RM'000**	**Accumulated Losses RM'000**	**Total RM'000**	**Minority Interest RM'000**	**Total Equity RM'000**
At 1 January 2011	58,360	2,421	700	(15,662)	45,819	3,891	49,710
Profit for the period	-	-	-	1,907	1,907	175	2,082
Dividend to owners	-	-	-	-	-	-	-
At 31 March 2011	58,360	2,421	700	(13,755)	47,726	4,066	51,792
At 1 January 2010							
- as previously stated	58,360	2,421	700	(25,497)	35,984	3,513	39,497
- effect from adopting FRS 139	-	-	-	5	5	-	5
- as restated	58,360	2,421	700	(25,492)	35,989	3,513	39,502
Profit for the period	-	-	-	3,451	3,451	140	3,591
Dividend to owners	-	-	-	-	-	-	-
At 31 March 2010	58,360	2,421	700	(22,041)	39,440	3,653	43,093

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AutoV Corporation Berhad

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CONDENSED UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended 31 Mar	
	2011 Unaudited RM'000	**2010 Unaudited RM'000**
Cash flows from operating activities		
Profit before taxation from continuing operations	2,295	3,676
Adjustment for non-cash flow items:		
Depreciation	616	630
Amortisation of development costs	213	202
Amortisation of government grant	(25)	(25)
Interest expense	20	13
Interest income	(122)	(42)
Provision for warranties	108	126
Gain on disposal of a property, plant and equipment	-	(5)
Others	(139)	-
Operating profit before changes in working capital	2,966	4,575
Change in inventories	1,582	(1,659)
Change in trade and other receivables	(263)	(1,048)
Tax paid	(349)	(37)
Warranties paid	(209)	(175)
Interest paid	(20)	(13)
Change in trade and other payables	(3,708)	2,066
Net cash from / (used in) operating activities	(1)	3,709
Cash flows from investing activities		
Purchase of property, plant & equipments	(55)	(462)
Proceed from sale of property, plant & equipments	-	5
Acquisition of subsidiary, net of cash	(6,351)	-
Development cost incurred	-	(23)
Interest received	122	42
Net cash from / (used in) investing activities	(6,284)	(438)
Cash flows from financing activities		
Repayment of loans and borrowings	(212)	(321)
Government grant received	-	-
Deposit released/(pledged)	-	-
Repayment of finance lease and hire purchase creditors	(61)	(37)
Dividends paid to owners of the Company	-	-
Dividend paid to minority shareholders of a subsidiary	-	-
Net cash from / (used in) financing activities	(273)	(358)
Net change in Cash and cash equivalents	(6,558)	2,913
Cash and cash equivalents at beginning of period	24,203	9,322
Cash and cash equivalents at end of period	17,645	12,235
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following:		
Deposits with licensed banks and other corporations	14,470	7,247
Cash and bank balances	4,731	6,723
Bank overdraft	-	-
	19,201	13,970
Deposits pledged as security	(1,556)	(1,735)
	17,645	12,235
	-	-

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

AutoV Corporation Berhad

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QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE PERIOD ENDED 31 MARCH 2011

AutoV Corporation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The condensed consolidated interim financial statements of the Group as at and for the period ended 31 March 2011 comprises the Company and its subsidiaries, together referred to as "the Group".

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 May 2011.

1. Basis of preparation

The quarterly financial report is unaudited and has been prepared in accordance with the applicable disclosure provisions of the Financial Reporting Standard ("FRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia. The quarterly financial report do not include all the information required for the full annual financial statements and should be read in conjunction with the annual audited financial statements of the Group for the year ended 31 December 2010.

2. Significant Accounting Policies

Save as disclosed below, the significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2010.

I. Accounting for business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations. From 1 January 2011 the Group has applied FRS 3, Business Combinations (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

Under FRS 3 (revised), the definition of a business has been broadened, which will result in more acquisitions being treated as business combinations.

Acquisitions on or after 1 January 2011

For acquisitions on or after 1 January 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any minority (will be known as non-controlling) interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Any non-controlling interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and /or future service.

Acquisitions between 1 January 2006 and 1 January 2011

For acquisitions between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2006

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

II. Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements (revised)* since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be recognised as cost on initial measurement of the investment.

III. Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Since the beginning of the reporting period, the Group has applied FRS 127, *Consolidated and Separate Financial Statements (revised)* where losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does

In the previous years, where losses applicable to the non-controlling interests exceed the their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interests, were charged against the Group's interest except to the extent that the non-controlling interests had a binding obligation to, and was able to, make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interests' share of losses previously absorbed by the Group had been recovered.

The Group has not applied the following accounting standards, amendments, and interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- Amendments to IC 14, *Prepayments of a Minimum Funding Requirement*
- IC 19, *Extinguishing Financial Liabilities with Equity Instruments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures (revised)*
- IC 15, *Arrangements for the Construction of Real Estate*

The Group plans to apply the abovementioned standards, amendments and interpretations from the annual period beginning 1 January 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2011 and 1 January 2012 except for IC Interpretation 19, Amendments to IC Interpretation 14 and IC Interpretation 15 which are not applicable to the Group.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively or which requires extended disclosures, is not expected to have any financial impact to the current and prior periods' financial statements upon their first adoption.

Following the announcement by the Malaysian Accounting Standards Board on 1 August 2008, the Group's financial statements will be prepared in accordance with the International Financial Reporting Standards ("IFRS") framework for annual periods beginning on 1 January 2012.

3. Qualified audit report

The preceding annual audited financial statements of the Group were reported on without any qualification.

4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

5. Changes in estimates

There were no changes in the estimates of amounts which give a material effect for the current quarter.

6. Taxation

The tax expense for the current quarter is as follows:

	RM'000
Tax expense, Malaysia – current	213

The effective tax rate of the Group for the current quarter is lower than the statutory tax rate due mainly to unabsorbed tax losses and capital allowances being utilised in the current financial period.

7. Purchase or sale of unquoted investments/properties

There were no purchases or sales of unquoted investments/properties for the current quarter.

8. Purchase or disposal of quoted securities

There were no additions or disposals of quoted securities for the current quarter.

9. Valuation of property, plant and equipment

As at the end of the financial period, the valuations of land and building have been brought forward, without amendments from the audited financial statements as at 31 December 2010.

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10. Borrowings

The Group borrowings as at the end of the reporting period are as follows:

	RM'000
Non-Current	236
Current	1,056
Total Group borrowings	1,292

As at the end of the financial quarter, all the borrowings are secured and there are no outstanding foreign currency denominated borrowings.

11. Debt and equity securities

There were no issuances, cancellations, repurchases and repayments of the Company's debt or equity securities for the current quarter.

12. Changes in composition of the Group

On 21 January 2011, the Company entered into the Sale & Purchase Agreement with Jotech Metal Fabrication Industries Sdn Bhd to acquire 100% equity interest in JP Metal Sdn Bhd for an aggregate cash consideration of RM7,000,000 ("the acquisition"). The acquisition was completed on 18 March 2011.

The effects from the acquisition are as follows:

	Recognised Value on Acquisition RM'000
Total assets	11,394
Total liabilities	4,255
Fair value of net identifiable assets and liabilities acquired	7,139
Cash paid on acquisition	7,000
Negative goodwill on acquisition	139
Cash acquired on acquisition	649
Net cash outflow on acquisition	6,351

The acquired subsidiary has contributed the following results to the Group:

	Financial Year to Date RM'000
Revenue	1,101
Profit after taxation	142

13. Non-current assets held for sale

There were no non-current assets held for sale as at the end of the financial period.

14. Segmental information

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.

15. Corporate proposals

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

16. Material events subsequent to the period end

There are no material events subsequent to the period end.

17. Contingent liabilities/assets

As at the end of the financial period, the Company had executed corporate guarantees in favour of licensed banks and financial institutions of up to a limit of RM5.0 million for credit facilities granted to its subsidiaries. Out of the total banking facilities secured by corporate guarantees, a total borrowing of RM0.82 million were outstanding at the period end.

18. Capital commitments

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

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19. Derivatives

There were no outstanding financial derivatives held as at the end of the financial period.

20. Seasonal and cyclical factors

There are no material seasonal or cyclical factors affecting the income and performance of the Group.

21. Material litigation

There is no material litigation within 7 days from the date of the quarterly report.

22. Review of performance

The Group's revenue has decreased by RM3.1 million or 11.7% from RM26.5 million in the preceding year corresponding quarter to RM23.4 million for the current quarter. This was mainly due to the reduced production of certain car models during the financial quarter due to declining sales.

In line with the decrease in revenue, the Group registered a lower profit after tax of RM2.1 million for the current period compared to RM3.6 million for the preceding year's corresponding period.

23. Quarterly analysis

Quarter on quarter, the Group's revenue increased by RM1.1 million or 4.9% from the previous quarter's revenue of RM22.3 million, due mainly to revenue contribution from a new subsidiary company, JP Metal Sdn Bhd during the financial quarter.

In line with the increase in revenue, the Group's profit before tax rose by RM0.7 million from the preceding quarter's profit before tax of RM1.6 million.

24. Prospects

In view of the improving local market sentiments while paying heed to the uncertain global economy, the Board is cautiously optimistic that the remaining period to the end of financial year to be satisfactory.

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25. Profit forecast

Not applicable as no profit forecast was published.

26. Earnings per share

Basic earnings per share
The basic earnings per share for the current quarter have been calculated based on the Group's profit attributable to the owners of the Company of RM1.907 million, over the weighted average number of ordinary shares in issue of 58,359,747.

Diluted earnings per share
Not applicable

27. Dividends

The Board of Directors does not recommend any dividend in respect of the current financial period.

28. Realised and unrealised profit and loss

The breakdown of the accumulated losses of the Group is as follows:

	As At 31 Mar 2011 RM'000	As At 31 Dec 2010 RM'000
Realised	(46,860)	(49,104)
Unrealised	27	364
	(46,833)	(48,740)
Consolidation adjustments	33,078	33,078
Total accumulated losses	(13,755)	(15,662)