

AV1 GROUP, INC.
CONSOLIDATE BALANCE SHEET
UNAUDITED

		March 31, 2011
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	ASSETS	
ASSETS		
Cash and Cash Equivalents	\$	2,600
Intangible Assets		4,440,000
Other Assets		34,020
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TOTAL ASSETS	\$	4,476,620
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	LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
CURRENT LIABILITIES		
Convertible Note Payable - Spier Group, Inc.	\$	50,000
Accounts Payable & Accrued Expenses		288,767
Notes Payable		200,000
Accrued Salary Expense		300,000
Other Current Liabilities		9,549
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TOTAL CURRENT LIABILITIES		848,316
NON CURRENT LIABILITIES		
Notes Payable		2,684,000
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TOTAL LIABILITIES		3,532,316
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TOTAL STOCKHOLDERS' EQUITY		(944,304)
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TOTAL LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)	\$	4,476,620
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AV1 GROUP, INC.
CONSOLIDATED STATEMENT OF INCOME AND EXPENSES
UNAUDITED

	For Quarter Ended March 31, 2011
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INCOME	
Income	\$ -
Total Income	-
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EXPENSES	
Rent Expenses	9,000
Office Supplies	260
Phone & Internet	1,289
Organizational Expenses	548
Professional Fees	21,500
Travel & Entertainment	10,411
Consulting Fees	52,000
Bank Service Fees	850
Interest Expense	6,500
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TOTAL EXPENSES	102,358
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NET LOSS	\$ (102,358)
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AV1 GROUP, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
UNAUDITED

For the
Quarter ended
March 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Net Loss for the Period \$ (102,358)

Adjustments to reconcile net loss to net cash used in operating activities:

Changes in Operating Assets and Liabilities

 Increase in Accounts Payable 25,000

 Increase in Accrued Expenses 30,000

Net cash used in operating activities (47,358)

CASH FLOWS FROM FINANCING ACTIVITIES:

 Proceeds from notes payable 34,658

Net Cash Provided by Financing Activities 34,658

Net (Decrease) Increase in Cash (12,700)

Cash at Beginning of Period 15,300

Cash at End of Period \$ 2,600

AV1 GROUP, INC.
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
UNAUDITED
FOR THE QUARTER ENDED MARCH 31, 2011

BEGINNING BALANCE	\$ 980,004
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Less: Decreases to Shareholders' Equity	116,658
Less: Net Loss	(102,358)
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ENDING BALANCE	\$ 994,304

AVI GROUP, INC.
NOTES TO THE UNAUDITED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2011

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Nature of Business

AVI Group, Inc. is an internationally focused investment and holdings group. The Company is in the process of expanding operations into Mexico where it will offer financial products to both individuals and businesses. AVI Group, Inc. also focuses on vehicle systems research through its wholly-owned subsidiary, VS Research Group.

The Company is organized in the State of Florida and is a publicly traded company on the OTC Pink Sheets under the symbol AVOP.

Significant Account Policies

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the accounts of its wholly-owned subsidiaries. The Company is the 100% owner of VS Research Group. Accordingly, the operating results of VS Research Group are included in the consolidated operating results.

Intangible Assets

Intangible Assets are carried on the books at fair market value.

To estimate the fair value of Intangible Assets, the Company used an income approach, and then validated the results with a market approach for reasonableness. The income approach establishes fair value based on the present value of estimated future cash flows, which are formed by evaluating historical trends, current budgets, operating plans, and industry data. The market approach establishes fair value by applying cash flow multiples to the assets projected operating performance.

The multiples are derived from other publicly-traded companies that are similar but not identical from an operational and economic standpoint.

Determining the fair value of reporting units under both methods involves the use of significant estimates and assumptions. For the income approach, this includes revenue growth rates, operating margins, risk-adjusted discount rates, and future economic and market conditions. For

the market approach, this includes determining appropriate market comparables and an appropriate control premium. The Company uses its fair value estimates on assumptions it believes to be reasonable, but that are unpredictable and inherently uncertain. Actual future results may differ from those estimates. The Company tests for impairment on a quarterly basis.

2. CASH & CASH EQUIVALENTS

The Company considers any highly liquid investments with an original maturity of three months or less at the date of acquisition to be cash equivalents.

3. INTANGIBLE ASSETS

Intangible Assets consist of Patents, Trademarks, and Goodwill. Intangible Assets are carried on the books at fair market value. The Company tests for impairment on a quarterly basis.

4. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Accounts Payable & Accrued Expenses are monies owed by the company to third parties. There are currently no finance charges or interest associated with these amounts.

5. NOTES PAYABLE-Current Portion

Notes Payable-Current Portion consists of monies lent to the company by third parties. There are currently no finance charges or interest associated with these amounts.

6. ACCRUED SALARY EXPENSE

Accrued Salary Expense primarily consists of executive salary owed by the company to the CEO and is calculated based on an annual salary of \$120,000.

7. NOTES PAYABLE-Non Current Portion

Notes Payable-Non Current Portion consists of long term debt relating to the purchase of a patent and consulting services:

Note Payable A	\$2,100,000
Note Payable B	292,000
Note Payable C	292,000
Total	\$2,684,000

8. CONVERTIBLE PROMISSORY NOTE

On January 15, 2011, the Company entered into convertible promissory note for \$50,000 to Spire Investment Group, Inc. This convertible promissory note was due January 31, 2011. As of the quarter ended March 31, 2011, this convertible promissory note was in default.

