

AIVTECH INTERNATIONAL GROUP CO.
Form 10-Q
November 12, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 333-161941

AIVTECH INTERNATIONAL GROUP CO.
(Exact Name of Registrant as Specified in its Charter)

Nevada
(State or Other Jurisdiction of Incorporation or
Organization)

N/A
(I.R.S. Employer Identification No.)

1305 East, Hightech Plaza, Phase 2, Tian'An
Cyber Park, FuTian District, ShenZhen City,
GuangDong Province, China
(Address of Principal Executive Offices)

518034
(Zip Code)

Registrant's telephone number including area code: +86 (139) 2349-3889

(Former Name or Former Address if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of November 12, 2010, there were 20,000,000 shares outstanding of the registrant’s common stock.

AIVTECH INTERNATIONAL GROUP CO.

FORM 10-Q

September 30, 2010

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PART 1 – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AIVtech International Group Co.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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AIVtech International Group Co.
CONSOLIDATED BALANCE SHEETS

| | September 30, 2010 (Unaudited) | December 31, 2009 (Audited) |
|---|---|--------------------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 3,100,131 | \$ 3,605,741 |
| Accounts receivable | 10,293,640 | 2,040,088 |
| Other receivable, net | 166,329 | 42,121 |
| Inventories | 3,663,818 | 5,073,436 |
| Total current assets | 17,223,918 | 10,761,386 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment, net | 1,069,588 | 1,015,570 |
| TOTAL ASSETS | \$ 18,293,506 | \$ 11,776,956 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Account payables and accrued expenses | \$ 4,331,595 | \$ 5,431,006 |
| Short term loan | 747,255 | - |
| Income tax payable | 722,913 | 233,191 |
| Other payable | 569,435 | - |
| Due to related party | 3,958,840 | 29,252 |
| Dividend payable | | 4,400,634 |
| Total current liabilities | 10,330,038 | 10,094,083 |
| STOCKHOLDERS' EQUITY | | |
| Common stock, \$.001 par value; 75,000,000 shares authorized; 20,000,000 shares issued and outstanding as of September 30,2010 and December 31,2009, respectively | 20,000 | 20,000 |
| Additional paid-in capital | 621,916 | 621,916 |
| Statutory reserve | 346,990 | 346,990 |
| Retained earnings | 5,698,351 | (132,007) |
| Accumulated other comprehensive income | 501,353 | 386,710 |
| Noncontrolling interest | 774,858 | 439,264 |
| Total stockholders' equity | 7,963,468 | 1,682,873 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$ 18,293,506 | \$ 11,776,956 |

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30,

| | 2010 (Unaudited) | 2009 (Unaudited) |
|---|---------------------|---------------------|
| Sales, net | \$ 56,191,226 | \$ 27,798,071 |
| Cost of sales | (42,734,474) | (20,343,535) |
| Gross profit | 13,456,752 | 7,454,536 |
| Selling, general and administrative expenses | (1,872,622) | (1,474,869) |
| Income from Operations | 11,584,130 | 5,979,667 |
| Other income/(expenses) | 12,933 | 3,562 |
| Interest expense | (11,362) | 0 |
| Income before income tax | 11,585,701 | 5,983,229 |
| Income taxes | (1,471,624) | (598,323) |
| Net income | 10,114,077 | 5,384,906 |
| Net income attributable to noncontrolling interest | (335,594) | 0 |
| Net income attributable to shareholders of AIVtech International shareholders | \$ 9,778,483 | \$ 5,384,906 |
| Comprehensive income | | |
| Net income attributable to shareholders of AIVtech International shareholders | \$ 9,778,483 | \$ 5,384,906 |
| Other Comprehensive Income | | |
| Foreign currency translation adjustment | 114,643 | 15,629 |
| Total comprehensive income | \$ 9,893,126 | \$ 5,400,535 |
| Earnings Per Share | | |
| Basic and diluted net income per share: | 0.49 | 0.27 |
| Weighted average number of basic and diluted shares outstanding | 20,000,000 | 20,000,000 |

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30,

| | 2010 (Unaudited) | 2009 (Unaudited) |
|---|---------------------|---------------------|
| Sales, net | 27,508,821 | 15,996,804 |
| Cost of sales | (21,507,505) | (11,729,544) |
| Gross profit | 6,001,316 | 4,267,260 |
| Selling, general and administrative expenses | (719,785) | (484,804) |
| Income from Operations | 5,281,531 | 3,782,456 |
| Other income/(expenses) | 5,724 | 1,518 |
| Interest expense | (5,035) | 0 |
| Income before income tax | 5,282,220 | 3,783,974 |
| Income taxes | (720,648) | (378,397) |
| Net income | 4,561,572 | 3,405,577 |
| Net income attributable to noncontrolling interest | (201,163) | 0 |
| Net income attributable to shareholders of AIVtech International shareholders | \$ 4,360,409 | \$ 3,405,577 |
| Comprehensive income | | |
| Net income attributable to shareholders of AIVtech International shareholders | \$ 4,360,409 | \$ 3,405,577 |
| Other Comprehensive Income | | |
| Foreign currency translation adjustment | 92,423 | 31,258 |
| Total comprehensive income | \$ 4,452,832 | \$ 3,436,835 |
| Earnings Per Share | | |
| Basic and diluted net income per share: | 0.22 | 0.17 |
| Weighted average number of basic and diluted shares outstanding | 20,000,000 | 20,000,000 |

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010

| | Common Stock | Accumulated Retained Earnings/(Deficit) | Accumulated Other Comprehensive Income/(Loss) | Statutory Reserve | Additional Paid-in Capital | Noncontrolling Interest | Total Equity |
|--|-----------------|---|--|----------------------|----------------------------------|----------------------------|-----------------|
| Balance, January 1, 2010 | \$20,000 | \$ (132,007) | \$ 386,710 | \$346,990 | \$621,916 | \$ 439,264 | \$1,682,873 |
| Net income | | 9,778,483 | | | | 335,594 | 10,114,077 |
| Deemed distribution-merger transactions | | (3,948,125) | | | | | (3,948,125) |
| Foreign currency translation adjustments | | | 114,643 | | | | 114,643 |
| Balance, September 30, 2010 | \$20,000 | \$ 5,698,351 | \$ 501,353 | \$346,990 | \$621,916 | \$ 774,858 | \$7,963,468 |
| Balance, January 1, 2009 | \$20,000 | \$ 5,569,893 | \$ 399,049 | \$346,990 | \$621,916 | | \$6,957,848 |
| Dividends declared | | (13,177,831) | | | | | (13,177,831) |
| Net income | | 7,475,931 | | | | 439,264 | 7,915,195 |
| Foreign currency translation adjustments | | | (12,339) | | | | (12,339) |
| Balance, December 31, 2009 | \$20,000 | \$ (132,007) | \$ 386,710 | \$346,990 | \$621,916 | \$ 439,264 | \$1,682,873 |

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2010 AND 2009

| CASH FLOWS FROM OPERATING ACTIVITIES | 2010 (Unaudited) | 2009 (Unaudited) |
|--|---------------------|---------------------|
| Net income | \$ 9,778,483 | \$ 5,384,907 |
| Adjustments to reconcile net income to net cash provided by Operating activities: | | |
| Depreciation | 126,403 | 105,826 |
| Net income attributed to noncontrolling interest | 335,594 | - |
| Changes in assets and liabilities provided/(used) cash : | | |
| Accounts receivable | (8,253,552) | (5,391,433) |
| Other receivable | (124,208) | (96) |
| Due from related party | 0 | 1,523 |
| Due to related party | (18,537) | (1,082) |
| Inventories | 1,409,618 | (1,751,004) |
| Accounts payable and accrued expenses | (1,099,411) | 389,543 |
| Other payables | 569,435 | 1,138,043 |
| Income tax payable | 489,722 | 378,235 |
| Net cash provided by operating activities | 3,213,547 | 254,462 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property & equipment | (180,421) | (239,755) |
| Net cash used in investing activities | (180,421) | (239,755) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Addition in short-term loan | 747,255 | 0 |
| Dividends paid | (4,400,634) | 0 |
| Net cash used in financing activities | (3,653,379) | 0 |
| Effect of exchange rate changes on cash and cash equivalents | 114,643 | (11,991) |
| Net change in cash and cash equivalents | (505,610) | 2,716 |
| Cash and cash equivalents, beginning of period | 3,605,741 | 2,443,464 |
| Cash and cash equivalents, end of period | \$ 3,100,131 | \$ 2,446,180 |
| SUPPLEMENTAL DISCLOSURES: | | |
| Income taxes paid | \$ 981,902 | \$ 220,088 |
| Interest paid | \$ 11,362 | \$ - |

The accompanying notes are an integrated part of these consolidated financial statements

AIVtech International Group Co.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010

Note 1 - ORGANIZATION

The Company is engaged in manufacturing casual furniture audio series, multimedia speakers, and LED.

On May 12, 2010, AIVtech International Group Co., formerly known as Ecochild, Inc. (the “Company” or “ECOH”) entered into a Share Exchange Agreement (“Exchange Agreement”) by and among ECOH, AIVtech, and the shareholders of AIVtech (the “AIVtech Shareholders”). The closing of the transaction (the “Closing”) took place on May 12, 2010 (the “Closing Date”). On the Closing Date, pursuant to the terms of the Exchange Agreement, the Company acquired all of the outstanding shares of AIVtech from the AIVtech Shareholders; and AIVtech Shareholders transferred and contributed all of their Interests to the Company. In exchange, the company (1) issued to the AIVtech Shareholders, their designees or assigns, an aggregate of 10,375,000 shares (the “Shares Component”) or 51.88% of the shares of common stock of the Company issued and outstanding after the Closing (the “Share Exchange”), at \$0.005 per share; and (2) pay cash (the “Cash Component”) of \$3,948,125 to the AIVtech Shareholders. The Cash Component is payable within 12 months after the Closing as evidenced by the promissory note that is attached as an exhibit to the Shares Exchange Agreement. The parties understand and acknowledge that such exchange is based upon an acquisition value of AIVtech at US \$4,000,000, which is agreed and acceptable by all parties. In addition to the above Shares and Cash component, Jie Zhang, the major shareholder of the Company before the Closing, agreed to transfer 3,009,000 shares to two shareholders of AIVtech within 6 months after closing. The two shareholders, the directors and officers of AIVtech, are (1) Guo Jinlin, to receive 1,770,000 shares, and (2) Ding Lanbin, through Guo Jin Tong Investment (Hong Kong) Limited, to receive 1,239,000 shares.

AIVtech owns 100% of ShenZhen AIV Electronics Company Limited (“Shenzhen AIVtech”), and ShenZhen AIVtech owns 70% of DongGuan AIV Electronics Company Limited (“Dongguan AIVtech”). Pursuant to the Exchange Agreement, AIVtech became a wholly-owned subsidiary of the Company, and the Company own 100% of ShenZhen AIVtech through AIVtech, and 70% of DongGuan AIVtech through ShenZhen AIVtech.

AIVTech (H.K.) Co., Ltd was incorporated on November 4, 2005 under the laws of Hong Kong, is a holding company with subsidiaries engaged in manufacturing casual furniture audio series, multimedia speakers, and LED Shenzhen AIV Electronics Co., Ltd was incorporated on April 9, 2009 under the laws of the People’s Republic of China. Dongguan AIV Electronics Co., Ltd was organized in December of 2009 under the laws of the People’s Republic of China (PRC). Collectively these corporations are referred to herein as the Company.

As of September 30, 2010, the Subsidiaries of the Company are as follows:

AIVTech
International
Group Co.

100%

AIVTech
Holding

(H.K.) Co.,
Ltd

100%

Shenzhen
AIV
Electronics
Co., Ltd

70%

Dongguan
AIV
Electronics
Co., Ltd

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These consolidated financial statements have been prepared on a historical pro-forma basis.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and represent the historical results of the consolidated group. The Company's functional currency is the Chinese Yuan, however the accompanying unaudited condensed consolidated financial statements have been translated and presented in United States Dollars.

Translation Adjustment

As of September 30, 2010 and December 31, 2009, the accounts of AIVTech International Group Co., AIVTech Holding (H.K.) Limited, Shenzhen AIV Electronics Co., Ltd, and Dongguan AIV Electronics Co., Ltd were maintained, and its financial statements were expressed, in Chinese Yuan (CNY). Such financial statements were translated into U.S. Dollars (USD) in accordance with the Foreign Currency Matters Topic of the FASB Accounting Standards Codification ("ASC 830") with the CNY as the functional currency. According to the Statement, all assets and liabilities were translated at the current exchange rate, stockholders equity was translated at the historical rates and income statement items are translated at the average exchange rate for the period. The resulting translation adjustments are reported under other comprehensive income in accordance with the Comprehensive Income Topic of the FASB Accounting Standard Codification ("ASC 220"). Transaction gains and losses are reflected in the income statement.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of AIVTech International Group Co. and its subsidiaries, AIVTech Holding (H.K.) Limited, Shenzhen AIV Electronics Co., Ltd., and Dongguan AIV Electronics Co., Ltd, collectively referred to herein as the Company. All intercompany transactions and accounts have been eliminated in consolidation.

Risks and Uncertainties

The Company is subject to substantial risks from, among other things, intense competition associated with the industry in general, other risks associated with financing, liquidity requirements, rapidly changing customer requirements, limited operating history, foreign currency exchange rates and the volatility of public markets.

Contingencies

Certain conditions may exist as of the date the financial statements are issued. These conditions may result in a future loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company's management and legal counsel assess such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or unasserted claims that may result in such proceedings, the Company's legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company's financial statements. If the assessment indicates that a potential material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material would be disclosed. Loss contingencies considered to be remote by management are generally not disclosed unless they involve guarantees, in which case the guarantee would be disclosed. There was no contingent liability requiring a provision for losses at September 30, 2010.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and cash in time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

Accounts Receivable

Accounts receivable on a consolidated basis consist principally of amounts due from trade customers. Credit is extended based on an evaluation of the customer's financial condition and collateral is not generally required. Certain credit sales are made to industries that are subject to cyclical economic changes.

The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its clients to make required payments are to cover potential credit losses. Estimates are based on historical collection experience, current trends, credit policy and relationship between accounts receivable and revenues. In determining these estimates, the Company examines historical write-offs of its receivables and reviews each client's account to identify any specific customer collection issues. If the financial condition of its customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowances might be required. The Company's failure to accurately estimate the losses for doubtful accounts and ensure that payments are received on a timely basis could have a material adverse effect on its business, financial condition, and results of operations.

There was no allowance for doubtful accounts as of September 30, 2010, or December 31, 2009.

Property, Plant & Equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and include expenditures for additions and major improvements. Maintenance and repairs are charged to operations as incurred while additions, renewals and betterments are capitalized. When property, plant and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gain or loss is included in operations. Depreciation is computed for financial reporting purposes using the straight-line method over the estimated useful lives of the assets.

| | |
|----------------------------------|----------|
| Machinery | 10 years |
| Office Furniture & Equipments | 5 years |
| Motor vehicles | 5 years |

As of September 30, 2010 and December 31, 2009, Property, Plant & Equipment of consist of the following:

| | September 30, 2010 | December 31, 2009 |
|-------------------------------|--------------------------|-------------------------|
| Machinery | \$ 1,218,115 | \$ 1,080,370 |
| Office Furniture & Equipments | 157,823 | 115,148 |
| Motor vehicles | 172,835 | 172,835 |
| | 1,548,773 | 1,368,353 |
| Accumulated depreciation | (479,185) | (352,783) |
| Property and equipment, net | \$ 1,069,588 | \$ 1,015,570 |

Depreciation expense for the nine months ended September 30, 2010 and 2009 was \$126,403 and \$105,826, respectively.

Long-Lived Assets

Effective January 1, 2002, the Company adopted the Property, Plant, and Equipment Topic of the FASB Accounting Standards Codification (“ASC 360”), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121, “Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of,” and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, “Reporting the Results of Operations for a Disposal of a Segment of a Business.” The Company periodically evaluates the carrying value of long-lived assets to be held and used in accordance with ASC 360, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets carrying amounts. In that event, a loss is recognized based on the amount by which the carrying amount exceeds the fair market value of the long-lived assets. Loss on long-lived assets to be disposed of is determined in a similar manner, except that fair market values are reduced for the cost of disposal. Based on its review, the Company believes that, as of September 30, 2010, there were no significant impairments of its long-lived assets.

Fair Value of Financial Instruments

FASB Accounting Standards Codification Topic on Fair Value Measurements and Disclosures (“ASC 820”) requires that the Company disclose estimated fair values of financial instruments. The carrying amounts reported in the statements of financial position for current assets and current liabilities qualifying as financial instruments are a reasonable estimate of fair value.

Revenue Recognition

The Company’s revenue recognition policies are in compliance with FASB Accounting Standards Codification Topic on Revenue Recognition (“ASC 605”). Revenue is recognized at the date the price is fixed or determinable, the delivery is completed, no other significant obligations of the Company exist and collectability is reasonably assured. Payments received before all of the relevant criteria for revenue recognition are satisfied are recorded as unearned revenue.

Advertising

Advertising expenses consist primarily of costs of promotion for corporate image and product marketing and costs of direct advertising. The Company expenses all advertising costs as incurred. Advertising costs were \$178,268 and \$213,944 for the nine months ended September 30, 2010 and 2009, respectively.

Segment Reporting

ASC 280-10 (formerly, SFAS No. 131, “Disclosure About Segments of and Enterprise and Related Information”), requires entity-wide disclosures about the products and services an entity provides, the material countries in which it holds assets and reports revenues, and its major customers. The Company operates as a single segment and will evaluate additional segment disclosure requirements as it expands its operations.

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Income Taxes

The Company utilizes FASB Accounting Standards Codification Topic on Income Taxes (“ASC 740”), which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred income taxes are recognized for the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts at each period end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. As of September 30, 2010 and December 31, 2009, there were no deferred taxes.

Basic and Diluted Earnings per Share

Earnings per share are calculated in accordance with the Earnings Per Share Topic of the FASB Accounting Standards Codification (“ASC 260”). Net income per share for all periods presented has been restated to reflect the adoption of ASC 260. Basic net income per share is based upon the weighted average number of common shares outstanding. Diluted net income per share is based on the assumption that all dilutive convertible shares and stock options were converted or exercised. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the period.

Statement of Cash Flows

In accordance with FASB Accounting Standards Codification Topic on Statement of Cash flows (“ASC 230”), cash flows from the Company’s operations are based upon the local currencies. As a result, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk are cash, accounts receivable and other receivables arising from its normal business activities. The Company places its cash in what it believes to be credit-worthy financial institutions.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Note 3 - INVENTORIES

Inventories are stated at the lower of cost or market value. Management compares the cost of inventories with the market value and allowances are made for writing down their inventories to market value, if lower. The inventories are valued using weighted average method.

| | September 30, 2010 | December 31, 2009 |
|----------------------------|--------------------------|-------------------------|
| Raw materials and supplies | \$ 178,245 | \$ 2,830,746 |
| Work in progress | 3,393,621 | 2,141,035 |
| Finished goods | 91,952 | 101,655 |
| Totals | \$ 3,663,818 | \$ 5,073,436 |

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Note 4 – DUE TO RELATED PARTY

At September 30, 2010 and December 31, 2009 due to related party was \$ 3,958,840 including \$3,948,125 payable to AIVtech former shareholders due to the merger transactions, which full amount of \$3,948,125 is payable within 12 months after the share exchange agreement closing date, May 12,2010 as evidenced by the promissory note , and \$29,252, respectively, which were due to shareholders.

Notes 5 – SHORT TERM LOANS

| | 9/30/2010 | 12/31/2009 |
|------------------------------------|------------|------------|
| Dongguan Shilong Industry Co., Ltd | \$ 747,255 | \$ - |
| | \$ 747,255 | \$ - |

As of September 30, 2010, outstanding bank loan was comprised of:

Bank loans of \$747,255 with an annual interest rate of 5.4% were guaranteed by the former shareholders of Shenzhen AIV Electronics Co., Ltd.

Notes 6 – INCOME TAXES

The Company is subject to the Income Tax Laws of PRC. All of the provisions for the three and nine months ended September 30, 2010 and 2009 pertain to PRC taxes. Pursuant to the PRC Income Tax Laws, the Enterprise Income Tax (“EIT”) is now at a statutory rate of 25% from January 1, 2008. On May 18, 2006 Shenzhen AIV Electronics Co., Ltd. received a special economic zone tax remission for two years and a subsequent half reduction for the three subsequent years, while DongGuan AIV Electronics Co., Ltd. was subject to statutory rate of 25%.

ASC 740, Accounting for Income Taxes (“ASC 740”), requires that deferred tax assets be evaluated for future realization and reduced by a valuation allowance to the extent we believe a portion more likely than will not be realized. We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent cumulative earnings experience and expectations of future taxable income by taxing jurisdiction, the carry-forward periods available to us for tax reporting purposes, and other relevant factors.

Effective January 1, 2007, we adopted the provisions of FASB Accounting Standards Codification Topic 740, Accounting for Uncertainty in Income Taxes. ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The standard prescribes a recognition and measurement method for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. We consider many factors when evaluating and estimating our tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes.

Based on a review of our tax positions, the Company was not required to record a liability for unrecognized tax benefits as a result of adopting ASC 740 on January 1, 2007. Further, there has been no change during the period ended September 30, 2010 and 2009. Accordingly, we have not accrued any interest and penalties through September 30, 2010.

Note 7 – COMMITMENTS

The Company leases facilities with expirations dates between December 2009 and December 2015. Rental expense for the nine months ended September 30, 2010 and year ended 2009 was \$226,540 and \$19,358, respectively. The Company has future minimum lease obligations as of September 30, 2010 as follows:

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| | |
|------------|-------------|
| 2010 | \$299,392 |
| 2011 | 420,248 |
| 2012 | 448,326 |
| 2013 | 455,345 |
| 2014 | 465,874 |
| 2015 | 117,346 |
| Thereafter | - |
| Total | \$2,206,532 |

Note 8 - CONCENTRATIONS

The Company had top five customers who together accounted for approximately 88% of the Company's revenues for the nine months ended September 30, 2010. Five customers accounted for approximately 85% of the Company's accounts receivable at September 30, 2010.

The Company had top three vendors who together accounted for approximately 45% of the Company's purchases for the nine months ended September 30, 2010. Two vendors accounted for approximately 44% of the Company's accounts payable at September 30, 2010.

Top five customers accounted for more than 83% of the Company's sales for the nine months ended September 30, 2009. For the nine months ended September 30, 2009, top five vendors accounted for approximately 57% of purchases.

Note 9 - OTHER COMPREHENSIVE INCOME

Balances of related after-tax components comprising accumulated other comprehensive income, included in stockholders equity, as of September 30, 2010 and December 31, 2009 are as follows:

| | Foreign Currency Translation Adjustment | Accumulated Other Comprehensive Income |
|---|---|--|
| Balance December 31, 2008 | \$ 399,049 | \$ 399,049 |
| Changes for year ended December 31, 2009 | (12,339) | (12,339) |
| Balance at December 31, 2009 | 386,710 | 386,710 |
| Changes for the nine months ended September 30, 2010 | 114,643 | 114,643 |
| Balance at September 30, 2010 | 501,353 | 501,353 |

Note 10 – SUBSEQUENT EVENTS

The Company has evaluated all events or transactions that occurred from September 30, 2010 through the filing with the SEC. We did not have any material recognizable subsequent events during this period.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This quarterly report on Form 10-Q and other reports filed by the Company from time to time with the United States Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements (collectively the "Filings") and information that are based upon beliefs of, and information currently available to, the Company's management as well as estimates and assumptions made by Company's management. Readers are cautioned not to place undue reliance on these forward-looking statements, which are only predictions and speak only as of the date hereof. When used in the filings, the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan", or the neg of these terms and similar expressions as they relate to the Company or the Company's management identify forward-looking statements. Such statements reflect the current view of the Company with respect to future events and are subject to risks, uncertainties, assumptions, and other factors, including the risks contained in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2009 filed with the SEC, and the Company's current report on Form 8-K filed with the SEC on May 14, 2010, relating to the Company's industry, the Company's operations and results of operations, and any businesses that the Company may acquire. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended, or planned.

Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company cannot guarantee future results, levels of activity, performance, or achievements. Except as required by applicable law, including the securities laws of the United States, the Company does not intend to update any of the forward-looking statements to conform these statements to actual results.

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions upon which we rely are reasonable based upon information available to us at the time that these estimates, judgments and assumptions are made. These estimates, judgments and assumptions can affect the reported amounts of assets and liabilities as of the date of the financial statements as well as the reported amounts of revenues and expenses during the periods presented. Our financial statements would be affected to the extent there are material differences between these estimates and actual results. In many cases, the accounting treatment of a particular transaction is specifically dictated by GAAP and does not require management's judgment in its application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result. The following discussion should be read in conjunction with our consolidated financial statements and notes thereto appearing elsewhere in this report. Unless the context otherwise requires, the terms "we," the "Company," "us," or "AIVtech" refer to AIVtech International Group Co.

Unless otherwise indicated, all amounts herein are expressed in US Dollars.

Company Overview

On May 12, 2010, AIVtech International Group Co., formerly known as Ecochild, Inc. (the "Company" or "ECO") entered into a Share Exchange Agreement ("Exchange Agreement") by and among ECOH, AIVtech Holdings (Hong Kong) Limited ("AIVtech-HK"), and the shareholders of AIVtech-HK. The closing of the transaction (the "Closing") took place on May 12, 2010 (the "Closing Date"). On the Closing Date, pursuant to the terms of the Exchange Agreement, the Company acquired all of the outstanding shares of AIVtech-HK from the AIVtech-HK shareholders; and AIVtech-HK shareholders transferred and contributed all of their Interests to the Company. In exchange, the company (1) issued to the AIVtech-HK shareholders, their designees or assigns, an aggregate of 10,375,000 shares (the "Shares Component") or 51.88% of the shares of common stock of the Company issued and outstanding after the Closing (the "Share Exchange"), at \$0.005 per share; and (2) pay cash (the "Cash Component") of \$3,948,125 to the AIVtech-HK

shareholders. The Cash Component is payable within 12 months after the Closing as evidenced by the promissory note that is attached as an exhibit to the Exchange Agreement. The parties understand and acknowledge that such exchange is based upon an acquisition value of AIVtech-HK at US \$4,000,000, which is agreed and acceptable by all parties. In addition, Jie Zhang, the major shareholder of the Company before the Closing, transferred 1,770,000 shares to Jinlin Guo and 1,239,000 shares to Lanbin Ding, through Guo Jin Tong Investment (Hong Kong) Limited on July 13. Jinlin Guo and Lanbin Ding are the shareholders of AIVtech-HK, as well as the directors and officers of AIVtech-HK.

AIVtech-HK owns 100% of ShenZhen AIV Electronics Company Limited (“Shenzhen AIVtech”), and ShenZhen AIVtech owns 70% of DongGuan AIV Electronics Company Limited (“Dongguan AIVtech”). Pursuant to the Exchange Agreement, AIVtech-HK became a wholly-owned subsidiary of the Company, and the Company own 100% of ShenZhen AIVtech through AIVtech-HK, and 70% of DongGuan AIVtech through ShenZhen AIVtech.

The Company reports its operations under single segment which focus on the business of designing, manufacturing and selling electronic furniture, digital/multimedia speakers, and LCD/LED television.

Results of Operations

The following tables present certain information from the consolidated statement of operations of AIVtech International Group Co. for the three and nine months ended September 30, 2010 and September 30, 2009.

| | Nine months ended September 30, 2010 (Unaudited) | Nine months ended September 30, 2009 (Unaudited) | Change | %Change |
|--|---|---|--------------|---------|
| Sales, net | 56,191,226 | 27,798,071 | 28,393,155 | 102% |
| Cost of sales | (42,734,474) | (20,343,535) | (22,390,939) | 110% |
| Gross profit | 13,456,752 | 7,454,536 | 6,002,216 | 81% |
| Selling, general and administrative expenses | (1,872,622) | (1,474,869) | (397,753) | 27% |
| Income from Operations | 11,584,130 | 5,979,667 | 5,604,463 | 94% |
| Other income/(expenses) | 12,933 | 3,562 | 9,371 | 263% |
| Interest expense | (11,362) | 0 | (11,362) | - |
| Income before income tax | 11,585,701 | 5,983,229 | 5,602,472 | 94% |
| Income taxes | (1,471,624) | (598,323) | (873,301) | 146% |
| Net income | 10,114,077 | 5,384,906 | 4,729,171 | 88% |

| | Three months ended September 30, 2010 (Unaudited) | Three months ended September 30, 2009 (Unaudited) | Change | %Change |
|--|--|--|-------------|---------|
| Sales, net | 27,508,821 | 15,996,804 | 11,512,017 | 72 % |
| Cost of sales | (21,507,505) | (11,729,544) | (9,777,961) | 83 % |
| Gross profit | 6,001,316 | 4,267,260 | 1,734,056 | 41 % |
| Selling, general and administrative expenses | (719,785) | (484,804) | (234,981) | 48 % |
| Income from Operations | 5,281,531 | 3,782,456 | 1,499,075 | 40 % |
| Other income/(expenses) | 5,724 | 1,518 | 4,206 | 277 % |
| Interest expense | (5,035) | 0 | (5,035) | - |
| Income before income tax | 5,282,220 | 3,783,974 | 1,498,246 | 40 % |
| Income taxes | (720,648) | (378,397) | (342,251) | 90 % |
| Net income | 4,561,572 | 3,405,577 | 1,155,995 | 34 % |

Sales

Presently, the Company's products can be divided into three categories: casual furniture audio, multi-media speakers and LEDTV. And furniture audio is the leading selling product of the Company, which accounted for about 65% of total sales for the nine months ended September 30, 2010. Sales for the three months ended September 30, 2010 totaled \$27,508,821 compared to \$15,996,804 for the three months ended September 30, 2009, an increase of \$11,512,017, or approximately 72%. Sales for the nine months ended September 30, 2010 totaled \$56,191,226 compared to \$27,798,071 for the nine months ended September 30, 2009, an increase of \$28,393,155 or approximately 102%. These increases are attributable to contracts with new customers and great volume on sales. The details are as followings:

- 1) The leading product of furniture audio is irreplaceable in the existing market, and it's not easy for other companies to copy their products ;
- 2) The new product of LED TV was sold from June of 2010. For the three months ended September 30, 2010, 39% of total sales was attributed to TV;
- 3) The multi-media industry has expanded very well since the year end of 2008. Pearl River Delta is the global production base for multi-media products. However, affected by the global economic crisis, about 60% of similar multi-media products manufactures went bankrupt, then, the chance was brought to the rest of surviving manufactures like AIVtech. When economic recovery, the order demands were sharply increased.
- 4) The sales of furniture audios and multi-media speakers were seasonal. The peak season of each year is from July to November.

Gross Profit

The Company's gross profit for the three months ended September 30, 2010 was \$ 6,001,316 (or 22% of revenue) compared to \$ 4,267,260 (or 27% of revenue) for the three months ended September 30, 2009. The gross profit for the nine months ended September 30, 2010 was \$ 13,456,752 (or 24% of revenue) compared to \$7,454,536 (or 27% of revenue) for the nine months ended September 30, 2009. There was a little decrease in gross profit margin compared with corresponding period of prior year. That's because the company began to produce TV from June 2010, while its gross profit margin is lower than other products, which resulted in a decrease in total gross profit margin.

Selling, General and Administrative Expense

Selling, general and administrative expense for the three months ended September 30, 2010 reflected increases of \$234,981, or approximately 48% from the comparable 2009 periods. Selling, general and administrative expense for the nine months ended September 30, 2010 increased \$397,753, or approximately 27%, from the comparable 2009 periods. The increases are due to payroll and welfare for employees and consulting expense.

Other Income

Other income was \$5,724 and \$12,933 for the three and nine months ended September 30, 2010 compared to \$1,518 and \$3,562 for the three and nine months ended September 30, 2009. The increase was due to additional interest income.

Interest Expense

Interest expense was \$5,035 and \$11,362 for the three and nine month periods ended September 30, 2010. These increases mainly result from the additional bank loan in 2010 incurred to support the increased working capital.

Provision for Income Taxes

The Company is subject to the income tax laws of the People's Republic of China ("PRC"). The PRC's Enterprise Income Tax is now at a statutory rate of 25% from January 1, 2008. But the subsidiary, on May 18, 2006 Shenzhen AIV Electronics Co., Ltd. received a special economic zone tax remission for two years and a subsequent half reduction for the three subsequent years and implement income tax rate of 11%. For the three and nine month periods ending September 30, 2010, the Company accrued \$720,648 and \$1,471,624 in income taxes, representing 14% and 13% of its pre-tax income, respectively.

Net Income

Net income was \$4,561,572 for the three months ended September 30, 2010, compared to net income of \$3,405,577 for the three months ending September 30, 2009. Net income was \$10,114,077 for the nine months ended September 30, 2010, compared to net income of \$5,384,906 for the comparable 2009 period. This improvement reflects the increased revenue discussed above.

Liquidity and Capital Resources

At September 30, 2010, cash and cash equivalents were \$3,100,131 as compared to \$3,605,741 at December 31, 2009. Current assets totaled \$17,223,918, and current liabilities were \$10,330,038. The components of the \$505,610 decrease of cash and cash equivalents are reflected below.

Cash Flow

| | Nine months ended September 30, 2010 | Nine months ended September 30, 2009 |
|--|---|--|
| Net cash provided (used) by operating activities | \$ 3,213,547 | \$ 254,462 |
| Net cash used by investing activities | (180,421) | (239,755) |
| Net cash (used)/provided by financing activities | (3,653,379) | (0) |
| Effects of exchange rates on cash | 114,643 | (11,991) |
| Net change in cash and cash equivalents | \$ (505,610) | \$ 2,716 |

Net Cash Provided by Operating Activities

For the nine months ended September 30, 2010, we had positive cash flow from operating activities of \$3,213,547, primarily attributable to net income with \$9,778,483, also decrease in inventory of \$1,409,618, while offset the increase in accounts receivable with \$8,253,552, and a decrease in accounts payable with \$ 1,099,411. For the nine months ended September 30, 2009, we had positive cash flow from operating activities of \$254,462, primarily attributable to net income with \$5,384,907, the increase in other payables of \$1,138,043, while offset the increase of inventory with \$1,751,004 and accounts receivable of \$5,391,433.

Net Cash Used by Investing Activities

There were no significant needs for plant and facility expansion for the nine months ended September 30, 2010 and thus only \$180,421 of cash was used in investing activities

Net Cash Provided by Financing Activities

The Company financed cash flow by obtaining \$747,255 funding from net bank loans. Dividend paid with \$ 4,400,634 for the nine months ended September 30, 2010, which resulted in the negative cash flow from financing activities of \$3,653,379.

We anticipate that our available funds and cash flows generated from operations will be sufficient to meet our anticipated on-going operating needs for the next twelve months. However, we may need to raise additional capital in order to fund acquisitions and any substantive expansion of our business operations. We would expect to raise those funds through credit facilities obtained from lending institutions, the issuance of equity, or a combination of both. However, there can be no guarantee that we will be able to obtain such funding, whether through the issuance of debt or equity, on terms satisfactory to management and our Board of Directors.

Off-Balance Sheet Arrangements

We have never entered into any off-balance sheet financing arrangements and have never established any special purpose entities.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we have conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities and Exchange Act of 1934, as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and principal financial officer concluded as of the evaluation date that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to our company, particularly during the period when this report was being prepared.

(b) Changes in Internal Control over Financial Reporting.

There have been no changes in our internal control over financial reporting that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are currently not involved in any litigation that we believe could have a material adverse effect on our financial condition or results of operations. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the executive officers of our company or any of our subsidiaries, threatened against or affecting our company, our common stock, any of our subsidiaries or of our companies or our subsidiaries' officers or directors in their capacities as such, in which an adverse decision could have a material adverse effect.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors previously disclosed in the Company's Form 8-K filed with the SEC on May 14, 2010.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. (REMOVED AND RESERVED).

ITEM 5. OTHER INFORMATION.

There is no other Information required to be disclosed under this Item which was not previously disclosed.

ITEM 6. EXHIBITS.

Exhibit
No.

Description

31.1 Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *

31.2 Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *

32.1 Certification of Principal Executive Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

32.2 Certification of Principal Financial Officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 *

* filed herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AIVTECH INTERNATIONAL GROUP CO.

Date: November 12, 2010

By: /s/ JinLin Guo
JinLin Guo
President, CEO and Chairman of the Board
of Directors

AIVTECH INTERNATIONAL GROUP CO.

Date: November 12, 2010

By: /s/ YiLin Shi
YiLin Shi
Principal Financing Accounting and Chief
Financial Officer