

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

	Unaudited As at 31.3.2013 RM'000	Audited As at 31.12.2012 RM'000
Assets		
Property, plant and equipment	171,880	175,119
Intangible assets	4,386	4,896
Investment in associates	13,100	13,285
Deferred tax assets	3,476	2,368
Total non-current assets	192,842	195,668
Receivables, deposits and prepayments	277,147	289,920
Contract work-in-progress	149,471	124,040
Inventories	187,751	184,566
Current tax assets	2,333	4,258
Derivative assets	1,670	1,185
Cash and cash equivalents	99,524	102,867
Total current assets	717,896	706,836
Total assets	910,738	902,504
Equity		
Share capital	106,079	106,000
Reserves	246,484	235,687
Total equity attributable to owners of the Company	352,563	341,687
Non-controlling interests	4,764	4,501
Total equity	357,327	346,188
Liabilities		
Loans and borrowings	3,155	3,683
Deferred tax liabilities	6,598	6,122
Total non-current liabilities	9,753	9,805
Provisions	39,590	39,111
Payables and accruals	221,596	222,344
Amount due to contract customers	201,058	206,310
Loans and borrowings	78,353	77,190
Current tax liabilities	3,061	1,556
Total current liabilities	543,658	546,511
Total liabilities	553,411	556,316
Total equity and liabilities	910,738	902,504
Net assets per share attributable to owners of the Company (RM)	1.66	1.61

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2013 (1ST QUARTER)****(The figures have not been audited)**

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	31.3.2013	31.3.2012	31.3.2013	31.3.2012
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	163,634	129,101	163,634	129,101
Cost of sales		(132,494)	(106,172)	(132,494)	(106,172)
Gross profit		31,140	22,929	31,140	22,929
Other income		819	702	819	702
Distribution expenses		(2,167)	(2,086)	(2,167)	(2,086)
Administrative expenses		(14,601)	(9,955)	(14,601)	(9,955)
Other expenses		-	-	-	-
Results from operating activities		15,191	11,590	15,191	11,590
Finance income		260	278	260	278
Finance costs		(520)	(606)	(520)	(606)
Operating profit	B5	14,931	11,262	14,931	11,262
Share of profit/(loss) of associates, net of tax		(185)	(265)	(185)	(265)
Profit before tax		14,746	10,997	14,746	10,997
Tax expense	B6	(4,429)	(733)	(4,429)	(733)
Profit for the period		10,317	10,264	10,317	10,264
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		471	(755)	471	(755)
Movement in revaluation of property, plant and equipment, net of tax		-	-	-	-
Other comprehensive income for the period, net of tax		471	(755)	471	(755)
Total comprehensive income for the period		10,788	9,509	10,788	9,509
Profit/(loss) attributable to:					
Owners of the Company		10,479	10,282	10,479	10,282
Non-controlling interests		(162)	(18)	(162)	(18)
Profit for the period		10,317	10,264	10,317	10,264
Total comprehensive income attributable to:					
Owners of the Company		10,525	9,598	10,525	9,598
Non-controlling interests		263	(89)	263	(89)
Total comprehensive income for the period		10,788	9,509	10,788	9,509
Earnings per ordinary share					
Basic (Sen)	B11	4.94	5.74	4.94	5.74
Diluted (Sen)	B11	4.84	5.61	4.84	5.61

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2013 (1ST QUARTER)**

(The figures have not been audited)

	←←←←←← Attributable to owners of the Company →→→→→→						Retained Earnings RM'000	Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	←←←←←← Non-Distributable			→→→→→→ Distributable						
	Share Capital RM'000	Share Premium RM'000	Translation Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Treasury Shares RM'000	RM'000	RM'000	RM'000	RM'000
3 months period ended 31 March 2013										
As at 1 January 2013	106,000	36,440	(64)	15,025	1,999	(21)	182,308	341,687	4,501	346,188
Profit/(loss) for the period	-	-	-	-	-	-	10,479	10,479	(162)	10,317
Foreign currency translation	-	-	46	-	-	-	-	46	425	471
Movement in revaluation of property, plant and equipment, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	46	-	-	-	10,479	10,525	263	10,788
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-
Share options exercised	79	47	-	-	-	-	-	126	-	126
Transfer to share premium for share options exercised	-	66	-	-	(66)	-	-	-	-	-
Share-based payments	-	-	-	-	225	-	-	225	-	225
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	-	-
As at 31 March 2013	106,079	36,553	(18)	15,025	2,158	(21)	192,787	352,563	4,764	357,327
3 months period ended 31 March 2012										
As at 1 January 2012										
as previously stated	89,584	3,356	8,111	11,325	554	(21)	124,073	236,982	3,556	240,538
effect of adoption of MFRS	-	-	(7,238)	-	-	-	7,238	-	-	-
As at 1 January 2012, as restated	89,584	3,356	873	11,325	554	(21)	131,311	236,982	3,556	240,538
Profit for the period	-	-	-	-	-	-	10,282	10,282	(18)	10,264
Foreign currency translation	-	-	(684)	-	-	-	-	(684)	(71)	(755)
Total comprehensive income for the period	-	-	(684)	-	-	-	10,282	9,598	(89)	9,509
Share-based payments	-	-	-	-	473	-	-	473	-	473
As at 31 March 2012	89,584	3,356	189	11,325	1,027	(21)	141,593	247,053	3,467	250,520

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2013 (1ST QUARTER)
(The figures have not been audited)**

	Current Year To date 31.3.2013 RM'000	Preceding Year To date 31.3.2012 RM'000
Cash flows from operating activities		
Profit before tax	14,746	10,997
Adjustments for:		
Impairment loss on receivables	63	-
Impairment loss on receivables written back	(110)	(946)
Allowance for slow moving inventories	-	1,281
Amortisation of intangible assets	557	518
Depreciation of property, plant and equipment	3,524	2,758
Loss/(Gain) on disposal of property, plant and equipment	(14)	-
Finance costs	520	606
Provision for warranties	909	483
Interest income	(260)	(278)
Property, plant and equipment written off	16	104
Unrealised loss/(gain) on foreign exchange	(1,335)	99
Share-based payments	225	473
Share of loss/(profit) of equity accounted associates	185	265
Reversal of provision for warranties	(118)	(120)
Operating profit/(loss) before changes in working capital changes	<u>18,908</u>	<u>16,240</u>
Changes in working capital:		
Inventories	(2,976)	(18,902)
Payables and accruals	(1,049)	69,852
Receivables, deposits and prepayments	(4,451)	(36,204)
Cash generated from operations	<u>10,432</u>	<u>30,986</u>
Interest received	260	278
Interest paid	(377)	(406)
Provisions paid	(320)	(165)
Taxes (paid)/refund	(1,464)	(626)
Net cash generated from/(used in) operating activities	<u>8,531</u>	<u>30,067</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,730)	(1,143)
Proceeds from disposal of property, plant and equipment	950	613
Net cash generated from/(used in) investing activities	<u>(780)</u>	<u>(530)</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2013 (1ST QUARTER)
(cont'd)**

	Current Year To date 31.3.2013 RM'000	Preceding Year To date 31.3.2012 RM'000
Cash flows from financing activities		
Interest paid	(142)	(165)
Proceeds from issue of shares under ESOS scheme	126	-
Net proceeds from/(repayment of) revolving credit	(218)	(282)
Payment of finance lease liabilities	(36)	(52)
Repayment of term loans	(1,613)	(1,923)
Net cash generated from/(used in) financing activities	<u>(1,883)</u>	<u>(2,422)</u>
Net increase/(decrease) in cash and cash equivalents	5,868	27,115
Cash and cash equivalents at 1 January	102,867	114,896
Currency translation differences	(9,211)	990
Cash and cash equivalents at 31 March	<u>99,524</u>	<u>143,001</u>

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	31.3.2013 RM'000	31.3.2012 RM'000
Cash and bank balances	89,421	124,275
Deposit placed with licensed banks	10,103	18,726
Cash and cash equivalents per balance sheet	<u>99,524</u>	<u>143,001</u>
Bank overdrafts	-	-
	<u>99,524</u>	<u>143,001</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2013 (1ST QUARTER)****A NOTES TO THE INTERIM FINANCIAL STATEMENTS****A1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), including compliance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2012.

The significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2012, except for the accounting policy changes that are expected to be reflected in the 2013 audited financial statements.

Details of these changes in accounting policies are set out in Note A2. 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 2012.

A2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 December 2012 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations ("IC Int.") issued by the MASB which are effective for annual periods beginning on or after 1 July 2012 or 1 January 2013:

		<u>Effective date</u>
• MFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
• MFRS 10	Consolidated Financial Statements	1 January 2013
• MFRS 11	Joint Arrangements	1 January 2013
• MFRS 12	Disclosure of Interest in Other Entities	1 January 2013
• MFRS 13	Fair Value Measurement	1 January 2013
• MFRS 119	Employee Benefits (revised)	1 January 2013
• MFRS 127	Separate Financial Statements	1 January 2013
• MFRS 128	Investments in Associates and Joint Ventures	1 January 2013
• Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
• Amendments to MFRS 116	Property, Plant and Equipment	1 January 2013
• Amendments to MFRS 132	Financial Instrument: Presentation	1 January 2013
• Amendments to MFRS 134	Interim Financial Reporting	1 January 2013
• IC Int. 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

The Group has not adopted the following MFRSs and Amendments to MFRSs were in issued but not yet effective:

		<u>Effective Date</u>
• MFRS 9	Financial Instruments	1 January 2015
• Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities	1 January 2014
• Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities	1 January 2014
• Amendments to MFRS 127	Separate Financial Statements (2011): Investment Entities	1 January 2014
• Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014

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

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the preceding year ended 31 December 2012 were not subject to any qualification.

A4. EXPLANATORY COMMENT ON SEASONALITY OR CYCLICALITY

We expect to ride fairly with the current cycle.

A5. EXCEPTIONAL/UNUSUAL ITEMS

There are no exceptional/unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

A6. CHANGE IN ESTIMATES

There are no material changes in estimates of amounts that have material effect in the current quarter.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review except for the following:-

Employees' Share Option Scheme ("ESOS")

During the current quarter ended 31 March 2013, a total of 157,000 new ordinary shares of RM0.50 each were issued at RM0.80 each, pursuant to the exercise of ESOS granted in 2011.

A8. DIVIDENDS PAID

There is no dividend paid for the financial quarter under review.

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A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A9. SEGMENT REVENUE

The financial information by business segment is not presented as the Group's activities are primarily in the manufacturing and supplying of cranes.

	Inside Malaysia RM'000	Outside Malaysia RM'000	Conso- lidated RM'000
GEOGRAPHICAL SEGMENTS			
Revenue	105,107	58,527	163,634
Results from operating activities			15,191
Finance income			260
Finance costs			(520)
Share of profit/(loss) of associates, net of tax			(185)
Profit before tax			14,746
Segment assets			897,638
Investments in associates			13,100
Total assets			910,738
Segments liabilities			553,411

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant & equipment brought forward from the previous annual financial statements.

A11. MATERIAL SUBSEQUENT EVENT

There were no material subsequent event from the end of the quarter to 21 May 2013, which is likely to substantially affect the results of the operations of the Company.

A12. CHANGES IN THE GROUP'S COMPOSITION

There were no change in the Group's composition in the current quarter under review.

A13. CONTINGENT LIABILITIES/ASSETS AS AT 31 MARCH 2013

Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies	RM'000 107,195
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In the ordinary course of business, the Group and the Company also issue bank and performance guarantees to customers who awarded contracts to the Group and the Company.

Contingent liabilities - litigation

Please refer to note B11.

Contingent assets

There were no contingent assets as at 31 December 2012.

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 2013 and up to 21 May 2013.

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q1 2013 vs YTD Q1 2012)

The Group operates only in one business segment. Accordingly, detailed analysis of the performance of each business segment is not presented.

For the current quarter ended 31 March 2013, the Group recorded revenue of RM163.6 million with profit before tax of RM14.7 million as compared with revenue of RM129.1 million with profit before tax of RM11.0 million in the preceding quarter ended 31 March 2012. The increase was mainly due to an increase in sales from crane segment due to recovery in investment of equipment.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2013 Q1 vs 2012 Q4)

The Group recorded a profit before tax of RM14.7 million for the current quarter as compared to the profit before tax of RM10.9 million in the preceding quarter. The increase in profit before tax is mainly contributed by a higher margin achieved in this quarter.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 21 May 2013, outstanding order book of the group is RM644.8 million of which majority is from the oil and gas cranes for the offshore oil and gas exploration and production activities. Remaining are from the shipyard, construction and wind turbine industry.

The Group will continue to execute and deliver its existing order book secured in hand. However while the outlook remains challenging, we foresee oil and gas investment to continue at current level and construction industry to continue facing a slow recovery.

B4. PROFIT FORECAST

The Group has not issued any profit forecast to the relevant authorities and is not subject to any profit guarantee.

B5. OPERATING PROFIT

	Current Quarter 31.3.2013 RM'000	Cumulative Qtr To-date 31.3.2013 RM'000
Operating profit is arrived at after (crediting)/charging the following:		
Depreciation and amortization	4,081	4,081
Provision for and write off of receivables	63	63
Foreign exchange (gain)/loss	(5,787)	(5,787)
(Gain)/loss on derivatives	(1,670)	(1,670)
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (Cont'd)

B6. TAX EXPENSE

	Current Quarter 31.3.2013 RM'000	Cumulative Qtr To-date 31.3.2013 RM'000
Current tax expense		
Malaysian Tax	(5,015)	(5,015)
Overseas	-	-
	(5,015)	(5,015)
Deferred taxation expense		
Malaysian Tax	586	586
Overseas	-	-
	586	586
Total tax expense	(4,429)	(4,429)

The Group's effective tax rate is higher than the local statutory tax rate mainly due to short term timing different in tax treatment of certain subsidiaries in different countries.

B7. CORPORATE PROPOSAL

(being a date not earlier than seven (7) days from the date of issue of the quarterly report)

There is no other proposal announced but pending implementation as at the date of this report:

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured	RM	2,112	2,112
	Sub-total		2,112
Unsecured	RM	74,407	74,407
	AUD	520	1,673
	Sub-total		76,080
b) Hire purchase and finance lease	DKK	303	161
	Sub-total		161
Total short term borrowings			78,353
a) Long term borrowings			
Secured	RM	3,155	3,155
	Sub-total		3,155
Total long term borrowings			3,155
Total borrowings			81,508

B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (Cont'd)

B9. CHANGES IN MATERIAL LITIGATION

There are no material litigations that have material effect to the Group as at 21 May 2013 except for the following:-

Litigation against the Company and Favelle Favco Cranes (USA) Inc

Supreme Court of the State of New York

The Suits against the Company and its subsidiary, Favelle Favco Cranes (USA) Inc ("FFU"), commenced by persons/companies in New York vide suits instituted in the Supreme Court of the State of New York, as previously reported remain ongoing.

The Company and FFU intend to vigorously defend the same.

Supreme Court of the State of New York, County of New York

The Suit against Favelle Favco Cranes (USA) Inc ("FFU"), commenced by Mr. Robert Panarella ("the Plaintiff") in the Supreme Court of the State of New York, as previously reported remains ongoing.

FFU intends to vigorously defend the same.

B10. PROPOSED DIVIDENDS

The directors did not declare any interim dividend for the financial quarter under review.

B11. EARNINGS PER ORDINARY SHARE ("EPS")

a) Basic EPS

Basic EPS is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period

	Current Quarter 31.3.2013	Cumulative Qtr To-date 31.3.2013
Net profit attributable to the shareholders of the Company (RM'000)	10,479	10,479
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	212,109	212,109
Basic EPS (Sen)	4.94	4.94

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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (Cont'd)

B11. EARNINGS PER ORDINARY SHARE ("EPS") (Cont'd)

b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the period have been adjusted for the dilutive effect of all potential ordinary shares, ie share options granted to employees.

	Current Quarter 31.3.2013	Cumulative Qtr To-date 31.3.2013
Net profit attributable to the shareholders of the Company (RM'000)	10,479	10,479
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	212,109	212,109
Effect of dilution ('000)	4,558	4,558
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	216,667	216,667
Diluted EPS (Sen)	4.84	4.84

B12. REALISED AND UNREALISED PROFIT/LOSSES

	As at 31.3.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	168,223	144,553
- Unrealised	(30,422)	(8,263)
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(2,421)	(1,059)
- Unrealised	-	3
Less: Consolidation adjustments	135,380 57,407	135,234 47,074
Total group retained profits / (accumulated losses) as per consolidated accounts	192,787	182,308

B13. COMPARATIVE FIGURES

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

B14. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 May 2013.

Date: 28 May 2013