

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2019**

	Unaudited As at 30.06.2019 RM'000	Audited As at 31.12.2018 RM'000
Assets		
Property, plant and equipment	327,582	333,875
Intangible assets	71,250	71,283
Investment in associates	10,918	12,186
Deferred tax assets	25,964	24,949
Receivables	4,386	4,465
Total non-current assets	<u>440,100</u>	<u>446,758</u>
Receivables, deposits and prepayments	207,214	213,112
Contract assets	156,849	124,597
Inventories	162,755	164,120
Current tax assets	3,528	7,885
Derivative assets	3	336
Cash and cash equivalents	300,802	323,800
Total current assets	<u>831,151</u>	<u>833,850</u>
Total assets	<u>1,271,251</u>	<u>1,280,608</u>
Equity		
Share capital	156,462	155,170
Reserves	504,495	504,541
Total equity attributable to owners of the Company	<u>660,957</u>	<u>659,711</u>
Non-controlling interests	29,596	30,103
Total equity	<u>690,553</u>	<u>689,814</u>
Liabilities		
Loans and borrowings	25,621	23,123
Payables and accruals	15,575	15,575
Deferred tax liabilities	11,755	11,194
Total non-current liabilities	<u>52,951</u>	<u>49,892</u>
Provisions for warranties	33,342	31,774
Payables and accruals	284,451	258,586
Contract Liabilities	184,305	211,061
Loans and borrowings	19,835	24,042
Current tax liabilities	5,742	15,439
Derivative liabilities	72	-
Total current liabilities	<u>527,747</u>	<u>540,902</u>
Total liabilities	<u>580,698</u>	<u>590,794</u>
Total equity and liabilities	<u>1,271,251</u>	<u>1,280,608</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.98</u>	<u>2.98</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 30 JUNE 2019 (2ND QUARTER)**

(The figures have not been audited)

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.06.2019	30.06.2018	30.06.2019	30.06.2018
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	199,310	89,843	355,317	192,090
Cost of sales, other income and operating expenses		(177,958)	(79,868)	(317,239)	(173,738)
Results from operating activities		21,352	9,975	38,078	18,352
Finance income		1,808	1,384	4,883	2,510
Finance costs		(358)	(210)	(720)	(410)
Operating profit	B5	22,802	11,149	42,241	20,452
Share of profit/(loss) of associates, net of tax		(415)	(934)	(1,268)	(1,272)
Profit before tax		22,387	10,215	40,973	19,180
Tax expense	B6	(5,345)	(3,435)	(9,271)	(6,043)
Profit for the period		17,042	6,780	31,702	13,137
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		2,719	550	(2,192)	(6,954)
Other comprehensive income for the period, net of tax		2,719	550	(2,192)	(6,954)
Total comprehensive income for the period		19,761	7,330	29,510	6,183
Profit/(loss) attributable to:					
Owners of the Company		16,468	7,252	31,243	12,761
Non-controlling interests		574	(472)	459	376
Profit for the period		17,042	6,780	31,702	13,137
Total comprehensive income attributable to:					
Owners of the Company		19,155	7,799	29,027	5,793
Non-controlling interests		606	(469)	483	390
Total comprehensive income for the period		19,761	7,330	29,510	6,183
Earnings per ordinary share					
Basic (Sen)	B11	7.43	3.28	14.10	5.76
Diluted (Sen)	B11	7.34	3.26	13.93	5.74

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 30 JUNE 2019 (2ND QUARTER)**

(The figures have not been audited)

	Attributable to owners of the Company						Distributable			
	Non-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	Retained Earnings RM'000	Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
6 months ended 30 June 2019										
As at 1 January 2019	155,170	-	8,579	22,217	5,500	(21)	468,266	659,711	30,103	689,814
Profit/(loss) for the period	-	-	-	-	-	-	31,243	31,243	459	31,702
Foreign currency translation	-	-	(2,216)	-	-	-	-	(2,216)	24	(2,192)
Total comprehensive income for the period	-	-	(2,216)	-	-	-	31,243	29,027	483	29,510
- Transfer to share capital for share options exercised	310	-	-	-	(310)	-	-	-	-	-
- Share-based payments	-	-	-	-	1,125	-	-	1,125	-	1,125
- Issue of ordinary shares	982	-	-	-	-	-	-	982	-	982
- Dividends to non-controlling interests	-	-	-	-	-	-	-	-	(990)	(990)
- Dividends to shareholders	-	-	-	-	-	-	(29,888)	(29,888)	-	(29,888)
As at 30 June 2019	156,462	-	6,363	22,217	6,315	(21)	469,621	660,957	29,596	690,553
6 months ended 30 June 2018										
As at 1 January 2018	110,701	44,469	13,186	22,217	1,217	(21)	437,740	629,509	(1,281)	628,228
Change in accounting policies	-	-	-	-	-	-	(5,096)	(5,096)	-	(5,096)
	110,701	44,469	13,186	22,217	1,217	(21)	432,644	624,413	(1,281)	623,132
Profit for the period	-	-	-	-	-	-	12,761	12,761	376	13,137
Foreign currency translation	-	-	(6,968)	-	-	-	-	(6,968)	14	(6,954)
Total comprehensive income for the period	-	-	(6,968)	-	-	-	12,761	5,793	390	6,183
- Share-based payments	-	-	-	-	2,142	-	-	2,142	-	2,142
- Dividends to shareholders	-	-	-	-	-	-	(29,888)	(29,888)	-	(29,888)
As at 30 June 2018	110,701	44,469	6,218	22,217	3,359	(21)	415,517	602,460	(891)	601,569

* On 31 January 2017, the concepts of authorised share capital and par value of share capital were abolished in accordance with the Companies Act 2016. Consequently, the amount RM 44.469m standing to the credit of the Company's share premium account became part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 2018 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 30 JUNE 2019 (2ND QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 30.06.2019 RM'000	Unaudited Period ended 30.06.2018 RM'000
Cash flows from operating activities		
Profit before tax	40,973	19,180
Adjustments for:		
Amortisation of intangible assets	32	64
Allowance for impairment losses	1,326	4,499
Allowance for impairment losses on receivables written back	(1,250)	-
Depreciation of property, plant and equipment	11,780	8,888
Finance costs	720	410
Finance income	(4,883)	(2,510)
Gain on disposal of property, plant and equipment	(278)	(49)
(Gain)/loss on foreign exchange	2,170	1,463
(Gain)/loss on derivatives	403	7,255
Provision for warranties	3,779	4,596
Share-based payments	1,125	2,142
Share of loss/(profit) of equity accounted associates	1,268	1,272
Reversal of provision for warranties	(1,695)	(1,642)
Write-back of Inventories	(334)	-
Operating profit/(loss) before changes in working capital	55,136	45,568
Changes in working capital:		
Inventories	1,699	(2,287)
Payables and accruals	(28,399)	(8,271)
Receivables, deposits and prepayments	(29,088)	(35,058)
Cash generated from/(used in) operations	(652)	(48)
Interest received	4,868	2,454
Interest paid	(656)	(306)
Warranties paid	(102)	(1,571)
Income tax paid	(15,040)	(4,435)
Net cash generated from/(used in) operating activities	(11,582)	(3,906)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,615)	(35,017)
Proceeds from disposal of property, plant and equipment	665	1,809
Net cash generated from/(used in) investing activities	(6,950)	(33,208)

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2019 (2ND QUARTER)**

(cont'd)

	Unaudited Period ended 30.06.2019 RM'000	Unaudited Period ended 30.06.2018 RM'000
Cash flows from financing activities		
Interest paid	-	(49)
Proceeds from issue of shares under SIS scheme	982	-
Payment of deferred consideration	(2,310)	-
Dividend paid to non-controlling interests	(990)	-
Net proceeds/(repayment) of loans and borrowings	(4,212)	(751)
Net cash generated from/(used in) financing activities	(6,530)	(800)
Exchange differences on translation of the financial statements of foreign operations	(479)	(4,907)
Net increase/(decrease) in cash and cash equivalents	(25,541)	(42,821)
Cash and cash equivalents at 1 January	318,653	369,793
Effect of exchange rate fluctuations on cash held	40	(2,940)
Cash and cash equivalents at 30 June	293,152	324,032

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

	30.06.2019 RM'000	30.06.2018 RM'000
Cash and bank balances	109,563	41,389
Short Term Investment	76,770	78,344
Deposit placed with licensed banks	114,469	204,299
Cash and cash equivalents per balance sheet	300,802	324,032
Bank overdrafts	(7,650)	-
	293,152	324,032

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018 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 30 JUNE 2019 (2ND 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 Main Market Listing Requirements of 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 2018. 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 2018.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2018 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2019:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• MFRS 16 Leases	1 January 2019
• IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
• Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
• Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
• Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
• Annual Improvements to MFRS Standards 2015 – 2017 Cycles	1 January 2019

The adoption of the above amendments and Annual Improvements to Standards did not have any material impact on the Group and the Company's financial statements upon their initial application.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments, if any)</u>	<u>Effective Date</u>
• Amendments to MFRS 3: Definition of a Business	1 January 2020
• Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2018 was not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. EXCEPTIONAL/UNUSUAL ITEMS

There are no exceptional or unusual items affecting financial statements of the Group for the current quarter under review.

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

A6. MATERIAL CHANGES IN ESTIMATES

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

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:-

Share Issuance Scheme ("SIS")

During the current quarter ended 30 June 2019, a total of 202,000 new ordinary shares were issued at RM2.35 each, pursuant to the exercise of SIS granted in 2017.

A8. DIVIDENDS PAID

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

A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Cranes RM'000	Intelligent Automation RM'000	Consolidated RM'000
Revenue			
Inside Malaysia	103,496	50,847	154,343
Outside Malaysia	200,974	-	200,974
	<u>304,470</u>	<u>50,847</u>	<u>355,317</u>
Profit before tax	35,232	5,741	40,973
Segment assets	1,128,380	131,953	1,260,333
Investments in associates	10,918	-	10,918
Total assets	<u>1,139,298</u>	<u>131,953</u>	<u>1,271,251</u>
Segments liabilities	<u>560,781</u>	<u>19,917</u>	<u>580,698</u>

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 August 2019, 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 ASSETS/LIABILITIES

Please refer to note B9 for contingent assets/liabilities for the Group.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2019 and up to 21 August 2019.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2019 vs YTD Q2 2018)

The Group reported consolidated revenue (including the Intelligent Automation segment of RM50.8 million) of RM355.3 million with profit before tax of RM41.0 million (including Intelligent Automation segment of RM5.7 million) as compared to revenue (without Intelligent Automation segment) of RM192.1 million with profit before tax of RM19.2 million in the previous year period ended 30 June 2018.

The increase in the group profit before tax was mainly due to increase in sales.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2019 Q2 vs 2019 Q1)

The Group recorded a revenue of RM199.3 million with profit before tax of RM22.4 million for the current quarter as compared to the revenue of RM156.0 million with profit before tax of RM18.6 million in the preceding quarter mainly due to increase in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM562 million as at 21 August 2019 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

The Group will also increase the Tower crane rental fleet in order to improve the rental income globally.

The Group will be taking appropriate measures and actions to cater for its business undertaking moving forward.

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 30.06.2019 RM'000	Cumulative Qtr To-date 30.06.2019 RM'000
Operating profit is arrived at after (crediting)/charging the following:		
Depreciation and amortization	5,938	11,812
Allowance for impairment loss/(gain)	147	76
Foreign exchange (gain)/loss	2,108	2,170
(Gain)/loss on derivatives	1,036	403
(Gain)/loss on disposal of property, plant and equipment	(11)	(278)
Other Income	(290)	(846)
Finance costs	358	720
Interest income	(1,808)	(4,883)

--- The rest of this page has been intentionally left blank ---

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

B6. TAXATION

	Current Quarter 30.06.2019 RM'000	Cumulative Qtr To-date 30.06.2019 RM'000
Current tax expense		
Malaysian Tax	(3,240)	(4,555)
Overseas	(2,058)	(5,147)
	(5,298)	(9,702)
Deferred taxation expense		
Malaysian Tax	(47)	431
Overseas	-	-
	(47)	431
Total tax expense	(5,345)	(9,271)

The effective corporate tax expenses is lower than statutory tax rate mainly due to utilisation of unutilised tax losses carried forward from previous year.

B7. CORPORATE PROPOSAL

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	597	597
	DKK	5,602	3,523
	AUD	930	2,696
	Sub-total		6,816
- Unsecured	RM	5,369	5,369
	SGD	-	-
	DKK	12,165	7,650
			13,019
Total short term borrowings			19,835
a) Long term borrowings			
- Secured	RM	8,896	8,896
	DKK	26,596	16,725
Total long term borrowings			25,621
Total borrowings			45,456

--- The rest of this page has been intentionally left blank ---

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

B9. CHANGES IN MATERIAL LITIGATION

There is no ongoing litigation that may have any material impact on the financial position of the Group.

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 30.06.2019	Cumulative Qtr To-date 30.06.2019
Profit attributable to owners of the Company (RM'000)	16,468	31,243
Weighted average number of ordinary shares in issue ('000)	221,636	221,531
Basic EPS (Sen)	7.43	14.10

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 30.06.2019	Cumulative Qtr To-date 30.06.2019
Profit attributable to owners of the Company (RM'000)	16,468	31,243
Weighted average number of ordinary shares in issue ('000)	221,636	221,531
Effect of dilution ('000)	2,715	2,715
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	224,351	224,246
Diluted EPS (Sen)	7.34	13.93

B12. COMPARATIVE FIGURES

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

By order of the Board of Directors

Company Secretary

Date: 27 August 2019