

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2021**

	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
Assets		
Property, plant and equipment	397,001	418,028
Intangible assets	71,196	71,201
Investment in associates	4,624	6,094
Deferred tax assets	21,097	22,153
Receivables	4,821	4,536
Total non-current assets	<u>498,739</u>	<u>522,012</u>
Receivables, deposits and prepayments	171,141	184,390
Contract assets	187,952	126,642
Inventories	204,280	197,804
Current tax assets	4,523	6,097
Cash and cash equivalents	292,021	310,474
Total current assets	<u>859,917</u>	<u>825,407</u>
Total assets	<u>1,358,656</u>	<u>1,347,419</u>
Equity		
Share capital	162,983	162,983
Reserves	587,356	575,462
Total equity attributable to owners of the Company	<u>750,339</u>	<u>738,445</u>
Non-controlling interests	<u>34,318</u>	<u>33,848</u>
Total equity	<u>784,657</u>	<u>772,293</u>
Liabilities		
Loans and borrowings	36,751	48,820
Payables and accruals	860	68
Deferred tax liabilities	17,793	17,882
Total non-current liabilities	<u>55,404</u>	<u>66,770</u>
Provisions for warranties	38,236	34,698
Payables and accruals	264,882	243,591
Contract liabilities	151,306	173,835
Loans and borrowings	61,578	54,656
Current tax liabilities	2,120	1,435
Derivative liabilities	473	141
Total current liabilities	<u>518,595</u>	<u>508,356</u>
Total liabilities	<u>573,999</u>	<u>575,126</u>
Total equity and liabilities	<u>1,358,656</u>	<u>1,347,419</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.37</u>	<u>3.30</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)****(The figures have not been audited)**

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.09.2021	30.09.2020	30.09.2021	30.09.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	135,586	130,413	410,799	372,466
Cost of sales, other income and operating expenses		(120,155)	(116,621)	(362,246)	(331,081)
Results from operating activities		15,431	13,792	48,553	41,385
Finance income		394	1,472	2,091	4,042
Finance costs		(665)	(624)	(2,141)	(1,693)
Operating profit	B5	15,160	14,640	48,503	43,734
Share of profit/(loss) of associates, net of tax		(67)	(1,356)	(1,470)	(2,839)
Profit before tax		15,093	13,284	47,033	40,895
Tax expense	B6	(4,093)	(6,739)	(9,637)	(13,383)
Profit for the period		11,000	6,545	37,396	27,512
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(4,544)	238	(4,198)	7,685
Other comprehensive income for the period, net of tax		(4,544)	238	(4,198)	7,685
Total comprehensive income for the period		6,456	6,783	33,198	35,197
Profit/(loss) attributable to:					
Owners of the Company		10,384	4,116	35,758	23,593
Non-controlling interests		616	2,429	1,638	3,919
Profit for the period		11,000	6,545	37,396	27,512
Total comprehensive income attributable to:					
Owners of the Company		5,863	4,374	31,708	31,382
Non-controlling interests		593	2,409	1,490	3,815
Total comprehensive income for the period		6,456	6,783	33,198	35,197
Earnings per ordinary share					
Basic (Sen)	B11	4.64	1.84	15.97	10.54
Diluted (Sen)	B11	4.64	1.84	15.97	10.54

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)**

(The figures have not been audited)

	←←←← Attributable to owners of the Company →→→→					→→→→ Distributable			
	Share Capital 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
9 months ended 30 September 2021									
As at 1 January 2021	162,983	14,295	22,193	7,250	(21)	531,745	738,445	33,848	772,293
Profit/(loss) for the period	-	-	-	-	-	35,758	35,758	1,638	37,396
Foreign currency translation	-	(4,050)	-	-	-	-	(4,050)	(148)	(4,198)
Total comprehensive income for the period	-	(4,050)	-	-	-	35,758	31,708	1,490	33,198
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	441	-	-	441	-	441
- Purchase of treasury shares	-	-	-	-	(2,340)	-	(2,340)	-	(2,340)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,020)	(1,020)
- Dividends to shareholders	-	-	-	-	-	(17,915)	(17,915)	-	(17,915)
As at 30 September 2021	162,983	10,245	22,193	7,691	(2,361)	549,588	750,339	34,318	784,657
9 months ended 30 September 2020									
As at 1 January 2020	162,745	3,565	22,217	6,083	(21)	520,813	715,402	35,270	750,672
Profit for the period	-	-	-	-	-	23,593	23,593	3,919	27,512
Foreign currency translation	-	7,789	-	-	-	-	7,789	(104)	7,685
Total comprehensive income for the period	-	7,789	-	-	-	23,593	31,382	3,815	35,197
Contribution by and distribution to owners of the Company									
- Transfer to share capital for share options exercised	55	-	-	(55)	-	-	-	-	-
- Share-based payments	-	-	-	917	-	-	917	-	917
- Issue of ordinary shares	183	-	-	-	-	-	183	-	183
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,998)	(4,998)
- Dividends to shareholders	-	-	-	-	-	(33,590)	(33,590)	-	(33,590)
As at 30 September 2020	162,983	11,354	22,217	6,945	(21)	510,816	714,294	34,087	748,381

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)
(The figures have not been audited)**

	Unaudited Period ended 30.09.2021 RM'000	Unaudited Period ended 30.09.2020 RM'000
Cash flows from operating activities		
Profit before tax	47,033	40,895
Adjustments for:		
Amortisation of intangible assets	5	17
Allowance for impairment losses	2,493	2,063
Reversal of impairment losses	(5,547)	(7,752)
Allowance for slow moving inventories	-	5,000
Amortisation of right-of-use assets	5,159	5,524
Depreciation of property, plant and equipment	21,635	20,779
Finance costs	2,141	1,693
Finance income	(2,091)	(4,042)
Loss/(Gain) on disposal of property, plant and equipment	233	(479)
(Gain)/loss on foreign exchange	(2,216)	(6,460)
(Gain)/loss on derivatives	340	17
Property, plant and equipment written off	36	16
Provision for warranties	4,843	2,546
Provision for restructuring costs	-	4,000
Share-based payments	441	917
Share of loss/(profit) of equity accounted associates	1,470	2,839
Reversal of provision for warranties	(152)	(4,974)
Writedown of inventories	-	(821)
Operating profit/(loss) before changes in working capital	<u>75,823</u>	<u>61,778</u>
Changes in working capital:		
Inventories	(6,476)	(42,592)
Payables and accruals	1,415	(35,795)
Receivables, deposits and prepayments	(43,581)	63,628
Cash generated from/(used in) operations	<u>27,181</u>	<u>47,019</u>
Interest received	2,061	4,025
Interest paid	(2,021)	(1,574)
Warranties paid	(300)	(103)
Income tax paid	(6,065)	(17,093)
Net cash generated from/(used in) operating activities	<u>20,856</u>	<u>32,274</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(6,669)	(28,639)
Acquisition of right-of-use assets	(1,552)	-
Proceeds from disposal of property, plant and equipment	216	3,788
Net cash generated from/(used in) investing activities	<u>(8,005)</u>	<u>(24,851)</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (3RD QUARTER)
(cont'd)**

	Unaudited Period ended 30.09.2021 RM'000	Unaudited Period ended 30.09.2020 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(17,915)	-
Proceeds from issue of shares under SIS scheme	-	183
Purchase of treasury shares	(2,340)	-
Payment of deferred consideration	(2,380)	-
Dividend paid to non-controlling interests	(1,020)	(4,998)
Net proceeds/(repayment) of loans and borrowings	(17,070)	28,818
Net cash generated from/(used in) financing activities	(40,725)	24,003
Exchange differences on translation of the financial statements of foreign operations	(3,313)	1,078
Net increase/(decrease) in cash and cash equivalents	(31,187)	32,504
Cash and cash equivalents at 1 January	303,497	263,544
Effect of exchange rate fluctuations on cash held	813	1,828
Cash and cash equivalents at 30 September	273,123	297,876

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

	30.09.2021 RM'000	30.09.2020 RM'000
Cash and bank balances	122,547	87,728
Short Term Investment	107,167	147,207
Deposit placed with licensed banks	62,307	66,099
Cash and cash equivalents per balance sheet	292,021	301,034
Bank overdrafts	(18,898)	(3,158)
	273,123	297,876

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2021 (3RD 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 2020. 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 2020.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2021:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
• Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• 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 2020 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, resale and repayments of debts and equity securities for the current quarter under review except for the following:-

During the current quarter ended 30 September 2021, the Company repurchased 1,060,000 ordinary shares from the open market for a total consideration of RM2.34 million, which was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 112(2) of the Companies Act 2016.

A8. DIVIDENDS PAID

A first & final tax-exempt dividend of 8 sen per ordinary shares totalling RM17.9 million in respect of the year ended 31 December 2020, was paid on 2 September 2021.

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	109,015	63,567	172,582
Outside Malaysia	238,217	-	238,217
	<u>347,232</u>	<u>63,567</u>	<u>410,799</u>
Profit before tax	39,361	7,672	47,033
Segment assets	1,199,157	154,875	1,354,032
Investments in associates	4,624	-	4,624
Total assets	<u>1,203,781</u>	<u>154,875</u>	<u>1,358,656</u>
Segments liabilities	<u>543,176</u>	<u>30,823</u>	<u>573,999</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 18 November 2021, 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 September 2021 and up to 18 November 2021.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q3 2021 vs YTD Q3 2020)

The Group reported consolidated revenue of RM410.8 million with profit before tax of RM47.0 million as compared to revenue of RM372.5 million with profit before tax of RM40.9 million in the previous financial year ended 30 September 2020.

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

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2021 Q3 vs 2021 Q2)

The Group recorded a revenue of RM135.6 million with profit before tax of RM15.1 million for the current quarter as compared to the revenue of RM153.1 million with profit before tax of RM19.2 million in the preceding quarter, the decrease in group profit was mainly due to decrease in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM586 million (including order book of Intelligent Automation of RM119 million) as at 18 November 2021 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

With the global economic slowdown for year 2020 as result of the Covid-19 pandemic, the slow order intake of 2020 will be felt in 2021. Eventhough we expect order intake will improve in 2021 but the overall situation is expected to remain challenging. The Group will be taking appropriate measures and actions to cater for its business undertakings.

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 30.09.2021 RM'000	Cumulative Qtr To-date 30.09.2021 RM'000
Operating profit is arrived at after (crediting)/charging the following:		
Depreciation and amortization	7,200	21,640
Allowance for impairment loss/(gain)	(4,602)	(3,054)
Foreign exchange (gain)/loss	2,996	(2,216)
(Gain)/loss on derivatives	215	340
(Gain)/loss on disposal of property, plant and equipment	469	233
Other Income	(1,004)	(6,090)
Finance costs	665	2,141
Interest income	(394)	(2,091)

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

B6. TAXATION

	Current Quarter 30.09.2021 RM'000	Cumulative Qtr To-date 30.09.2021 RM'000
Current tax expense		
Malaysian Tax	(5,277)	(6,983)
Overseas	1,107	(1,342)
	(4,170)	(8,325)
Deferred taxation expense		
Malaysian Tax	220	(1,157)
Overseas	(143)	(155)
	77	(1,312)
Total tax expense	(4,093)	(9,637)

The effective tax rate of the Group for the period ended 30 September 2021 is lower than the local statutory tax rate mainly due to utilisation of tax losses from a foreign subsidiary carried forward from previous years.

B7. CORPORATE PROPOSAL

The Group has no outstanding corporate proposals for the quarter under review.

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
- Secured	RM	546	546
	DKK	55,361	36,125
	AUD	733	2,211
	Sub-total		38,882
- Unsecured	RM	22,319	22,319
	USD	90	377
Total short term borrowings			61,578
b) Long term borrowings			
- Secured	RM	7,795	7,795
	DKK	44,374	28,956
Total long term borrowings			36,751
Total borrowings			98,329

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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 30.09.2021	Cumulative Qtr To-date 30.09.2021
Profit attributable to owners of the Company (RM'000)	10,384	35,758
Weighted average number of ordinary shares in issue ('000)	223,831	223,900
Basic EPS (Sen)	4.64	15.97

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 30.09.2021	Cumulative Qtr To-date 30.09.2021
Profit attributable to owners of the Company (RM'000)	10,384	35,758
Weighted average number of ordinary shares in issue ('000)	223,831	223,900
Effect of dilution ('000) *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	223,831	223,900
Diluted EPS (Sen)	4.64	15.97

* Potential shares are dilutive only when the average market price for the ordinary shares during the period exceeds the exercise price of the options.

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: 24 November 2021