

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2023**

	Unaudited As at 30.6.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>Assets</b>		
Property, plant and equipment	543,877	548,104
Intangible assets	75,284	75,289
Investment in associates	4,207	3,035
Deferred tax assets	25,349	25,337
Long-term funds	7,869	7,625
Receivables	5,445	5,033
<b>Total non-current assets</b>	<b>662,031</b>	<b>664,423</b>
Receivables, deposits and prepayments	202,774	238,437
Contract assets	105,596	133,209
Inventories	220,073	206,089
Current tax assets	4,357	4,457
Derivative assets	-	426
Cash and cash equivalents	168,326	121,837
<b>Total current assets</b>	<b>701,126</b>	<b>704,455</b>
<b>Total assets</b>	<b>1,363,157</b>	<b>1,368,878</b>
<b>Equity</b>		
Share capital	194,988	194,988
Reserves	539,054	514,537
<b>Total equity attributable to owners of the Company</b>	<b>734,042</b>	<b>709,525</b>
<b>Non-controlling interests</b>	<b>22,689</b>	<b>23,342</b>
<b>Total equity</b>	<b>756,731</b>	<b>732,867</b>
<b>Liabilities</b>		
Loans and borrowings	8,753	9,609
Hire Purchase and lease liabilities	14,495	12,775
Deferred tax liabilities	60,847	58,744
<b>Total non-current liabilities</b>	<b>84,095</b>	<b>81,128</b>
Provisions for warranties	35,948	33,368
Payables and accruals	196,769	237,057
Contract liabilities	189,955	154,229
Loans and borrowings	77,417	105,433
Hire Purchase and lease liabilities	14,302	20,085
Current tax liabilities	4,509	4,711
Derivative liabilities	3,431	-
<b>Total current liabilities</b>	<b>522,331</b>	<b>554,883</b>
<b>Total liabilities</b>	<b>606,426</b>	<b>636,011</b>
<b>Total equity and liabilities</b>	<b>1,363,157</b>	<b>1,368,878</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>3.14</b>	<b>3.04</b>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023 (2ND QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.6.2023 RM'000	30.6.2022 RM'000	30.6.2023 RM'000	30.6.2022 RM'000
<b>Revenue</b>	A9	183,523	151,344	309,317	243,373
Cost of sales, other income and operating expenses		(164,755)	(139,430)	(275,609)	(223,955)
<b>Results from operating activities</b>		18,768	11,914	33,708	19,418
Finance income		1,198	652	1,743	1,161
Finance costs		(1,746)	(620)	(2,682)	(873)
<b>Operating profit</b>	B5	18,220	11,946	32,769	19,706
Share of profit/(loss) of associates, net of tax		1,166	(36)	1,172	(68)
<b>Profit before tax</b>		19,386	11,910	33,941	19,638
Tax expense	B6	(6,337)	(2,689)	(8,770)	(4,317)
<b>Profit for the period</b>		13,049	9,221	25,171	15,321
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		9,241	(2,789)	9,989	(697)
<b>Other comprehensive income for the period, net of tax</b>		9,241	(2,789)	9,989	(697)
<b>Total comprehensive income for the period</b>		22,290	6,432	35,160	14,624
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		11,683	9,071	22,293	15,110
Non-controlling interests		1,366	150	2,878	211
<b>Profit for the period</b>		13,049	9,221	25,171	15,321
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		20,915	6,259	32,339	14,423
Non-controlling interests		1,375	173	2,821	201
<b>Total comprehensive income for the period</b>		22,290	6,432	35,160	14,624
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	5.00	3.91	9.54	6.63
Diluted (Sen)	B11	4.92	3.91	9.39	6.63

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 JUNE 2023 (2ND 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
<b>6 months ended 30 June 2023</b>									
<b>As at 1 January 2023</b>	194,988	8,923	122,716	850	(3,006)	385,054	709,525	23,342	732,867
Profit/(loss) for the period	-	-	-	-	-	22,293	22,293	2,878	25,171
Foreign currency translation	-	10,046	-	-	-	-	10,046	(57)	9,989
Total comprehensive income for the period	-	10,046	-	-	-	22,293	32,339	2,821	35,160
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	1,521	-	-	1,521	-	1,521
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,474)	(3,474)
- Dividends to shareholders	-	-	-	-	-	(9,343)	(9,343)	-	(9,343)
<b>As at 30 June 2023</b>	<b>194,988</b>	<b>18,969</b>	<b>122,716</b>	<b>2,371</b>	<b>(3,006)</b>	<b>398,004</b>	<b>734,042</b>	<b>22,689</b>	<b>756,731</b>
<b>6 months ended 30 June 2022</b>									
<b>As at 1 January 2022</b>	162,983	8,720	22,181	7,837	(3,006)	561,962	760,677	33,594	794,271
Profit for the period	-	-	-	-	-	15,110	15,110	211	15,321
Foreign currency translation	-	(687)	-	-	-	-	(687)	(10)	(697)
Total comprehensive income for the period	-	(687)	-	-	-	15,110	14,423	201	14,624
Contribution by and distribution to									
- Share options exercised	6,229	-	-	(6,229)	-	-	-	-	-
- Issue of ordinary shares	25,775	-	-	-	-	-	25,775	-	25,775
- Disposal of a subsidiary	-	-	-	-	-	-	-	(143)	(143)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(16,729)	(16,729)
- Dividends to shareholders	-	-	-	-	-	(217,218)	(217,218)	-	(217,218)
<b>As at 30 June 2022</b>	<b>194,987</b>	<b>8,033</b>	<b>22,181</b>	<b>1,608</b>	<b>(3,006)</b>	<b>359,854</b>	<b>583,657</b>	<b>16,923</b>	<b>600,580</b>

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 2022 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 JUNE 2023 (2ND QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 30.6.2023 RM'000	Unaudited Period ended 30.6.2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	33,941	19,638
Adjustments for:		
Amortisation of intangible assets	5	3
Allowance for impairment losses	243	1,532
Reversal of impairment losses	(4,569)	(524)
Amortisation of right-of-use assets	4,302	3,550
Depreciation of property, plant and equipment	17,604	14,400
Finance costs	2,682	873
Finance income	(1,743)	(1,161)
(Gain)/Loss on disposal of property, plant and equipment	(14)	(2)
(Gain)/loss on foreign exchange	(11,485)	(2,928)
(Gain)/loss on derivatives	3,856	442
Loss on disposal of subsidiary	-	193
Property, plant and equipment written off	3	113
Provision for warranties	2,798	1,583
Reversal of provision for warranties	(1,050)	(3,185)
Share-based payments	1,521	-
Share of loss/(profit) of equity accounted associates	(1,172)	68
Write-back of Inventories	(1,033)	(1,163)
Writedown of inventories	-	4
Operating profit/(loss) before changes in working capital	45,889	33,436
Changes in working capital:		
Inventories	4,347	(13,425)
Payables and accruals	(13,900)	(30,898)
Receivables, deposits and prepayments	58,976	(3,710)
Cash generated from/(used in) operations	95,312	(14,597)
Interest received	1,702	1,148
Interest paid	(2,635)	(811)
Warranties paid	(226)	(267)
Income tax paid	(7,401)	(10,223)
<b>Net cash generated from/(used in) operating activities</b>	<b>86,752</b>	<b>(24,750)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(1,693)	(7,887)
Disposal of subsidiary, net of cash and cash equivalents	-	(448)
Long-term funds	(244)	-
Proceeds from disposal of property, plant and equipment	14	3
<b>Net cash generated from/(used in) investing activities</b>	<b>(1,923)</b>	<b>(8,332)</b>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023 (2ND QUARTER)  
(cont'd)**

	Unaudited Period ended 30.6.2023 RM'000	Audited Period ended 30.6.2022 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	-	(198,533)
Proceeds from issue of shares under SIS scheme	-	25,775
Dividend paid to non-controlling interests	(3,474)	(16,729)
Net proceeds/(repayment) of loans and borrowings	(28,136)	24,276
<b>Net cash generated from/(used in) financing activities</b>	<b>(31,610)</b>	<b>(165,211)</b>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	<b>(1,641)</b>	<b>3,314</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>51,578</b>	<b>(194,979)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>99,120</b>	<b>264,077</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>2,313</b>	<b>2,876</b>
<b>Cash and cash equivalents at 30 June</b>	<b>153,011</b>	<b>71,974</b>

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

	30.6.2023 RM'000	30.6.2022 RM'000
Cash and bank balances	68,520	38,575
Short Term Investment	35,472	25,726
Deposit placed with licensed banks	64,334	29,941
Cash and cash equivalents per balance sheet	168,326	94,242
Bank overdrafts	(15,315)	(22,268)
	<b>153,011</b>	<b>71,974</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 JUNE 2023 (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") and 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 2022. 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 2022.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2023:

<u>MFRSs and/or IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
• Amendments to MFRS 17: Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• MFRS 17 Insurance Contracts	1 January 2023

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 16: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
• 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 2022 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.

**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
<b>Revenue</b>			
Inside Malaysia	126,763	72,879	199,642
Outside Malaysia	109,675	-	109,675
	<u>236,438</u>	<u>72,879</u>	<u>309,317</u>
<b>Profit before tax</b>	16,522	17,419	33,941
Segment assets	1,210,629	148,321	1,358,950
Investments in associates	4,207	-	4,207
<b>Total assets</b>	<u>1,214,836</u>	<u>148,321</u>	<u>1,363,157</u>
<b>Segments liabilities</b>	<u>550,622</u>	<u>55,804</u>	<u>606,426</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 August 2023, which is likely to substantially affect the results of the operations of the Company.

**A12. CHANGES IN THE GROUP'S COMPOSITION**

The Company had set up a wholly owned subsidiary, Favco Industrial Park Pty Ltd ("Favco Industrial"). Favco Industrial was incorporate as a controlled entities under Corporation Act 2001 in Australia. The total paid up of Favco Industrial is AUD4.00 comprising 2 shares. Favco Industrial remained inactive since incorporated.

**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 31 December 2022 and up to 18 August 2023.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2023 vs YTD Q2 2022)**

The Group reported consolidated revenue of RM309.3 million with profit before tax of RM33.9 million as compared to revenue of RM243.4 million with profit before tax of RM19.6 million in the previous financial year ended 30 June 2022.

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

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2023 Q2 vs 2023 Q1)**

The Group recorded a revenue of RM183.5 million with profit before tax of RM19.4 million for the current quarter as compared to the revenue of RM125.8 million with profit before tax of RM14.6 million in the preceding quarter, the increase in group profit was 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 RM823 million (including order book of Intelligent Automation of RM149 million) as at 18 August 2023 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

Oil prices have recovered and investment in oil and gas markets have been much better in line with these increased oil prices. Furthermore, as trade continues to ramp up and recover, shipyards are seeing increased order books and are therefore investing in their yard equipment. The Group are therefore hopeful of our orders increasing moving forward in line with this global 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 30.6.2023 RM'000	Cumulative Qtr To-date 30.6.2023 RM'000
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**Operating profit is arrived at after (crediting)/charging the following:**

Depreciation and amortization	13,591	17,609
Allowance for impairment loss/(gain)	(4,472)	(4,326)
Foreign exchange (gain)/loss	(7,024)	(11,485)
(Gain)/loss on derivatives	3,061	3,856
(Gain)/loss on disposal of property, plant and equipment	21	(14)
Other Income	(3,884)	(4,890)
Finance costs	1,746	2,682
Interest income	(1,198)	(1,743)

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

**B6. TAXATION**

	Current Quarter 30.6.2023 RM'000	Cumulative Qtr To-date 30.6.2023 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(3,413)	(5,127)
Overseas	(2,171)	(2,171)
	(5,584)	(7,298)
<b>Deferred taxation expense</b>		
Malaysian Tax	(542)	(1,139)
Overseas	(211)	(333)
	(753)	(1,472)
<b>Total tax expense</b>	<b>(6,337)</b>	<b>(8,770)</b>

The effective tax rate of the Group for the period ended 30 June 2023 is higher than the local statutory tax rate mainly due certain subsidiaries were making losses and certain expenses were not deductible for tax purpose.

**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	564	564
	DKK	25,099	17,138
	Sub-total		17,702
- Unsecured	RM	55,047	55,047
	AUD	1,512	4,668
<b>Total short term borrowings</b>			<b>77,417</b>
b) Long term borrowings			
- Secured	RM	6,775	6,775
	DKK	2,897	1,978
<b>Total long term borrowings</b>			<b>8,753</b>
<b>Total borrowings</b>			<b>86,170</b>

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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 SHARE ("EPS")**

**Basic/Diluted EPS**

	Basic EPS		Diluted EPS	
	Current 30.6.2023	Cumulative 30.6.2023	Current 30.6.2023	Cumulative 30.6.2023
Net profit attributable to the owners of the Company (RM'000)	11,683	22,293	11,683	22,293
Weighted average number of ordinary shares in issue ('000)	233,568	233,568	233,568	233,568
Effect of dilution: Share options ('000)	-	-	3,747	3,747
Adjusted weighted average number of ordinary shares in issue and issuales ('000)	233,568	233,568	237,315	237,315
EPS (Sen)	5.00	9.54	4.92	9.39

**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 August 2023**