

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 SEPTEMBER 2013**

	Unaudited As at 30.9.2013 RM'000	Audited As at 31.12.2012 RM'000
Assets		
Property, plant and equipment	185,929	175,119
Intangible assets	3,323	4,896
Investment in associates	17,447	13,285
Deferred tax assets	3,476	2,368
Total non-current assets	210,175	195,668
Receivables, deposits and prepayments	287,400	289,920
Contract work-in-progress	101,859	124,040
Inventories	202,319	184,566
Current tax assets	5,291	4,258
Derivative assets	-	1,185
Cash and cash equivalents	112,918	102,867
Total current assets	709,787	706,836
Total assets	919,962	902,504
Equity		
Share capital	106,982	106,000
Reserves	266,083	235,687
Total equity attributable to owners of the Company	373,065	341,687
Non-controlling interests	4,474	4,501
Total equity	377,539	346,188
Liabilities		
Loans and borrowings	2,099	3,683
Deferred tax liabilities	7,828	6,122
Total non-current liabilities	9,927	9,805
Provisions	41,531	39,111
Payables and accruals	209,444	222,344
Amount due to contract customers	202,031	206,310
Derivative liabilities	2,147	-
Loans and borrowings	70,962	77,190
Current tax liabilities	6,381	1,556
Total current liabilities	532,496	546,511
Total liabilities	542,423	556,316
Total equity and liabilities	919,962	902,504
Net assets per share attributable to owners of the Company (RM)	1.74	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 30 SEPTEMBER 2013 (3RD QUARTER)****(The figures have not been audited)**

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.9.2013	30.9.2012	30.9.2013	30.9.2012
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	177,704	190,917	507,046	525,100
Cost of sales		(142,794)	(152,346)	(406,166)	(432,783)
Gross profit		34,910	38,571	100,880	92,317
Other income		(128)	(892)	799	3,471
Distribution expenses		(2,419)	(1,991)	(6,877)	(6,022)
Administrative expenses		(11,993)	(10,305)	(41,325)	(32,838)
Other expenses		1,815	-	(1,125)	-
Results from operating activities		22,185	25,383	52,352	56,928
Finance income		356	412	815	1,254
Finance costs		(481)	(646)	(1,631)	(1,962)
Operating profit	B5	22,060	25,149	51,536	56,220
Share of profit/(loss) of associates, net of tax		(12)	(77)	(3)	(481)
Profit before tax		22,048	25,072	51,533	55,739
Tax expense	B6	(861)	(6,751)	(9,306)	(7,927)
Profit for the period		21,187	18,321	42,227	47,812
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(4,210)	(273)	(2,779)	(1,572)
Movement in revaluation of property, plant and equipment, net of tax		-	-	-	-
Other comprehensive income for the period, net of tax		(4,210)	(273)	(2,779)	(1,572)
Total comprehensive income for the period		16,977	18,048	39,448	46,240
Profit/(loss) attributable to:					
Owners of the Company		21,701	18,597	43,267	48,628
Non-controlling interests		(514)	(276)	(1,040)	(816)
Profit for the period		21,187	18,321	42,227	47,812
Total comprehensive income attributable to:					
Owners of the Company		17,624	18,442	39,968	47,129
Non-controlling interests		(647)	(394)	(520)	(889)
Total comprehensive income for the period		16,977	18,048	39,448	46,240
Earnings per ordinary share					
Basic (Sen)	B11	10.14	10.38	20.34	27.14
Diluted (Sen)	B11	9.92	10.08	19.91	26.37

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 30 SEPTEMBER 2013 (3RD QUARTER)****(The figures have not been audited)**

	←← Attributable to owners of the Company →→						→	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	Retained Earnings RM'000			
9 months period ended 30 September 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	-	-	-	-	-	-	43,267	43,267	(1,040)	42,227
Foreign currency translation	-	-	2,259	-	-	-	-	2,259	520	2,779
Movement in revaluation of property, plant and equipment, net of tax	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	2,259	-	-	-	43,267	45,526	(520)	45,006
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	493	493
Share options exercised	982	589	-	-	-	-	-	1,571	-	1,571
Transfer to share premium for share options exercised	-	825	-	-	(825)	-	-	-	-	-
Share-based payments	-	-	-	-	675	-	-	675	-	675
Issue of ordinary shares	-	-	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	(16,394)	(16,394)	-	(16,394)
As at 30 September 2013	106,982	37,854	2,195	15,025	1,849	(21)	209,181	373,065	4,474	377,539
9 months period ended 30 September 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	-	-	-	-	-	-	48,628	48,628	(816)	47,812
Foreign currency translation	-	-	(1,499)	-	-	-	-	(1,499)	(73)	(1,572)
Total comprehensive income for the period	-	-	(1,499)	-	-	-	48,628	47,129	(889)	46,240
Share-based payments	-	-	-	-	1,419	-	-	1,419	-	1,419
Dividends to shareholders	-	-	-	-	-	-	(10,749)	(10,749)	-	(10,749)
As at 30 September 2012	89,584	3,356	(626)	11,325	1,973	(21)	169,190	274,781	2,667	277,448

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 30 SEPTEMBER 2013 (3RD QUARTER)****(The figures have not been audited)**

	Current Year To date 30.9.2013 RM'000	Preceding Year To date 30.9.2012 RM'000
Cash flows from operating activities		
Profit before tax	51,533	55,739
Adjustments for:		
Impairment loss on receivables	-	112
Impairment loss on receivables written back	(301)	(2,454)
Allowance for slow moving inventories	-	733
Amortisation of intangible assets	1,344	1,670
Depreciation of property, plant and equipment	11,294	9,821
Loss/(Gain) on disposal of property, plant and equipment	(49)	(317)
Finance costs	1,632	1,962
Provision for warranties	4,233	4,710
Interest income	(815)	(1,254)
Property, plant and equipment written off	43	127
Unrealised loss/(gain) on foreign exchange	(1,131)	(3,126)
Share-based payments	674	1,419
Share of loss/(profit) of equity accounted associates	3	481
Reversal of provision for warranties	(1,202)	(670)
Operating profit/(loss) before changes in working capital changes	67,258	68,953
Changes in working capital:		
Development costs	-	(811)
Inventories	(32,532)	(6,783)
Payables and accruals	(24,997)	33,569
Receivables, deposits and prepayments	34,627	(78,715)
Cash generated from operations	44,356	16,213
Interest received	815	1,254
Interest paid	(1,203)	(1,290)
Provisions paid	(671)	(736)
Taxes (paid)/refund	(5,210)	(1,895)
Net cash generated from/(used in) operating activities	38,087	13,546
Cash flows from investing activities		
Acquisition of property, plant and equipment	(9,217)	(16,915)
Acquisition of a subsidiary, net cash inflow	493	-
Acquisition of share in an associate	(4,165)	(2,448)
Proceeds from disposal of property, plant and equipment	3,888	1,909
Net cash generated from/(used in) investing activities	(9,001)	(17,454)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (3RD QUARTER)**

(cont'd)

	Current Year To date 30.9.2013 RM'000	Preceding Year To date 30.9.2012 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(16,394)	(10,749)
Interest paid	(428)	(476)
Proceeds from issue of shares under ESOS scheme	1,571	-
Net proceeds from/(repayment of) revolving credit and overdraft	6,693	(285)
Payment of finance lease liabilities	(197)	(154)
Repayment of term loans	(4,343)	845
Net cash generated from/(used in) financing activities	(13,098)	(10,819)
Net increase/(decrease) in cash and cash equivalents	15,988	(14,727)
Cash and cash equivalents at 1 January	100,117	114,896
Currency translation differences	(7,042)	269
Cash and cash equivalents at 30 September	109,063	100,438

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

	30.9.2013 RM'000	30.9.2012 RM'000
Cash and bank balances	87,445	81,218
Deposit placed with licensed banks	25,473	24,482
Cash and cash equivalents per balance sheet	112,918	105,700
Bank overdrafts	(3,854)	(5,262)
	109,064	100,438

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.

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(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 30 SEPTEMBER 2013 (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 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 30 September 2013, a total of 1,515,000 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

A first & final dividend of 2.7% (1.35 sen) less 25% income tax and tax-exempt dividend of 13.3% (6.65 sen) per ordinary share of RM0.50 each totalling RM16.394 million in respect of the year ended 31 December 2012 was paid on 20 August 2013.

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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	270,603	236,443	507,046
Results from operating activities			52,352
Finance income			815
Finance costs			(1,631)
Share of profit/(loss) of associates, net of tax			(3)
Profit before tax			51,533
Segment assets			902,515
Investments in associates			17,447
Total assets			919,962
Segments liabilities			542,423

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 22 November 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 30 SEPTEMBER 2013

Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

RM'000
124,262

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.

Contingent liabilities - litigation

Please refer to note B11.

Contingent assets

There were no contingent assets as at 30 September 2013.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2013 and up to 22 November 2013.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q3 2013 vs YTD Q3 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 30 September 2013, the Group recorded revenue of RM507.0 million with profit before tax of RM51.5 million as compared with revenue of RM525.1 million with profit before tax of RM55.7 million in the preceding quarter ended 30 September 2012. The lower profit was mainly due to higher administrative expenses related to increase in manpower and insurance coverage in anticipating increase in order book.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2013 Q3 vs 2013 Q2)

The Group recorded revenue of RM177.7 million with a profit before tax of RM22.0 million for the current quarter as compared with revenue of RM165.7 million with the profit before tax of RM14.7 million in the preceding quarter. The higher profit before tax is mainly contributed by increase in revenue and higher profit margin resulted from efficiency in operation.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 22 November 2013, outstanding order book of the group is RM1,043.3 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. This is all time high to the group.

The Group will continue to execute and deliver its existing order book secured in hand.

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 30.9.2013 RM'000	Cumulative Qtr To-date 30.9.2013 RM'000
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Operating profit is arrived at after (crediting)/charging the following:

Depreciation and amortization	4,430	12,638
Provision for and write off of receivables	-	-
Foreign exchange (gain)/loss	(311)	(875)
(Gain)/loss on derivatives	(4,428)	2,147
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B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS (Cont'd)

B6. TAX EXPENSE

	Current Quarter 30.9.2013 RM'000	Cumulative Qtr To-date 30.9.2013 RM'000
Current tax expense		
Malaysian Tax	1,421	(6,753)
Overseas	(2,224)	(2,224)
	(803)	(8,977)
Deferred taxation expense		
Malaysian Tax	(58)	(329)
Overseas	-	-
	(58)	(329)
Total tax expense	(861)	(9,306)

The Group's effective tax rate is lower than the local statutory tax rate mainly due to the tax benefit resulted from permanent timing difference.

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	64,996	64,996
	SGD	1,488	3,854
	Sub-total		68,850
b) Hire purchase and finance lease	DKK	-	-
	Sub-total		-
Total short term borrowings			70,962
a) Long term borrowings			
Secured	RM	2,099	2,099
	Sub-total		2,099
Total long term borrowings			2,099
Total borrowings			73,061

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 22 November 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.

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.

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 30.9.2013	Cumulative Qtr To-date 30.9.2013
Net profit attributable to the shareholders of the Company (RM'000)	21,701	43,267
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	214,032	212,683
Basic EPS (Sen)	10.14	20.34

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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 30.9.2013	Cumulative Qtr To-date 30.9.2013
Net profit attributable to the shareholders of the Company (RM'000)	21,701	43,267
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	214,032	212,683
Effect of dilution ('000)	4,641	4,641
Adjusted weighted average number of ordinary shares in issue and issuables (based on ordinary share of RM0.50 each) ('000)	218,673	217,324
Diluted EPS (Sen)	9.92	19.91

B12. REALISED AND UNREALISED PROFIT/LOSSES

	As at 30.9.2013 RM'000	As at 31.12.2012 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	184,614	144,553
- Unrealised	(31,433)	(8,263)
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(2,434)	(1,059)
- Unrealised	-	3
Less: Consolidation adjustments	150,747 58,434	135,234 47,074
Total group retained profits / (accumulated losses) as per consolidated accounts	209,181	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 November 2013.

Date: 27 November 2013