

**FAVELLE FAVCO BHD (249243-W)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Unaudited As at 31.03.2017 RM'000	Audited As at 31.12.2016 RM'000
<b>Assets</b>		
Property, plant and equipment	213,523	215,247
Intangible assets	296	323
Investment in associates	14,822	15,549
Deferred tax assets	23,372	25,933
Receivables	6,638	6,712
<b>Total non-current assets</b>	<u>258,651</u>	<u>263,764</u>
Receivables, deposits and prepayments	203,100	241,117
Contract work-in-progress	119,228	130,553
Inventories	154,173	141,080
Current tax assets	19,538	17,186
Cash and cash equivalents	405,258	366,837
<b>Total current assets</b>	<u>901,297</u>	<u>896,773</u>
<b>Total assets</b>	<u>1,159,948</u>	<u>1,160,537</u>
<b>Equity</b>		
Share capital	110,701	110,701
Reserves	502,101	483,294
<b>Total equity attributable to owners of the Company</b>	<u>612,802</u>	<u>593,995</u>
<b>Non-controlling interests</b>	<u>(2,091)</u>	<u>(2,238)</u>
<b>Total equity</b>	<u>610,711</u>	<u>591,757</u>
<b>Liabilities</b>		
Deferred tax liabilities	9,107	9,087
<b>Total non-current liabilities</b>	<u>9,107</u>	<u>9,087</u>
Provisions for warranties	27,708	25,166
Payables and accruals	216,178	228,104
Amount due to contract customers	268,454	261,957
Loans and borrowings	23,840	26,043
Current tax liabilities	3,813	5,287
Derivative liabilities	137	13,136
<b>Total current liabilities</b>	<u>540,130</u>	<u>559,693</u>
<b>Total liabilities</b>	<u>549,237</u>	<u>568,780</u>
<b>Total equity and liabilities</b>	<u>1,159,948</u>	<u>1,160,537</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>2.76</u>	<u>2.67</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 2016 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 YEAR ENDED 31 MARCH 2017 (1ST QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.03.2017 RM'000	31.03.2016 RM'000	31.03.2017 RM'000	31.03.2016 RM'000
<b>Revenue</b>	A9	114,296	152,945	114,296	152,945
Cost of sales, other income and operating expenses		(97,820)	(133,638)	(97,820)	(133,638)
<b>Results from operating activities</b>		16,476	19,307	16,476	19,307
Finance income (including MFRS 139)		1,102	427	1,102	427
Finance costs (including MFRS 139)		(98)	(286)	(98)	(286)
<b>Operating profit</b>	B5	17,480	19,448	17,480	19,448
Share of profit/(loss) of associates, net of tax		(727)	(912)	(727)	(912)
<b>Profit before tax</b>		16,753	18,536	16,753	18,536
Tax expense	B6	(3,762)	(7,305)	(3,762)	(7,305)
<b>Profit for the period</b>		12,991	11,231	12,991	11,231
<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		5,963	(8,501)	5,963	(8,501)
<b>Other comprehensive income for the period, net of tax</b>		5,963	(8,501)	5,963	(8,501)
<b>Total comprehensive income for the period</b>		18,954	2,730	18,954	2,730
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		12,837	11,373	12,837	11,373
Non-controlling interests		154	(142)	154	(142)
<b>Profit for the period</b>		12,991	11,231	12,991	11,231
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		18,807	2,906	18,807	2,906
Non-controlling interests		147	(176)	147	(176)
<b>Total comprehensive income for the period</b>		18,954	2,730	18,954	2,730
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	5.80	5.18	5.80	5.18
Diluted (Sen)	B11	5.80	5.15	5.80	5.15

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 YEAR ENDED 31 MARCH 2017 (1ST QUARTER)**

(The figures have not been audited)

	←←←←←← Attributable to owners of the Company ←←←←←←						→→→→→→			
	Non-Distributable			Distributable			Total attributable to owners of the Company		Non- controlling Interests	Total Equity
	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	RM'000	RM'000	RM'000
<b>3 months ended 31 March 2017</b>										
<b>As at 1 January 2017</b>	110,701	44,469	15,621	15,373	-	(21)	407,852	593,995	(2,238)	591,757
Profit/(loss) for the period	-	-	-	-	-	-	12,837	12,837	154	12,991
Foreign currency translation	-	-	5,970	-	-	-	-	5,970	(7)	5,963
Total comprehensive income for the period	-	-	5,970	-	-	-	12,837	18,807	147	18,954
<b>As at 31 March 2017</b>	<b>110,701</b>	<b>44,469</b>	<b>21,591</b>	<b>15,373</b>	<b>-</b>	<b>(21)</b>	<b>420,689</b>	<b>612,802</b>	<b>(2,091)</b>	<b>610,711</b>
<b>3 months ended 31 March 2016</b>										
<b>As at 1 January 2016</b>	109,568	41,746	12,451	15,373	1,711	(21)	366,275	547,103	512	547,615
Profit for the period	-	-	-	-	-	-	11,373	11,373	(142)	11,231
Foreign currency translation	-	-	(8,467)	-	-	-	-	(8,467)	(34)	(8,501)
Total comprehensive income for the period	-	-	(8,467)	-	-	-	11,373	2,906	(176)	2,730
Contribution by and distribution to owners of the Company										
- Accretion of share in a subsidiary							(653)	(653)	(39)	(692)
- Share options exercised	342	1,119	-	-	-	-	-	1,461	-	1,461
- Transfer to share premium for share options exercised	-	333	-	-	(333)	-	-	-	-	-
<b>As at 31 March 2016</b>	<b>109,910</b>	<b>43,198</b>	<b>3,984</b>	<b>15,373</b>	<b>1,378</b>	<b>(21)</b>	<b>376,995</b>	<b>550,817</b>	<b>297</b>	<b>551,114</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 2016 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 YEAR ENDED 31 MARCH 2017 (1ST QUARTER)  
(The figures have not been audited)**

	Unaudited Period ended 31.03.2017 RM'000	Unaudited Period ended 31.03.2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	16,753	18,536
Adjustments for:		
Amortisation of intangible assets	32	308
Allowance for impairment losses on receivables written back	(3,394)	(121)
Depreciation of property, plant and equipment	4,736	3,856
Finance costs	66	270
Finance costs under MFRS 139	32	16
Finance income	(1,086)	(394)
Finance income under MFRS 139	(16)	(33)
Gain on disposal of property, plant and equipment	(19)	6
(Gain)/loss on foreign exchange	10,062	43,126
(Gain)/loss on derivatives	(12,999)	(45,613)
Property, plant and equipment written off	-	1
Provision for warranties	2,865	925
Share of loss/(profit) of equity accounted associates	727	912
Reversal of provision for warranties	(521)	(1,506)
Operating profit/(loss) before changes in working capital changes	<u>17,238</u>	<u>20,289</u>
Changes in working capital:		
Inventories	(13,093)	13,859
Payables and accruals	(19,433)	(38,284)
Receivables, deposits and prepayments	<u>55,288</u>	<u>46,008</u>
Cash generated from operations	40,000	41,872
Interest received	1,086	394
Warranties paid	(125)	(376)
Income tax paid	<u>(5,067)</u>	<u>(7,586)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>35,894</u>	<u>34,304</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(2,040)	(2,807)
Subscription of shares in a subsidiary	-	(693)
Proceeds from disposal of property, plant and equipment	51	3,091
<b>Net cash generated from/(used in) investing activities</b>	<u>(1,989)</u>	<u>(409)</u>

**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017 (1ST QUARTER)  
(cont'd)**

	Unaudited Period ended 31.03.2017 RM'000	Unaudited Period ended 31.03.2016 RM'000
<b>Cash flows from financing activities</b>		
Interest paid	(66)	(270)
Proceeds from issue of shares under ESOS scheme	-	1,461
Net proceeds from/(repayment of) revolving credit	-	(1,104)
Net repayment of loans	(1,198)	(1,482)
<b>Net cash generated from/(used in) financing activities</b>	<u>(1,264)</u>	<u>(1,395)</u>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	4,660	(3,990)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>37,301</u>	<u>28,510</u>
<b>Cash and cash equivalents at 1 January</b>	366,837	333,979
<b>Effect of exchange rate fluctuations on cash held</b>	1,120	(20,288)
<b>Cash and cash equivalents at 30 March</b>	<u>405,258</u>	<u>342,201</u>

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

	31.03.2017 RM'000	31.03.2016 RM'000
Cash and bank balances	97,144	309,862
Short Term Investment	66,369	12,314
Deposit placed with licensed banks	241,745	20,025
<b>Cash and cash equivalents per balance sheet</b>	<u>405,258</u>	<u>342,201</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE PERIOD ENDED 31 DECEMBER 2016 (4TH 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 2016. 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 2016.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2016 except for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2017:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 107: Disclosure Initiative	1 January 2017
• Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
• Amendments to MFRS 12: Clarification of the Scope of Standard	1 January 2017

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>
• MFRS 9 Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
• MFRS 15 Revenue from Contracts with Customers	1 January 2018
• IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
• Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
• Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2018
• Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'	1 January 2018
• Amendments to MFRS 140 - Transfers of Investment Property	1 January 2018
• Amendments to MFRS 1: Deletion of Short-term Exemptions for First-time Adopters	1 January 2018
• Amendments to MFRS 128: Measuring an Associate or Joint Venture at Fair Value	1 January 2018
• MFRS 16 Leases	1 January 2019

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group upon first adoption.

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

**A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS**

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2016 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.

**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.

**A8. DIVIDENDS PAID**

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

**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
<b>GEOGRAPHICAL SEGMENTS</b>			
<b>Revenue</b>	<b>32,373</b>	<b>81,923</b>	<b>114,296</b>
<b>Results from operating activities</b>			<b>16,476</b>
Finance income			1,102
Finance costs			(98)
Share of profit/(loss) of associates, net of tax			(727)
<b>Profit before tax</b>			<b>16,753</b>
Segment assets			1,145,126
Investments in associates			14,822
<b>Total assets</b>			<b>1,159,948</b>
<b>Segments liabilities</b>			<b>549,237</b>

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

**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 17 May 2017, 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 31 March 2017 and up to 17 May 2017.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q1 2017 vs YTD Q1 2016)**

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 2017, the Group recorded revenue of RM114.3 million with profit before tax of RM16.8 million as compared to revenue of RM152.9 million with profit before tax of RM18.5 million in the previous quarter ended 31 March 2016. The decrease in profit before tax for the Group was mainly due to decrease in sales.

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2017 Q1 vs 2016 Q4)**

The Group recorded a revenue of RM114.3 million with profit before tax of RM16.8 million for the current quarter as compared to the revenue of RM136.8 million with profit before tax of RM16.1 million in the preceding quarter. The increase in profit before tax for the Group was mainly due to improvement in margin.

**B3. GROUP'S CURRENT YEAR PROSPECT**

Despite the challenging outlook in the current market, the Group has outstanding order book of RM612.1 million as at 17 May 2017 from the global oil and gas, shipyard, construction and wind turbine industries.

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 31.03.2017 RM'000	Cumulative Qtr To-date 31.03.2017 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	4,768	4,768
Provision for/(reversal) and write off of receivables	(3,394)	(3,394)
Foreign exchange (gain)/loss	10,062	10,062
(Gain)/loss on derivatives	(12,999)	(12,999)
(Gain)/loss on disposal of property, plant and equipment	19	19
Other Income	(247)	(247)
Finance costs	66	66
Finance costs under MFRS 139	32	32
Interest income	(1,086)	(1,086)
Interest income under MFRS 139	(16)	(16)

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

**B6. TAXATION**

	Current Quarter 31.03.2017 RM'000	Cumulative Qtr To-date 31.03.2017 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(177)	(177)
Overseas	(1,063)	(1,063)
	(1,240)	(1,240)
<b>Deferred taxation expense</b>		
Malaysian Tax	(2,522)	(2,522)
Overseas	-	-
	(2,522)	(2,522)
<b>Total tax expense</b>	<b>(3,762)</b>	<b>(3,762)</b>

**B7. CORPORATE PROPOSAL**

Save for the Proposed Establishment of a New Share Issuance Scheme which was announced on 9 May 2017, there is no other proposal announced by the Company 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		-	-
AUD		695	2,379
Sub-total			2,379
Unsecured			
RM		6,073	6,073
DKK		24,048	15,388
Sub-total			21,461
<b>Total short term borrowings</b>			<b>23,840</b>
a) Long term borrowings			
Secured			
RM		-	-
Sub-total			-
<b>Total long term borrowings</b>			<b>-</b>
<b>Total borrowings</b>			<b>23,840</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 material impact on 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 31.03.2017	Cumulative Qtr To-date 31.03.2017
Profit attributable to owners of the Company (RM'000)	12,837	12,837
Weighted average number of ordinary shares in issue ('000)	221,393	221,393
Basic EPS (Sen)	5.80	5.80

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 31.03.2017	Cumulative Qtr To-date 31.03.2017
Profit attributable to owners of the Company (RM'000)	12,837	12,837
Weighted average number of ordinary shares in issue ('000)	221,393	221,393
Effect of dilution ('000)	-	-
Adjusted weighted average number of ordinary shares in issue and issuales ('000)	221,393	221,393
Diluted EPS (Sen)	5.80	5.80

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

**B12. REALISED AND UNREALISED PROFITS/(LOSSES)**

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	352,908	263,075
- Unrealised	(5,591)	53,197
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(5,349)	(4,655)
- Unrealised	49	57
	342,017	311,674
Less: Consolidation adjustments	78,672	96,178
Total group retained profits / (accumulated losses) as per consolidated accounts	420,689	407,852

**B13. 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 May 2017**