

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2017**

	Unaudited As at 30.09.2017 RM'000	Audited As at 31.12.2016 RM'000
<b>Assets</b>		
Property, plant and equipment	223,045	215,247
Intangible assets	243	323
Investment in associates	13,533	15,549
Deferred tax assets	31,380	25,933
Receivables	6,340	6,712
<b>Total non-current assets</b>	<b>274,541</b>	<b>263,764</b>
Receivables, deposits and prepayments	229,816	241,117
Contract work-in-progress	172,532	130,553
Inventories	165,505	141,080
Current tax assets	14,596	17,186
Derivative assets	2,454	-
Cash and cash equivalents	359,806	366,837
<b>Total current assets</b>	<b>944,709</b>	<b>896,773</b>
<b>Total assets</b>	<b>1,219,250</b>	<b>1,160,537</b>
<b>Equity</b>		
Share capital	110,701	110,701
Reserves	507,260	483,294
<b>Total equity attributable to owners of the Company</b>	<b>617,961</b>	<b>593,995</b>
<b>Non-controlling interests</b>	<b>(1,682)</b>	<b>(2,238)</b>
<b>Total equity</b>	<b>616,279</b>	<b>591,757</b>
<b>Liabilities</b>		
Deferred tax liabilities	9,150	9,087
<b>Total non-current liabilities</b>	<b>9,150</b>	<b>9,087</b>
Provisions for warranties	32,389	25,166
Payables and accruals	243,159	228,104
Amount due to contract customers	284,912	261,957
Loans and borrowings	29,243	26,043
Current tax liabilities	4,118	5,287
Derivative liabilities	-	13,136
<b>Total current liabilities</b>	<b>593,821</b>	<b>559,693</b>
<b>Total liabilities</b>	<b>602,971</b>	<b>568,780</b>
<b>Total equity and liabilities</b>	<b>1,219,250</b>	<b>1,160,537</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.78</b>	<b>2.67</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 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 30 SEPTEMBER 2017 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
<b>Revenue</b>	A9	168,150	126,398	433,514	445,504
Cost of sales, other income and operating expenses		(142,378)	(108,028)	(370,890)	(382,064)
<b>Results from operating activities</b>		25,772	18,370	62,624	63,440
Finance income (including MFRS 139)		2,186	750	4,525	1,712
Finance costs (including MFRS 139)		(228)	(194)	(559)	(685)
<b>Operating profit</b>	B5	27,730	18,926	66,590	64,467
Share of profit/(loss) of associates, net of tax		(979)	(210)	(2,016)	(750)
<b>Profit before tax</b>		26,751	18,716	64,574	63,717
Tax expense	B6	(6,373)	4,274	(11,646)	(10,488)
<b>Profit for the period</b>		20,378	22,990	52,928	53,229
<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		562	6,572	4,803	(210)
<b>Other comprehensive income for the period, net of tax</b>		562	6,572	4,803	(210)
<b>Total comprehensive income for the period</b>		20,940	29,562	57,731	53,019
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		20,126	23,167	52,400	54,436
Non-controlling interests		252	(177)	528	(1,207)
<b>Profit for the period</b>		20,378	22,990	52,928	53,229
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		20,689	29,761	57,175	54,263
Non-controlling interests		251	(199)	556	(1,244)
<b>Total comprehensive income for the period</b>		20,940	29,562	57,731	53,019
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	9.09	10.46	23.67	24.70
Diluted (Sen)	B11	9.09	10.46	23.67	24.70

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 30 SEPTEMBER 2017 (3RD QUARTER)**

(The figures have not been audited)

	←←←←←← Attributable to owners of the Company ←←←←←←						→→→→→→			
	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	Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
<b>9 months ended 30 September 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	-	-	-	-	-	-	52,400	52,400	528	52,928
Foreign currency translation	-	-	4,775	-	-	-	-	4,775	28	4,803
Total comprehensive income for the period	-	-	4,775	-	-	-	52,400	57,175	556	57,731
- Dividends to shareholders	-	-	-	-	-	-	(33,209)	(33,209)	-	(33,209)
<b>As at 30 September 2017</b>	<b>110,701</b>	<b>44,469</b>	<b>20,396</b>	<b>15,373</b>	<b>-</b>	<b>(21)</b>	<b>427,043</b>	<b>617,961</b>	<b>(1,682)</b>	<b>616,279</b>
<b>9 months ended 30 September 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	-	-	-	-	-	-	54,436	54,436	(1,207)	53,229
Foreign currency translation	-	-	(173)	-	-	-	-	(173)	(37)	(210)
Total comprehensive income for the period	-	-	(173)	-	-	-	54,436	54,263	(1,244)	53,019
Contribution by and distribution to owners of the Company										
- Accretion of share in a subsidiary	-	-	-	-	-	-	(653)	(653)	(39)	(692)
- Expiry of ESOS	-	-	-	-	(791)	-	791	-	-	-
- Share options exercised	1,133	1,803	-	-	-	-	-	2,936	-	2,936
- Transfer to share premium for share options exercised	-	920	-	-	(920)	-	-	-	-	-
- Dividends to shareholders	-	-	-	-	-	-	(33,209)	(33,209)	-	(33,209)
<b>As at 30 September 2016</b>	<b>110,701</b>	<b>44,469</b>	<b>12,278</b>	<b>15,373</b>	<b>-</b>	<b>(21)</b>	<b>387,640</b>	<b>570,440</b>	<b>(771)</b>	<b>569,669</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 30 SEPTEMBER 2017 (3RD QUARTER)  
(The figures have not been audited)**

	Unaudited Period ended 30.09.2017 RM'000	Unaudited Period ended 30.09.2016 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	64,574	63,717
Adjustments for:		
Amortisation of intangible assets	97	849
Allowance for impairment losses on receivables	11,500	15,601
Allowance for impairment losses on receivables written back	(11,457)	(7,409)
Bad debts written off	139	-
Depreciation of property, plant and equipment	14,725	12,880
Finance costs	464	641
Finance costs under MFRS 139	95	44
Finance income	(4,479)	(1,613)
Finance income under MFRS 139	(46)	(99)
Gain on disposal of property, plant and equipment	(143)	(5)
(Gain)/loss on foreign exchange	13,119	3,054
(Gain)/loss on derivatives	(15,590)	(8,124)
Property, plant and equipment written off	-	6
Provision for warranties	9,959	12,748
Share of loss/(profit) of equity accounted associates	2,016	750
Reversal of provision for warranties	(2,173)	(2,345)
Writedown of inventories	214	-
Operating profit/(loss) before changes in working capital changes	<u>83,014</u>	<u>90,695</u>
Changes in working capital:		
Development costs	-	-
Inventories	(24,639)	29,201
Payables and accruals	25,428	(104,241)
Receivables, deposits and prepayments	<u>(23,986)</u>	<u>63,252</u>
Cash generated from operations	59,817	78,907
Interest received	4,479	1,613
Interest paid	-	-
Warranties paid	(685)	(2,414)
Income tax paid	<u>(15,828)</u>	<u>(18,509)</u>
<b>Net cash generated from/(used in) operating activities</b>	<u>47,783</u>	<u>59,597</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(21,355)	(32,673)
Subscription of shares in a subsidiary	-	(693)
Proceeds from disposal of property, plant and equipment	<u>1,734</u>	<u>6,438</u>
<b>Net cash generated from/(used in) investing activities</b>	<u>(19,621)</u>	<u>(26,928)</u>

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2017 (3RD QUARTER)  
(cont'd)**

	Unaudited Period ended 30.09.2017 RM'000	Unaudited Period ended 30.09.2016 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(33,209)	(33,209)
Interest paid	(464)	(641)
Proceeds from issue of shares under ESOS scheme	-	2,936
Net proceeds from/(repayment of) revolving credit	-	(430)
Net repayment of loans	(3,577)	(3,968)
<b>Net cash generated from/(used in) financing activities</b>	<b>(37,250)</b>	<b>(35,312)</b>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	<b>2,472</b>	<b>586</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(6,616)</b>	<b>(2,057)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>366,837</b>	<b>333,979</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>(6,638)</b>	<b>(5,184)</b>
<b>Cash and cash equivalents at 30 September</b>	<b>353,583</b>	<b>326,738</b>

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

	30.09.2017 RM'000	30.09.2016 RM'000
Cash and bank balances	69,861	235,630
Short Term Investment	91,525	78,767
Deposit placed with licensed banks	198,420	16,874
Cash and cash equivalents per balance sheet	359,806	331,271
Bank overdrafts	(6,223)	(4,533)
	<b>353,583</b>	<b>326,738</b>

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 30 SEPTEMBER 2017 (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 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**

A first & final tax-exempt dividend of 30% (15sen) per ordinary share of RM0.50 each totalling RM33.2 million in respect of the year ended 31 December 2016 was paid on 20 September 2017.

**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>128,316</b>	<b>305,198</b>	<b>433,514</b>
<b>Results from operating activities</b>			<b>62,624</b>
Finance income			4,525
Finance costs			(559)
Share of profit/(loss) of associates, net of tax			(2,016)
<b>Profit before tax</b>			<b>64,574</b>
Segment assets			1,205,717
Investments in associates			13,533
<b>Total assets</b>			<b>1,219,250</b>
<b>Segments liabilities</b>			<b>602,971</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 November 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 30 September 2017 and up to 17 November 2017.

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



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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q3 2017 vs YTD Q3 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 year ended 30 September 2017, the Group recorded revenue of RM433.5 million with profit before tax of RM64.6 million as compared to revenue of RM445.5 million with profit before tax of RM63.7 million in the previous year ended 30 September 2016. The increase in profit before tax for the Group was mainly due to the higher interest income generated on group cash management.

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2017 Q3 vs 2017 Q2)**

The Group recorded a revenue of RM168.2 million with profit before tax of RM26.8 million for the current quarter as compared to the revenue of RM151.1 million with profit before tax of RM21.1 million in the preceding quarter. The increase in profit before tax for the Group 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 RM496.3 million as at 17 November 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 30.09.2017 RM'000	Cumulative Qtr To-date 30.09.2017 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	5,174	14,822
Provision for/(reversal) and write off of receivables	4,236	182
Provision for/(reversal) and write off of inventories	214	214
Foreign exchange (gain)/loss	2,456	13,119
(Gain)/loss on derivatives	1,201	(15,590)
(Gain)/loss on disposal of property, plant and equipment	-	143
Other Income	(145)	(798)
Finance costs	196	464
Finance costs under MFRS 139	32	95
Interest income	(2,171)	(4,479)
Interest income under MFRS 139	(15)	(46)

--- 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 30.09.2017 RM'000	Cumulative Qtr To-date 30.09.2017 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(12,121)	(12,307)
Overseas	(3,592)	(4,943)
	(15,713)	(17,250)
<b>Deferred taxation expense</b>		
Malaysian Tax	9,340	5,604
Overseas	-	-
	9,340	5,604
<b>Total tax expense</b>	<b>(6,373)</b>	<b>(11,646)</b>

**B7. CORPORATE PROPOSAL**

Save for the following proposal, there is no other proposal announced but pending implementation as at the date of this report:

On 5 October 2017, the Company announced that it had entered into a Heads of Agreement (“HOA”) with a group of individual vendors namely Exact Automation Sdn Bhd, Sedia Teguh Sdn Bhd, Exact Analytical Sdn Bhd and Exact Oil & Gas Sdn Bhd (collectively named as “Target Companies”) to acquire seventy percent (70%) equity interests in each of the Target Companies (“Proposed Acquisition”).

The due diligence on the target companies is ongoing.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Unsecured			
	RM	8,135	8,135
	DKK	31,561	21,108
	Sub-total		29,243
<b>Total short term borrowings</b>			<b>29,243</b>
<b>Total borrowings</b>			<b>29,243</b>

**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 30.09.2017	Cumulative Qtr To-date 30.09.2017
Profit attributable to owners of the Company (RM'000)	20,126	52,400
Weighted average number of ordinary shares in issue ('000)	221,393	221,393
Basic EPS (Sen)	9.09	23.67

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 30.09.2017	Cumulative Qtr To-date 30.09.2017
Profit attributable to owners of the Company (RM'000)	20,126	52,400
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 issuable ('000)	221,393	221,393
Diluted EPS (Sen)	9.09	23.67

--- 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)**

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

	As at 30.09.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	365,090	263,075
- Unrealised	(9,873)	53,197
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(6,498)	(4,655)
- Unrealised	49	57
Less: Consolidation adjustments	348,768 78,275	311,674 96,178
Total group retained profits / (accumulated losses) as per consolidated accounts	427,043	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: 23 November 2017**