

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 30 JUNE 2024**

	Unaudited As at 30.6.2024 RM'000	Audited As at 31.12.2023 RM'000
Assets		
Property, plant and equipment	527,756	543,719
Intangible assets	75,283	75,283
Investment in associates	2,892	3,857
Deferred tax assets	29,136	28,753
Long-term funds	3,508	8,153
Receivables	7,079	6,885
Total non-current assets	645,654	666,650
Receivables, deposits and prepayments	188,228	235,803
Contract assets	190,775	151,245
Inventories	259,593	229,836
Current tax assets	742	2,313
Derivative assets	-	499
Cash and cash equivalents	153,478	164,861
Total current assets	792,816	784,557
Total assets	1,438,470	1,451,207
Equity		
Share capital	196,342	195,072
Reserves	567,893	569,718
Total equity attributable to owners of the Company	764,235	764,790
Non-controlling interests	26,928	22,859
Total equity	791,163	787,649
Liabilities		
Loans and borrowings	6,467	7,509
Hire Purchase and lease liabilities	18,573	19,225
Deferred tax liabilities	62,886	63,592
Total non-current liabilities	87,926	90,326
Provisions for warranties	33,100	34,583
Payables and accruals	258,379	298,388
Contract liabilities	177,407	162,596
Loans and borrowings	73,006	60,509
Hire Purchase and lease liabilities	6,944	9,286
Current tax liabilities	10,329	7,870
Derivative liabilities	216	-
Total current liabilities	559,381	573,232
Total liabilities	647,307	663,558
Total equity and liabilities	1,438,470	1,451,207
Net assets per share attributable to owners of the Company (RM)	3.26	3.27

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)

(The figures have not been audited)

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.6.2024	30.6.2023	30.6.2024	30.6.2023
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	203,062	183,523	379,501	309,317
Cost of sales, other income and operating expenses		(187,682)	(164,755)	(345,021)	(275,609)
Results from operating activities		15,380	18,768	34,480	33,708
Finance income		1,071	1,198	1,780	1,743
Finance costs		(1,192)	(1,746)	(2,395)	(2,682)
Operating profit	B5	15,259	18,220	33,865	32,769
Share of profit/(loss) of associates, net of tax		(1,336)	1,166	(965)	1,172
Profit before tax		13,923	19,386	32,900	33,941
Tax expense	B6	(5,325)	(6,337)	(10,246)	(8,770)
Profit for the period		8,598	13,049	22,654	25,171
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		1,110	9,241	117	9,989
Other comprehensive income for the period, net of tax		1,110	9,241	117	9,989
Total comprehensive income for the period		9,708	22,290	22,771	35,160
Profit/(loss) attributable to:					
Owners of the Company		6,535	11,683	18,557	22,293
Non-controlling interests		2,063	1,366	4,097	2,878
Profit for the period		8,598	13,049	22,654	25,171
Total comprehensive income attributable to:					
Owners of the Company		7,612	20,915	18,702	32,339
Non-controlling interests		2,096	1,375	4,069	2,821
Total comprehensive income for the period		9,708	22,290	22,771	35,160
Earnings per ordinary share					
Basic (Sen)	B11	2.79	5.00	7.94	9.54
Diluted (Sen)	B11	2.73	4.92	7.75	9.39

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)**

(The figures have not been audited)

	Attributable to owners of the Company					Retained Earnings RM'000	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	Translation Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Treasury Shares RM'000				
6 months ended 30 June 2024									
As at 1 January 2024	195,072	19,874	122,716	3,869	(3,006)	426,265	764,790	22,859	787,649
Profit/(loss) for the period	-	-	-	-	-	18,557	18,557	4,097	22,654
Foreign currency translation	-	145	-	-	-	-	145	(28)	117
Total comprehensive income for the period	-	145	-	-	-	18,557	18,702	4,069	22,771
Contribution by and distribution to owners of the Company									
- Transfer to share capital for share options exercised	354	-	-	(354)	-	-	-	-	-
- Share-based payments	-	-	-	909	-	-	909	-	909
- Issue of ordinary shares	916	-	-	-	-	-	916	-	916
- Dividends to shareholders	-	-	-	-	-	(21,082)	(21,082)	-	(21,082)
As at 30 June 2024	196,342	20,019	122,716	4,424	(3,006)	423,740	764,235	26,928	791,163
6 months ended 30 June 2023									
As at 1 January 2023	194,988	8,923	122,716	850	(3,006)	385,054	709,525	23,342	732,867
Profit 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)
As at 30 June 2023	194,988	18,969	122,716	2,371	(3,006)	398,004	734,042	22,689	756,731

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 2023 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)
(The figures have not been audited)**

	Unaudited Period ended 30.6.2024 RM'000	Unaudited Period ended 30.6.2023 RM'000
Cash flows from operating activities		
Profit before tax	32,900	33,941
Adjustments for:		
Amortisation of intangible assets	-	5
Allowance for impairment losses	5,906	243
Allowance for slow moving inventories	646	-
Amortisation of right-of-use assets	3,520	4,302
Capital (gain)/Loss on short-term funds	(344)	(369)
Depreciation of property, plant and equipment	16,006	17,604
Finance costs	2,395	2,682
Finance income	(1,780)	(1,743)
(Gain)/Loss on disposal of property, plant and equipment	(1,585)	(14)
(Gain)/loss on foreign exchange	(2,620)	(11,485)
(Gain)/loss on derivatives	715	3,856
Property, plant and equipment written off	2	3
Provision for warranties	576	2,798
Reversal of impairment losses	(2,923)	(4,569)
Reversal of provision for warranties	(573)	(1,050)
Share-based payments	555	1,521
Share of loss/(profit) of equity accounted associates	965	(1,172)
Write-back of Inventories	(289)	(1,033)
Operating profit/(loss) before changes in working capital	54,072	45,520
Changes in working capital:		
Inventories	(30,114)	4,347
Payables and accruals	(46,278)	(13,900)
Receivables, deposits and prepayments	7,451	58,976
Cash generated from/(used in) operations	(14,869)	94,943
Interest received	1,721	1,702
Interest paid	(2,433)	(2,635)
Income tax paid	(7,242)	(7,401)
Warranties paid	(1,519)	(226)
Net cash generated from/(used in) operating activities	(24,342)	86,383
Cash flows from investing activities		
Acquisition of property, plant and equipment	(7,698)	(1,693)
Capital gain on short-term funds	344	369
Long-term funds	4,646	(244)
Proceeds from disposal of property, plant and equipment	5,170	14
Net cash generated from/(used in) investing activities	2,462	(1,554)

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2024 (2ND QUARTER)
(cont'd)**

	Unaudited Period ended 30.6.2024 RM'000	Unaudited Period ended 30.6.2023 RM'000
Cash flows from financing activities		
Dividend paid to non-controlling interests	-	(3,474)
Net proceeds/(repayment) of loans and borrowings	8,443	(28,136)
Proceeds from issue of shares under SIS scheme	1,270	-
Net cash generated from/(used in) financing activities	<u>9,713</u>	<u>(31,610)</u>
Exchange differences on translation of the financial statements of foreign operations	649	(1,641)
Net increase/(decrease) in cash and cash equivalents	<u>(11,518)</u>	<u>51,578</u>
Cash and cash equivalents at 1 January	164,861	99,120
Effect of exchange rate fluctuations on cash held	135	2,313
Cash and cash equivalents at 30 June	<u>153,478</u>	<u>153,011</u>

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

	30.6.2024 RM'000	30.6.2023 RM'000
Cash and bank balances	66,700	68,520
Short Term Investment	48,046	35,472
Deposit placed with licensed banks	38,732	64,334
Cash and cash equivalents per balance sheet	<u>153,478</u>	<u>168,326</u>
Bank overdrafts	-	(15,315)
	<u>153,478</u>	<u>153,011</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE YEAR ENDED 30 JUNE 2024 (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 2023. 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 2023.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2024:

<u>MFRSs and/or IC Interpretations</u> <u>(Including the Consequential Amendments)</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 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024

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 121: Lack of Exchangeability	1 January 2025
• 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 2023 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 followings:-

Employees' Share Issuance Scheme ("SIS")

During the current quarter ended 30 June 2024, a total of 532,000 new ordinary shares were issued at RM1.45 each, pursuant to the exercise of SIS granted in 2022.

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
Revenue			
Inside Malaysia	125,061	99,862	224,923
Outside Malaysia	154,578	-	154,578
	<u>279,639</u>	<u>99,862</u>	<u>379,501</u>
Profit before tax	14,425	18,475	32,900
Segment assets	1,257,391	178,187	1,435,578
Investments in associates	2,892	-	2,892
Total assets	<u>1,260,283</u>	<u>178,187</u>	<u>1,438,470</u>
Segments liabilities	<u>576,158</u>	<u>71,149</u>	<u>647,307</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 21 August 2024, 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

Capital commitments approved and contracted unconditionally as at 21 August 2024 is approximately RM7.21 million.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2024 vs YTD Q2 2023)

The Group reported consolidated revenue of RM379.5 million with profit before tax of RM32.9 million as compared to revenue of RM309.3 million with profit before tax of RM33.9 million in the previous financial period ended 30 June 2023.

The decrease in the group's profit before tax was mainly due to a rise in material costs, pricing pressure and net reversal on impairment of financial assets and contract assets in previous financial period ended 30 June 2023.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2024 Q2 vs 2024 Q1)

The Group recorded a revenue of RM203.1 million with profit before tax of RM13.9 million for the current quarter as compared to the revenue of RM176.4 million with profit before tax of RM19.0 million in the preceding quarter, the decrease in group profit was mainly due to additional cost incurred for completed project and forex gain in preceding quarter.

B3. GROUP'S CURRENT YEAR PROSPECT

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM665 million (including order book of Intelligent Automation of RM155 million) as at 21 August 2024 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

Oil prices have recovered over the last few years and hence the investment is expected to increase. Furthermore, as trade continues to ramp up, shipyards are seeing increased order books and are therefore investing in their yard equipment. The Group is 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 30.6.2024 RM'000	Cumulative Qtr To-date 30.6.2024 RM'000
Operating profit is arrived at after (crediting)/charging the following:		
Depreciation and amortization	8,080	16,006
Allowance for impairment loss/(gain)	(11)	2,983
Allowance for slow moving inventories	646	646
Foreign exchange (gain)/loss	1,483	(2,620)
(Gain)/loss on derivatives	(576)	715
(Gain)/loss on disposal of property, plant and equipment	(32)	(1,585)
Other Income	(570)	(3,490)
Finance costs	1,192	2,395
Interest income	(1,071)	(1,780)

--- 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 30.6.2024 RM'000	Cumulative Qtr To-date 30.6.2024 RM'000
Current tax expense		
Malaysian Tax	(3,654)	(9,001)
Overseas	(1,223)	(2,270)
	(4,877)	(11,271)
Deferred taxation expense		
Malaysian Tax	(518)	1,401
Overseas	70	(376)
	(448)	1,025
Total tax expense	(5,325)	(10,246)

The effective tax rate of the Group for the period ended 30 June 2024 is higher than the local statutory tax rate mainly due to certain expenses were not deductible for tax purpose and additional balancing charge due to disposal of fixed assets.

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	589	589
	DKK	2,650	1,796
	Sub-total		2,385
- Unsecured	RM	68,351	68,351
	AUD	724	2,270
Total short term borrowings			73,006
b) Long term borrowings			
- Secured	RM	6,322	6,322
	DKK	215	145
Total long term borrowings			6,467
Total borrowings			79,473

--- 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)

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	Cumulative	Current	Cumulative
	30.6.2024		30.6.2024	
Net profit attributable to the owners of the Company (RM'000)	6,535	18,557	6,535	18,557
Weighted average number of ordinary shares in issue ('000)	234,040	233,839	234,040	233,839
Effect of dilution: Share options ('000)	-	-	5,722	5,722
Adjusted weighted average number of ordinary shares in issue and issuales ('000)	234,040	233,839	239,762	239,561
EPS (Sen)	2.79	7.94	2.73	7.75

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: 27 August 2024