

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2021**

	Unaudited As at 30.06.2021 RM'000	Audited As at 31.12.2020 RM'000
<b>Assets</b>		
Property, plant and equipment	407,891	418,028
Intangible assets	71,198	71,201
Investment in associates	4,691	6,094
Deferred tax assets	21,220	22,153
Receivables	4,768	4,536
<b>Total non-current assets</b>	<u>509,768</u>	<u>522,012</u>
Receivables, deposits and prepayments	200,618	184,390
Contract assets	177,689	126,642
Inventories	204,837	197,804
Current tax assets	7,956	6,097
Derivative assets	71	-
Cash and cash equivalents	303,177	310,474
<b>Total current assets</b>	<u>894,348</u>	<u>825,407</u>
<b>Total assets</b>	<u>1,404,116</u>	<u>1,347,419</u>
<b>Equity</b>		
Share capital	162,983	162,983
Reserves	583,686	575,462
<b>Total equity attributable to owners of the Company</b>	<u>746,669</u>	<u>738,445</u>
<b>Non-controlling interests</b>	<u>34,745</u>	<u>33,848</u>
<b>Total equity</b>	<u>781,414</u>	<u>772,293</u>
<b>Liabilities</b>		
Loans and borrowings	39,321	48,820
Payables and accruals	860	68
Deferred tax liabilities	18,176	17,882
<b>Total non-current liabilities</b>	<u>58,357</u>	<u>66,770</u>
Provisions for warranties	35,974	34,698
Payables and accruals	300,512	243,591
Contract liabilities	154,279	173,835
Loans and borrowings	71,642	54,656
Current tax liabilities	1,668	1,435
Derivative liabilities	270	141
<b>Total current liabilities</b>	<u>564,345</u>	<u>508,356</u>
<b>Total liabilities</b>	<u>622,702</u>	<u>575,126</u>
<b>Total equity and liabilities</b>	<u>1,404,116</u>	<u>1,347,419</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>3.33</u>	<u>3.30</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 2020 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 2021 (2ND QUARTER)****(The figures have not been audited)**

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.06.2021	30.06.2020	30.06.2021	30.06.2020
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A9	153,108	97,426	275,213	242,053
Cost of sales, other income and operating expenses		(132,829)	(86,366)	(242,091)	(214,460)
<b>Results from operating activities</b>		20,279	11,060	33,122	27,593
Finance income		898	1,818	1,697	2,570
Finance costs		(1,160)	(529)	(1,476)	(1,069)
<b>Operating profit</b>	B5	20,017	12,349	33,343	29,094
Share of profit/(loss) of associates, net of tax		(781)	(795)	(1,403)	(1,483)
<b>Profit before tax</b>		19,236	11,554	31,940	27,611
Tax expense	B6	(4,588)	(2,952)	(5,544)	(6,644)
<b>Profit for the period</b>		14,648	8,602	26,396	20,967
<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		(121)	8,708	346	7,447
<b>Other comprehensive income for the period, net of tax</b>		(121)	8,708	346	7,447
<b>Total comprehensive income for the period</b>		14,527	17,310	26,742	28,414
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		13,546	7,569	25,374	19,477
Non-controlling interests		1,102	1,033	1,022	1,490
<b>Profit for the period</b>		14,648	8,602	26,396	20,967
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		13,469	16,262	25,845	27,008
Non-controlling interests		1,058	1,048	897	1,406
<b>Total comprehensive income for the period</b>		14,527	17,310	26,742	28,414
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	6.05	3.38	11.33	8.70
Diluted (Sen)	B11	6.05	3.38	11.33	8.70

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 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 2021 (2ND QUARTER)**

(The figures have not been audited)

	←← Attributable to owners of the Company →→					→ Distributable →			
	Non-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 2021</b>									
<b>As at 1 January 2021</b>	162,983	14,295	22,193	7,250	(21)	531,745	738,445	33,848	772,293
Profit/(loss) for the period	-	-	-	-	-	25,374	25,374	1,022	26,396
Foreign currency translation	-	471	-	-	-	-	471	(125)	346
Total comprehensive income for the period	-	471	-	-	-	25,374	25,845	897	26,742
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	294	-	-	294	-	294
- Dividends to shareholders	-	-	-	-	-	(17,915)	(17,915)	-	(17,915)
<b>As at 30 June 2021</b>	<b>162,983</b>	<b>14,766</b>	<b>22,193</b>	<b>7,544</b>	<b>(21)</b>	<b>539,204</b>	<b>746,669</b>	<b>34,745</b>	<b>781,414</b>
<b>6 months ended 30 June 2020</b>									
<b>As at 1 January 2020</b>	162,745	3,565	22,217	6,083	(21)	520,813	715,402	35,270	750,672
Profit for the period	-	-	-	-	-	19,477	19,477	1,490	20,967
Foreign currency translation	-	7,531	-	-	-	-	7,531	(84)	7,447
Total comprehensive income for the period	-	7,531	-	-	-	19,477	27,008	1,406	28,414
Contribution by and distribution to owners of the Company									
- Transfer to share capital for share options exercised	55	-	-	(55)	-	-	-	-	-
- Share-based payments	-	-	-	612	-	-	612	-	612
- Issue of ordinary shares	183	-	-	-	-	-	183	-	183
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,998)	(4,998)
<b>As at 30 June 2020</b>	<b>162,983</b>	<b>11,096</b>	<b>22,217</b>	<b>6,640</b>	<b>(21)</b>	<b>540,290</b>	<b>743,205</b>	<b>31,678</b>	<b>774,883</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 2020 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 2021 (2ND QUARTER)  
(The figures have not been audited)**

	Unaudited Period ended 30.06.2021 RM'000	Unaudited Period ended 30.06.2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	31,940	27,611
Adjustments for:		
Amortisation of intangible assets	3	14
Allowance for impairment losses	4,389	3,414
Reversal of impairment losses	(2,841)	-
Amortisation of right-of-use assets	3,455	2,907
Depreciation of property, plant and equipment	14,437	13,198
Finance costs	1,476	1,069
Finance income	(1,697)	(2,570)
Loss/(Gain) on disposal of property, plant and equipment	236	(387)
(Gain)/loss on foreign exchange	(5,212)	(8,677)
(Gain)/loss on derivatives	125	816
Property, plant and equipment written off	-	22
Provision for warranties	1,539	1,735
Share-based payments	294	612
Share of loss/(profit) of equity accounted associates	1,403	1,483
Reversal of provision for warranties	(171)	(2,508)
Writedown of inventories	-	(676)
Operating profit/(loss) before changes in working capital	49,376	38,063
Changes in working capital:		
Inventories	(7,033)	(11,014)
Payables and accruals	18,963	(47,255)
Receivables, deposits and prepayments	(65,234)	21,512
Cash generated from/(used in) operations	(3,928)	1,306
Interest received	1,677	2,560
Interest paid	(1,396)	(989)
Warranties paid	(268)	(83)
Income tax paid	(5,781)	(13,965)
<b>Net cash generated from/(used in) operating activities</b>	<b>(9,696)</b>	<b>(11,171)</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(5,140)	(17,485)
Acquisition of right-of-use assets	(1,551)	-
Proceeds from disposal of property, plant and equipment	201	3,667
<b>Net cash generated from/(used in) investing activities</b>	<b>(6,490)</b>	<b>(13,818)</b>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2021 (2ND QUARTER)  
(cont'd)**

	Unaudited Period ended 30.06.2021 RM'000	Unaudited Period ended 30.06.2020 RM'000
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares under SIS scheme	-	183
Dividend paid to non-controlling interests	-	(4,998)
Net proceeds/(repayment) of loans and borrowings	(8,483)	13,976
<b>Net cash generated from/(used in) financing activities</b>	<u>(8,483)</u>	<u>9,161</u>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	55	2,311
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(24,614)</u>	<u>(13,517)</u>
<b>Cash and cash equivalents at 1 January</b>	303,497	263,544
<b>Effect of exchange rate fluctuations on cash held</b>	1,338	2,188
<b>Cash and cash equivalents at 30 June</b>	<u>280,221</u>	<u>252,215</u>

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

	30.06.2021 RM'000	30.06.2020 RM'000
Cash and bank balances	109,849	71,638
Short Term Investment	134,535	119,719
Deposit placed with licensed banks	58,793	78,865
Cash and cash equivalents per balance sheet	<u>303,177</u>	<u>270,222</u>
Bank overdrafts	<u>(22,956)</u>	<u>(18,007)</u>
	<u>280,221</u>	<u>252,215</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

## FAVELLE FAVCO BHD

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(Incorporated in Malaysia)

### ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2021 (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"), 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 2020. 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 2020.

##### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2021:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
• Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• 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 2020 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, 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 8 sen per ordinary shares totalling RM17.9 million in respect of the year ended 31 December 2020, was paid on 2 September 2021.

### 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	96,438	37,591	134,029
Outside Malaysia	141,184	-	141,184
	<u>237,622</u>	<u>37,591</u>	<u>275,213</u>
<b>Profit before tax</b>	26,946	4,994	<b>31,940</b>
Segment assets	1,248,151	151,274	1,399,425
Investments in associates	4,691	-	4,691
<b>Total assets</b>	<u>1,252,842</u>	<u>151,274</u>	<u>1,404,116</u>
<b>Segments liabilities</b>	<u>596,804</u>	<u>25,898</u>	<u>622,702</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 16 September 2021, 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 June 2021 and up to 16 September 2021.

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

### **B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2021 vs YTD Q2 2020)**

The Group reported consolidated revenue of RM275.2 million with profit before tax of RM31.9 million as compared to revenue of RM242.1 million with profit before tax of RM27.6 million in the previous financial year ended 30 June 2020.

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

### **B2. COMPARISON WITH PRECEDING QUARTER RESULT (2021 Q2 vs 2021 Q1)**

The Group recorded a revenue of RM153.1 million with profit before tax of RM19.2 million for the current quarter as compared to the revenue of RM122.1 million with profit before tax of RM12.7 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 RM584 million (including order book of Intelligent Automation of RM90 million) as at 16 September 2021 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

With the global economic slowdown for year 2020 as result of the Covid-19 pandemic, the slow order intake of 2020 will be felt in 2021. Eventhough we expect order intake will improve in 2021 but the overall situation is expected to remain challenging. The Group will be taking appropriate measures and actions to cater for its business undertakings.

### **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 30.06.2021 RM'000	Cumulative Qtr To-date 30.06.2021 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	10,219	14,440
Allowance for impairment loss/(gain)	227	1,548
Foreign exchange (gain)/loss	(410)	(5,212)
(Gain)/loss on derivatives	(111)	125
(Gain)/loss on disposal of property, plant and equipment	408	236
Other Income	(580)	(5,086)
Finance costs	1,160	1,476
Interest income	(898)	(1,697)

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

**B6. TAXATION**

	Current Quarter 30.06.2021 RM'000	Cumulative Qtr To-date 30.06.2021 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(1,454)	(1,706)
Overseas	(1,764)	(2,449)
	(3,218)	(4,155)
<b>Deferred taxation expense</b>		
Malaysian Tax	(1,430)	(1,377)
Overseas	60	(12)
	(1,370)	(1,389)
<b>Total tax expense</b>	<b>(4,588)</b>	<b>(5,544)</b>

The effective tax rate of the Group for the period ended 30 June 2021 is lower than the local statutory tax rate mainly due to utilisation of tax losses from foreign subsidiary carried forward from previous year.

**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	538	538
	DKK	65,614	43,518
	AUD	889	2,768
	Sub-total		46,824
- Unsecured	RM	24,444	24,444
	USD	90	374
<b>Total short term borrowings</b>			<b>71,642</b>
b) Long term borrowings			
- Secured	RM	7,915	7,915
	DKK	47,353	31,406
<b>Total long term borrowings</b>			<b>39,321</b>
<b>Total borrowings</b>			<b>110,963</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 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 30.06.2021	Cumulative Qtr To-date 30.06.2021
Profit attributable to owners of the Company (RM'000)	13,546	25,374
Weighted average number of ordinary shares in issue ('000)	223,935	223,935
Basic EPS (Sen)	6.05	11.33

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 30.06.2021	Cumulative Qtr To-date 30.06.2021
Profit attributable to owners of the Company (RM'000)	13,546	25,374
Weighted average number of ordinary shares in issue ('000)	223,935	223,935
Effect of dilution ('000) *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	223,935	223,935
Diluted EPS (Sen)	6.05	11.33

\* Potential shares are dilutive only when the average market price for the ordinary shares during the period exceeds the exercise price of the options.

**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: 22 September 2021**