

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 JUNE 2022**

	Unaudited As at 30.6.2022 RM'000	Audited As at 31.12.2021 RM'000
<b>Assets</b>		
Property, plant and equipment	400,716	410,671
Intangible assets	71,191	71,194
Investment in associates	3,130	3,198
Deferred tax assets	24,389	23,595
Receivables	5,184	4,820
<b>Total non-current assets</b>	<b>504,610</b>	<b>513,478</b>
Receivables, deposits and prepayments	200,787	202,551
Contract assets	150,788	146,734
Inventories	198,297	183,713
Current tax assets	8,937	8,332
Derivative assets	-	31
Cash and cash equivalents	94,242	272,972
<b>Total current assets</b>	<b>653,051</b>	<b>814,333</b>
<b>Total assets</b>	<b>1,157,661</b>	<b>1,327,811</b>
<b>Equity</b>		
Share capital	194,987	162,983
Reserves	388,670	597,694
<b>Total equity attributable to owners of the Company</b>	<b>583,657</b>	<b>760,677</b>
<b>Non-controlling interests</b>	<b>16,923</b>	<b>33,594</b>
<b>Total equity</b>	<b>600,580</b>	<b>794,271</b>
<b>Liabilities</b>		
Loans and borrowings	12,342	14,165
Hire Purchase and lease liabilities	13,555	23,799
Deferred tax liabilities	18,341	18,179
<b>Total non-current liabilities</b>	<b>44,238</b>	<b>56,143</b>
Provisions for warranties	40,888	42,600
Payables and accruals	206,055	210,799
Contract liabilities	158,240	165,706
Loans and borrowings	86,356	37,050
Hire Purchase and lease liabilities	19,128	14,565
Current tax liabilities	1,513	6,412
Derivative liabilities	663	265
<b>Total current liabilities</b>	<b>512,843</b>	<b>477,397</b>
<b>Total liabilities</b>	<b>557,081</b>	<b>533,540</b>
<b>Total equity and liabilities</b>	<b>1,157,661</b>	<b>1,327,811</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>2.50</b>	<b>3.42</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 2021 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 2022 (2ND QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
<b>Revenue</b>	A9	151,344	153,108	243,373	275,213
Cost of sales, other income and operating expenses		(139,430)	(132,829)	(223,955)	(242,091)
<b>Results from operating activities</b>		11,914	20,279	19,418	33,122
Finance income		652	898	1,161	1,697
Finance costs		(620)	(1,160)	(873)	(1,476)
<b>Operating profit</b>	B5	11,946	20,017	19,706	33,343
Share of profit/(loss) of associates, net of tax		(36)	(781)	(68)	(1,403)
<b>Profit before tax</b>		11,910	19,236	19,638	31,940
Tax expense	B6	(2,689)	(4,588)	(4,317)	(5,544)
<b>Profit for the period</b>		9,221	14,648	15,321	26,396
<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		(2,789)	(121)	(697)	346
<b>Other comprehensive income for the period, net of tax</b>		(2,789)	(121)	(697)	346
<b>Total comprehensive income for the period</b>		6,432	14,527	14,624	26,742
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		9,071	13,546	15,110	25,374
Non-controlling interests		150	1,102	211	1,022
<b>Profit for the period</b>		9,221	14,648	15,321	26,396
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,259	13,469	14,423	25,845
Non-controlling interests		173	1,058	201	897
<b>Total comprehensive income for the period</b>		6,432	14,527	14,624	26,742
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	3.91	6.05	6.63	11.33
Diluted (Sen)	B11	3.91	6.05	6.63	11.33

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022 (2ND QUARTER)**

(The figures have not been audited)

	←← Attributable to owners of the Company →→					→→ Distributable		Non-controlling Interests RM'000	Total Equity RM'000
	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		
<b>6 months ended 30 June 2022</b>									
<b>As at 1 January 2022</b>	162,983	8,720	22,181	7,837	(3,006)	561,962	760,677	33,594	794,271
Profit/(loss) for the period	-	-	-	-	-	15,110	15,110	211	15,321
Foreign currency translation	-	(687)	-	-	-	-	(687)	(10)	(697)
Total comprehensive income for the period	-	(687)	-	-	-	15,110	14,423	201	14,624
Contribution by and distribution to owners of the Company									
- Share options exercised	6,229	-	-	(6,229)	-	-	-	-	-
- Issue of ordinary shares	25,775	-	-	-	-	-	25,775	-	25,775
- Disposal of a subsidiary	-	-	-	-	-	-	-	(143)	(143)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(16,729)	(16,729)
- Dividends to shareholders	-	-	-	-	-	(217,218)	(217,218)	-	(217,218)
<b>As at 30 June 2022</b>	<b>194,987</b>	<b>8,033</b>	<b>22,181</b>	<b>1,608</b>	<b>(3,006)</b>	<b>359,854</b>	<b>583,657</b>	<b>16,923</b>	<b>600,580</b>
<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 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>

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 2021 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 2022 (2ND QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 30.6.2022 RM'000	Unaudited Period ended 30.6.2021 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	19,638	31,940
Adjustments for:		
Amortisation of intangible assets	3	3
Allowance for impairment losses	1,532	4,389
Reversal of impairment losses	(524)	(2,841)
Amortisation of right-of-use assets	3,550	3,455
Depreciation of property, plant and equipment	14,400	14,437
Finance costs	873	1,476
Finance income	(1,161)	(1,697)
Loss/(Gain) on disposal of property, plant and equipment	(2)	236
(Gain)/loss on foreign exchange	(2,928)	(5,212)
(Gain)/loss on derivatives	442	125
Loss on disposal of subsidiary	193	-
Property, plant and equipment written off	113	-
Provision for warranties	1,583	1,539
Share-based payments	-	294
Share of loss/(profit) of equity accounted associates	68	1,403
Reversal of provision for warranties	(3,185)	(171)
Write-back of Inventories	(1,163)	-
Writedown of inventories	4	-
Operating profit/(loss) before changes in working capital	<u>33,436</u>	<u>49,376</u>
Changes in working capital:		
Inventories	(13,425)	(7,033)
Payables and accruals	(30,898)	18,963
Receivables, deposits and prepayments	(3,710)	(65,234)
Cash generated from/(used in) operations	<u>(14,597)</u>	<u>(3,928)</u>
Interest received	1,148	1,677
Interest paid	(811)	(1,396)
Warranties paid	(267)	(268)
Income tax paid	(10,223)	(5,781)
<b>Net cash generated from/(used in) operating activities</b>	<u>(24,750)</u>	<u>(9,696)</u>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(7,887)	(5,140)
Acquisition of right-of-use assets	-	(1,551)
Disposal of subsidiary, net of cash and cash equivalents	(448)	-
Proceeds from disposal of property, plant and equipment	3	201
<b>Net cash generated from/(used in) investing activities</b>	<u>(8,332)</u>	<u>(6,490)</u>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2022 (2ND QUARTER)**

(cont'd)

	Unaudited Period ended 30.6.2022 RM'000	Unaudited Period ended 30.6.2021 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(198,533)	-
Proceeds from issue of shares under SIS scheme	25,775	-
Dividend paid to non-controlling interests	(16,729)	-
Net proceeds/(repayment) of loans and borrowings	24,276	(8,483)
<b>Net cash generated from/(used in) financing activities</b>	<b>(165,211)</b>	<b>(8,483)</b>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	<b>3,314</b>	<b>55</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(194,979)</b>	<b>(24,614)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>264,077</b>	<b>303,497</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>2,876</b>	<b>1,338</b>
<b>Cash and cash equivalents at 30 June</b>	<b>71,974</b>	<b>280,221</b>

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

	30.6.2022 RM'000	30.6.2021 RM'000
Cash and bank balances	38,575	109,849
Short Term Investment	25,726	134,535
Deposit placed with licensed banks	29,941	58,793
Cash and cash equivalents per balance sheet	94,242	303,177
Bank overdrafts	(22,268)	(22,956)
	<b>71,974</b>	<b>280,221</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

## FAVELLE FAVCO BHD

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### ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 JUNE 2022 (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 2021. 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 2021.

##### A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2022:

<u>MFRSs and/or IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• 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

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 101: Classification of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112: Deferred Tax relates to Assets and Liabilities arising from a Single Transaction	1 January 2023
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	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 2021 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 following:-

#### Share Issuance Scheme ("SIS")

During the current quarter ended 30 June 2022, a total of 3,814,000 new ordinary shares were issued at RM2.35 each, pursuant to the exercise of SIS granted in 2017.

### A8. DIVIDENDS PAID

A tax-exempt first interim dividend of 85.0 sen per ordinary shares totalling RM198.5 million in respect of the year ending 31 December 2022 was paid on 10 June 2022.

### 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	75,919	41,848	117,767
Outside Malaysia	125,606	-	125,606
	<u>201,525</u>	<u>41,848</u>	<u>243,373</u>
<b>Profit before tax</b>	13,785	5,853	<b>19,638</b>
Segment assets	1,055,219	99,312	1,154,531
Investments in associates	3,130	-	3,130
<b>Total assets</b>	<u>1,058,349</u>	<u>99,312</u>	<u>1,157,661</u>
<b>Segments liabilities</b>	<u>526,805</u>	<u>30,276</u>	<u>557,081</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 19 August 2022, which is likely to substantially affect the results of the operations of the Company.

### A12. CHANGES IN THE GROUP'S COMPOSITION

Other than as disclosed below, there were no changes in the Group's composition in the current quarter under review.

- a) On 1 April 2022, the Company disposed its 70% equity interest in its subsidiary, Exact Oil & Gas Sdn Bhd for a total cash consideration of RM0.14 million. The disposal has been completed on 22 June 2022 and did not give any material effect on the earnings per share, net assets per share, gearing and share capital of the Group for the year ended 31 December 2022.

### 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 December 2021 and up to 19 August 2022.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2022 vs YTD Q2 2021)**

The Group reported consolidated revenue of RM243.4 million with profit before tax of RM19.7 million as compared to revenue of RM275.2 million with profit before tax of RM31.9 million in the previous financial year ended 30 June 2021.

The decrease in the group revenue and profit before tax were mainly because the crane production progress was affected by the quarantine of some of the operational staff and workers due to COVID cases during the period and higher cost due to Ukraine war.

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2022 Q2 vs 2022 Q1)**

The Group recorded a revenue of RM151.3 million with profit before tax of RM12.0 million for the current quarter as compared to the revenue of RM92.0 million with profit before tax of RM7.7 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 RM560 million (including order book of Intelligent Automation of RM141 million) as at 19 August 2022 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

The global economic slowdown for year 2020 continued into year 2021 as result of the Covid-19 pandemic. Even though there is improvement in year 2021 order intake, the overall situation is expected to remain challenging in year 2022 due to effects of the Ukraine war. 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 30.6.2022 RM'000	Cumulative Qtr To-date 30.6.2022 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	10,367	14,403
Allowance for impairment loss/(gain)	(1,044)	1,008
Allowance for slow moving inventories	-	4
Foreign exchange (gain)/loss	(358)	(2,928)
(Gain)/loss on derivatives	363	442
(Gain)/loss on disposal of property, plant and equipment	(3)	(2)
Other Income	(2,655)	(6,737)
Finance costs	620	873
Interest income	(652)	(1,161)

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

**B6. TAXATION**

	Current Quarter 30.6.2022 RM'000	Cumulative Qtr To-date 30.6.2022 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(946)	(1,917)
Overseas	(1,715)	(2,801)
	(2,661)	(4,718)
<b>Deferred taxation expense</b>		
Malaysian Tax	(292)	(15)
Overseas	264	416
	(28)	401
<b>Total tax expense</b>	<b>(2,689)</b>	<b>(4,317)</b>

The effective tax rate of the Group for the period ended 30 June 2022 is lower than the local statutory tax rate mainly due to utilisation of tax losses from a foreign subsidiary carried forward from previous years.

**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	539	539
	DKK	44,026	27,285
	AUD	3,079	9,347
	Sub-total		37,171
- Unsecured	RM	49,185	49,185
<b>Total short term borrowings</b>			<b>86,356</b>
b) Long term borrowings			
- Secured	RM	7,346	7,346
	DKK	8,062	4,996
<b>Total long term borrowings</b>			<b>12,342</b>
<b>Total borrowings</b>			<b>98,698</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 30.6.2022	Cumulative Qtr To-date 30.6.2022
Profit attributable to owners of the Company (RM'000)	9,071	15,110
Weighted average number of ordinary shares in issue ('000)	231,949	227,999
Basic EPS (Sen)	3.91	6.63

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 30.6.2022	Cumulative Qtr To-date 30.6.2022
Profit attributable to owners of the Company (RM'000)	9,071	15,110
Weighted average number of ordinary shares in issue ('000)	231,949	227,999
Effect of dilution ('000) *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	231,949	227,999
Diluted EPS (Sen)	3.91	6.63

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

The share options granted to employee in 2017 expired on 9 July 2022.

**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: 25 August 2022**