

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

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

	Unaudited As at 30.9.2022 RM'000	Audited As at 31.12.2021 RM'000
<b>Assets</b>		
Property, plant and equipment	390,304	410,671
Intangible assets	71,190	71,194
Investment in associates	2,980	3,198
Deferred tax assets	24,235	23,595
Receivables	5,523	4,820
<b>Total non-current assets</b>	<u>494,232</u>	<u>513,478</u>
Receivables, deposits and prepayments	189,221	202,551
Contract assets	142,562	146,734
Inventories	200,310	183,713
Current tax assets	10,320	8,332
Derivative assets	-	31
Cash and cash equivalents	87,346	272,972
<b>Total current assets</b>	<u>629,759</u>	<u>814,333</u>
<b>Total assets</b>	<u>1,123,991</u>	<u>1,327,811</u>
<b>Equity</b>		
Share capital	194,988	162,983
Reserves	395,881	597,694
<b>Total equity attributable to owners of the Company</b>	<u>590,869</u>	<u>760,677</u>
<b>Non-controlling interests</b>	17,271	33,594
<b>Total equity</b>	<u>608,140</u>	<u>794,271</u>
<b>Liabilities</b>		
Loans and borrowings	11,826	14,165
Hire Purchase and lease liabilities	12,930	23,799
Deferred tax liabilities	18,090	18,179
<b>Total non-current liabilities</b>	<u>42,846</u>	<u>56,143</u>
Provisions for warranties	35,707	42,600
Payables and accruals	171,798	210,799
Contract liabilities	155,138	165,706
Loans and borrowings	91,578	37,050
Hire Purchase and lease liabilities	16,234	14,565
Current tax liabilities	1,418	6,412
Derivative liabilities	1,132	265
<b>Total current liabilities</b>	<u>473,005</u>	<u>477,397</u>
<b>Total liabilities</b>	<u>515,851</u>	<u>533,540</u>
<b>Total equity and liabilities</b>	<u>1,123,991</u>	<u>1,327,811</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>2.53</u>	<u>3.42</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 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 SEPTEMBER 2022 (3RD QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2022 RM'000	30.9.2021 RM'000	30.9.2022 RM'000	30.9.2021 RM'000
<b>Revenue</b>	A9	146,940	135,586	390,313	410,799
Cost of sales, other income and operating expenses		(136,438)	(120,155)	(360,393)	(362,246)
<b>Results from operating activities</b>		10,502	15,431	29,920	48,553
Finance income		443	394	1,604	2,091
Finance costs		(1,386)	(665)	(2,259)	(2,141)
<b>Operating profit</b>	B5	9,559	15,160	29,265	48,503
Share of profit/(loss) of associates, net of tax		(150)	(67)	(218)	(1,470)
<b>Profit before tax</b>		9,409	15,093	29,047	47,033
Tax expense	B6	(1,504)	(4,093)	(5,821)	(9,637)
<b>Profit for the period</b>		7,905	11,000	23,226	37,396
<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		(345)	(4,544)	(1,042)	(4,198)
<b>Other comprehensive income for the period, net of tax</b>		(345)	(4,544)	(1,042)	(4,198)
<b>Total comprehensive income for the period</b>		7,560	6,456	22,184	33,198
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		7,592	10,384	22,702	35,758
Non-controlling interests		313	616	524	1,638
<b>Profit for the period</b>		7,905	11,000	23,226	37,396
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		7,212	5,863	21,635	31,708
Non-controlling interests		348	593	549	1,490
<b>Total comprehensive income for the period</b>		7,560	6,456	22,184	33,198
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	3.25	4.64	9.88	15.97
Diluted (Sen)	B11	3.25	4.64	9.88	15.97

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 SEPTEMBER 2022 (3RD 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>9 months ended 30 September 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	-	-	-	-	-	22,702	22,702	524	23,226
Foreign currency translation	-	(1,067)	-	-	-	-	(1,067)	25	(1,042)
Total comprehensive income for the period	-	(1,067)	-	-	-	22,702	21,635	549	22,184
Contribution by and distribution to owners of the Company									
- Share options exercised	6,230	-	-	(6,230)	-	-	-	-	-
- Expiry of ESOS	-	-	-	(1,607)	-	1,607	-	-	-
- 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 September 2022</b>	<b>194,988</b>	<b>7,653</b>	<b>22,181</b>	<b>-</b>	<b>(3,006)</b>	<b>369,053</b>	<b>590,869</b>	<b>17,271</b>	<b>608,140</b>
<b>9 months ended 30 September 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	-	-	-	-	-	35,758	35,758	1,638	37,396
Foreign currency translation	-	(4,050)	-	-	-	-	(4,050)	(148)	(4,198)
Total comprehensive income for the period	-	(4,050)	-	-	-	35,758	31,708	1,490	33,198
Contribution by and distribution to									
- Share-based payments	-	-	-	441	-	-	441	-	441
- Purchase of treasury shares	-	-	-	-	(2,340)	-	(2,340)	-	(2,340)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(1,020)	(1,020)
- Dividends to shareholders	-	-	-	-	-	(17,915)	(17,915)	-	(17,915)
<b>As at 30 September 2021</b>	<b>162,983</b>	<b>10,245</b>	<b>22,193</b>	<b>7,691</b>	<b>(2,361)</b>	<b>549,588</b>	<b>750,339</b>	<b>34,318</b>	<b>784,657</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 SEPTEMBER 2022 (3RD QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 30.9.2022 RM'000	Unaudited Period ended 30.9.2021 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	29,047	47,033
Adjustments for:		
Amortisation of intangible assets	4	5
Allowance for impairment losses	2,672	2,493
Reversal of impairment losses	(678)	(5,547)
Amortisation of right-of-use assets	5,221	5,159
Depreciation of property, plant and equipment	21,988	21,635
Finance costs	2,259	2,141
Finance income	(1,604)	(2,091)
Loss/(Gain) on disposal of property, plant and equipment	(34)	233
(Gain)/loss on foreign exchange	(946)	(2,216)
(Gain)/loss on derivatives	923	340
Loss on disposal of subsidiary	193	-
Property, plant and equipment written off	123	36
Provision for warranties	2,228	4,843
Share-based payments	-	441
Share of loss/(profit) of equity accounted associates	218	1,470
Reversal of provision for warranties	(8,924)	(152)
Write-back of Inventories	(2,196)	-
Writedown of inventories	96	-
Operating profit/(loss) before changes in working capital	50,590	75,823
Changes in working capital:		
Inventories	(14,497)	(6,476)
Payables and accruals	(49,567)	1,415
Receivables, deposits and prepayments	12,933	(43,581)
Cash generated from/(used in) operations	(541)	27,181
Interest received	1,583	2,061
Interest paid	(2,168)	(2,021)
Warranties paid	(338)	(300)
Income tax paid	(13,219)	(6,065)
<b>Net cash generated from/(used in) operating activities</b>	<b>(14,683)</b>	<b>20,856</b>
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(9,281)	(6,669)
Acquisition of right-of-use assets	-	(1,552)
Disposal of subsidiary, net of cash and cash equivalents	(448)	-
Proceeds from disposal of property, plant and equipment	34	216
<b>Net cash generated from/(used in) investing activities</b>	<b>(9,695)</b>	<b>(8,005)</b>

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2022 (3RD QUARTER)**

(cont'd)

	Unaudited Period ended 30.9.2022 RM'000	Unaudited Period ended 30.9.2021 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(217,218)	(17,915)
Proceeds from issue of shares under SIS scheme	25,775	-
Purchase of treasury shares	-	(2,340)
Payment of deferred consideration	-	(2,380)
Dividend paid to non-controlling interests	(16,729)	(1,020)
Net proceeds/(repayment) of loans and borrowings	28,838	(17,070)
<b>Net cash generated from/(used in) financing activities</b>	<u>(179,334)</u>	<u>(40,725)</u>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	4,969	(3,313)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(198,743)</u>	<u>(31,187)</u>
<b>Cash and cash equivalents at 1 January</b>	264,077	303,497
<b>Effect of exchange rate fluctuations on cash held</b>	2,614	813
<b>Cash and cash equivalents at 30 September</b>	<u>67,948</u>	<u>273,123</u>

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

	30.9.2022 RM'000	30.9.2021 RM'000
Cash and bank balances	52,262	122,547
Short Term Investment	16,839	107,167
Deposit placed with licensed banks	18,245	62,307
Cash and cash equivalents per balance sheet	<u>87,346</u>	<u>292,021</u>
Bank overdrafts	(19,398)	(18,898)
	<u>67,948</u>	<u>273,123</u>

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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(Incorporated in Malaysia)

### ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 30 SEPTEMBER 2022 (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") 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.

**A8. DIVIDENDS PAID**

A first & final tax-exempt dividend of 8 sen per ordinary shares totalling RM18.7 million in respect of the year ended 31 December 2021 was paid on 21 September 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	124,337	84,449	208,786
Outside Malaysia	181,527	-	181,527
	<u>305,864</u>	<u>84,449</u>	<u>390,313</u>
<b>Profit before tax</b>	17,341	11,706	<b>29,047</b>
Segment assets	1,013,214	107,797	1,121,011
Investments in associates	2,980	-	2,980
<b>Total assets</b>	<u>1,016,194</u>	<u>107,797</u>	<u>1,123,991</u>
<b>Segments liabilities</b>	<u>481,199</u>	<u>34,652</u>	<u>515,851</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 10 November 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.

The Company had on 8 March 2022 entered into a Share Purchase Agreement with group of individual vendors to purchase 70% of the shares held by the relevant vendors in Strata Niaga Sdn Bhd and its subsidiary Strata Niaga (B) Sdn Bhd for a total cash consideration of RM 7.6million. The acquisition has been completed on 31 October 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 30 September 2022 and up to 10 November 2022.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q3 2022 vs YTD Q3 2021)**

The Group reported consolidated revenue of RM390.3 million with profit before tax of RM29.0 million as compared to revenue of RM410.8 million with profit before tax of RM47.0 million in the previous financial year ended 30 September 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 Q3 vs 2022 Q2)**

The Group recorded a revenue of RM146.9 million with profit before tax of RM9.4 million for the current quarter as compared to the revenue of RM151.3 million with profit before tax of RM11.9 million in the preceding quarter, the decrease in group profit was mainly due to decrease in sales.

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

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM641 million (including order book of Intelligent Automation of RM95 million) as at 10 November 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 30.9.2022 RM'000	Cumulative Qtr To-date 30.9.2022 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	7,589	21,992
Allowance for impairment loss/(gain)	986	1,994
Allowance for slow moving inventories	92	96
Foreign exchange (gain)/loss	1,982	(946)
(Gain)/loss on derivatives	481	923
(Gain)/loss on disposal of property, plant and equipment	(32)	(34)
Other Income	(1,720)	(8,457)
Finance costs	1,386	2,259
Interest income	(443)	(1,604)

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

**B6. TAXATION**

	Current Quarter 30.9.2022 RM'000	Cumulative Qtr To-date 30.9.2022 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(2,922)	(4,839)
Overseas	1,404	(1,397)
	(1,518)	(6,236)
<b>Deferred taxation expense</b>		
Malaysian Tax	72	57
Overseas	(58)	358
	14	415
<b>Total tax expense</b>	<b>(1,504)</b>	<b>(5,821)</b>

The effective tax rate of the Group for the period ended 30 September 2022 is lower than the local statutory tax rate mainly due to non-taxable net unrealised foreign currency translation gain on foreign currency.

**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	545	545
	DKK	37,442	22,877
	AUD	3,776	11,398
	Sub-total		34,820
- Unsecured	RM	56,758	56,758
<b>Total short term borrowings</b>			<b>91,578</b>
b) Long term borrowings			
- Secured	RM	7,233	7,233
	DKK	7,517	4,593
<b>Total long term borrowings</b>			<b>11,826</b>
<b>Total borrowings</b>			<b>103,404</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 30.9.2022	Cumulative Qtr To-date 30.9.2022
Profit attributable to owners of the Company (RM'000)	7,592	22,702
Weighted average number of ordinary shares in issue ('000)	233,568	229,876
Basic EPS (Sen)	3.25	9.88

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 30.9.2022	Cumulative Qtr To-date 30.9.2022
Profit attributable to owners of the Company (RM'000)	7,592	22,702
Weighted average number of ordinary shares in issue ('000)	233,568	229,876
Effect of dilution ('000) *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	233,568	229,876
Diluted EPS (Sen)	3.25	9.88

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: 16 November 2022**