

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Unaudited As at 31.3.2022 RM'000	Audited As at 31.12.2021 RM'000
Assets		
Property, plant and equipment	407,271	410,671
Intangible assets	71,194	71,194
Investment in associates	3,166	3,198
Deferred tax assets	24,225	23,595
Receivables	4,881	4,820
Total non-current assets	<u>510,737</u>	<u>513,478</u>
Receivables, deposits and prepayments	185,986	202,551
Contract assets	179,517	146,734
Inventories	180,852	183,713
Current tax assets	9,420	8,332
Derivative assets	-	31
Cash and cash equivalents	261,043	272,972
Total current assets	<u>816,818</u>	<u>814,333</u>
Total assets	<u>1,327,555</u>	<u>1,327,811</u>
Equity		
Share capital	183,848	162,983
Reserves	601,805	597,694
Total equity attributable to owners of the Company	<u>785,653</u>	<u>760,677</u>
Non-controlling interests	16,893	33,594
Total equity	<u>802,546</u>	<u>794,271</u>
Liabilities		
Loans and borrowings	13,972	14,165
Hire Purchase and lease liabilities	23,503	23,799
Deferred tax liabilities	18,230	18,179
Total non-current liabilities	<u>55,705</u>	<u>56,143</u>
Provisions for warranties	43,358	42,600
Payables and accruals	193,573	210,799
Contract liabilities	178,959	165,706
Loans and borrowings	32,819	37,050
Hire Purchase and lease liabilities	13,896	14,565
Current tax liabilities	6,385	6,412
Derivative liabilities	314	265
Total current liabilities	<u>469,304</u>	<u>477,397</u>
Total liabilities	<u>525,009</u>	<u>533,540</u>
Total equity and liabilities	<u>1,327,555</u>	<u>1,327,811</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.42</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 31 MARCH 2022 (1ST QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue	A9	92,029	122,105	92,029	122,105
Cost of sales, other income and operating expenses		(84,525)	(109,262)	(84,525)	(109,262)
Results from operating activities		7,504	12,843	7,504	12,843
Finance income		509	799	509	799
Finance costs		(253)	(316)	(253)	(316)
Operating profit	B5	7,760	13,326	7,760	13,326
Share of profit/(loss) of associates, net of tax		(32)	(622)	(32)	(622)
Profit before tax		7,728	12,704	7,728	12,704
Tax expense	B6	(1,628)	(956)	(1,628)	(956)
Profit for the period		6,100	11,748	6,100	11,748
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		2,092	467	2,092	467
Other comprehensive income for the period, net of tax		2,092	467	2,092	467
Total comprehensive income for the period		8,192	12,215	8,192	12,215
Profit/(loss) attributable to:					
Owners of the Company		6,039	11,828	6,039	11,828
Non-controlling interests		61	(80)	61	(80)
Profit for the period		6,100	11,748	6,100	11,748
Total comprehensive income attributable to:					
Owners of the Company		8,164	12,376	8,164	12,376
Non-controlling interests		28	(161)	28	(161)
Total comprehensive income for the period		8,192	12,215	8,192	12,215
Earnings per ordinary share					
Basic (Sen)	B11	2.70	5.28	2.70	5.28
Diluted (Sen)	B11	2.69	5.28	2.69	5.28

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.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)**

(The figures have not been audited)

	←← Attributable to owners of the Company →→					→ 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
3 months ended 31 March 2022									
As at 1 January 2022	162,983	8,720	22,181	7,837	(3,006)	561,962	760,677	33,594	794,271
Profit/(loss) for the period	-	-	-	-	-	6,039	6,039	61	6,100
Foreign currency translation	-	2,125	-	-	-	-	2,125	(33)	2,092
Total comprehensive income for the period	-	2,125	-	-	-	6,039	8,164	28	8,192
Contribution by and distribution to owners of the Company									
- Share options exercised	4,053	-	-	(4,053)	-	-	-	-	-
- Issue of ordinary shares	16,812	-	-	-	-	-	16,812	-	16,812
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(16,729)	(16,729)
As at 31 March 2022	183,848	10,845	22,181	3,784	(3,006)	568,001	785,653	16,893	802,546
3 months ended 31 March 2021									
As at 1 January 2021	162,983	14,295	22,193	7,250	(21)	531,745	738,445	33,848	772,293
Profit for the period	-	-	-	-	-	11,828	11,828	(80)	11,748
Foreign currency translation	-	548	-	-	-	-	548	(81)	467
Total comprehensive income for the period	-	548	-	-	-	11,828	12,376	(161)	12,215
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	147	-	-	147	-	147
As at 31 March 2021	162,983	14,843	22,193	7,397	(21)	543,573	750,968	33,687	784,655

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.

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 31.3.2022 RM'000	Unaudited Period ended 31.3.2021 RM'000
Cash flows from operating activities		
Profit before tax	7,728	12,704
Adjustments for:		
Allowance for impairment losses	2,555	1,607
Reversal of impairment losses	(503)	(286)
Amortisation of right-of-use assets	627	782
Depreciation of property, plant and equipment	4,036	4,221
Finance costs	253	316
Finance income	(509)	(799)
Loss/(Gain) on disposal of property, plant and equipment	1	(172)
(Gain)/loss on foreign exchange	(2,570)	(4,802)
(Gain)/loss on derivatives	79	236
Property, plant and equipment written off	113	-
Provision for warranties	434	972
Share-based payments	-	147
Share of loss/(profit) of equity accounted associates	32	622
Reversal of provision for warranties	(683)	(113)
Write-back of Inventories	(674)	-
Writedown of inventories	4	-
Operating profit/(loss) before changes in working capital	<u>10,923</u>	<u>15,435</u>
Changes in working capital:		
Inventories	3,531	1,450
Payables and accruals	(3,971)	23,032
Receivables, deposits and prepayments	(17,597)	(33,892)
Cash generated from/(used in) operations	<u>(7,114)</u>	<u>6,025</u>
Interest received	503	788
Interest paid	(223)	(277)
Warranties paid	(261)	(267)
Income tax paid	(3,172)	(3,854)
Net cash generated from/(used in) operating activities	<u>(10,267)</u>	<u>2,415</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(3,561)	(500)
Proceeds from disposal of property, plant and equipment	1	186
Net cash generated from/(used in) investing activities	<u>(3,560)</u>	<u>(314)</u>

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2022 (1ST QUARTER)**

(cont'd)

	Unaudited Period ended 31.3.2022 RM'000	Unaudited Period ended 31.3.2021 RM'000
Cash flows from financing activities		
Proceeds from issue of shares under SIS scheme	16,812	-
Dividend paid to non-controlling interests	(16,729)	-
Net proceeds/(repayment) of loans and borrowings	(4,882)	(7,026)
Net cash generated from/(used in) financing activities	<u>(4,799)</u>	<u>(7,026)</u>
Exchange differences on translation of the financial statements of foreign operations	5,074	2,936
Net increase/(decrease) in cash and cash equivalents	<u>(13,552)</u>	<u>(1,989)</u>
Cash and cash equivalents at 1 January	264,077	303,497
Effect of exchange rate fluctuations on cash held	1,733	903
Cash and cash equivalents at 31 March	<u>252,258</u>	<u>302,411</u>

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

	31.3.2022 RM'000	31.3.2021 RM'000
Cash and bank balances	89,982	85,731
Short Term Investment	118,283	159,076
Deposit placed with licensed banks	52,778	64,476
Cash and cash equivalents per balance sheet	<u>261,043</u>	<u>309,283</u>
Bank overdrafts	(8,785)	(6,872)
	<u>252,258</u>	<u>302,411</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

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 31 MARCH 2022 (1ST 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 31 March 2022, a total of 7,154,000 new ordinary shares were issued at RM2.35 each, pursuant to the exercise of SIS granted in 2017.

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	49,117	18,038	67,155
Outside Malaysia	24,874	-	24,874
	<u>73,991</u>	<u>18,038</u>	<u>92,029</u>
Profit before tax	6,440	1,288	7,728
Segment assets	1,218,437	105,952	1,324,389
Investments in associates	3,166	-	3,166
Total assets	<u>1,221,603</u>	<u>105,952</u>	<u>1,327,555</u>
Segments liabilities	<u>484,950</u>	<u>40,059</u>	<u>525,009</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 20 May 2022, 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 31 December 2021 and up to 20 May 2022.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q1 2022 vs YTD Q1 2021)

The Group reported consolidated revenue of RM92.0 million with profit before tax of RM7.73 million as compared to revenue of RM122.1 million with profit before tax of RM12.7 million in the previous financial year ended 31 March 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.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2022 Q1 vs 2021 Q4)

The Group recorded a revenue of RM92.0 million with profit before tax of RM7.73 million for the current quarter as compared to the revenue of RM199.4 million with profit before tax of RM16.9 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 RM529 million (including order book of Intelligent Automation of RM91 million) as at 20 May 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 31.3.2022 RM'000	Cumulative Qtr To-date 31.3.2022 RM'000
---	--

Operating profit is arrived at after (crediting)/charging the following:

Depreciation and amortization	4,036	4,036
Allowance for impairment loss/(gain)	2,052	2,052
Allowance for slow moving inventories	4	4
Foreign exchange (gain)/loss	(2,570)	(2,570)
(Gain)/loss on derivatives	79	79
(Gain)/loss on disposal of property, plant and equipment	1	1
Other Income	(4,082)	(4,082)
Finance costs	253	253
Interest income	(509)	(509)

--- 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 31.3.2022 RM'000	Cumulative Qtr To-date 31.3.2022 RM'000
Current tax expense		
Malaysian Tax	(971)	(971)
Overseas	(1,086)	(1,086)
	(2,057)	(2,057)
Deferred taxation expense		
Malaysian Tax	277	277
Overseas	152	152
	429	429
Total tax expense	(1,628)	(1,628)

The effective tax rate of the Group for the period ended 31 March 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	533	533
	DKK	24,383	15,319
	AUD	1,954	6,145
	Sub-total		21,997
- Unsecured	RM	10,822	10,822
Total short term borrowings			32,819
b) Long term borrowings			
- Secured	RM	7,459	7,459
	DKK	10,366	6,513
Total long term borrowings			13,972
Total borrowings			46,791

--- 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. DIVIDEND

On 5 May 2022, the Company has declared a first interim tax exempt dividend of 85.0 sen per share amounting to approximately RM198 million in respect of the financial year ending 31 December 2022. The entitlement date has been fixed on 26 May 2022 and payable on 10 June 2022.

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 31.3.2022	Cumulative Qtr To-date 31.3.2022
Profit attributable to owners of the Company (RM'000)	6,039	6,039
Weighted average number of ordinary shares in issue ('000)	224,005	224,005
Basic EPS (Sen)	2.70	2.70

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 31.3.2022	Cumulative Qtr To-date 31.3.2022
Profit attributable to owners of the Company (RM'000)	6,039	6,039
Weighted average number of ordinary shares in issue ('000)	224,005	224,005
Effect of dilution ('000)	759	759
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	224,764	224,764
Diluted EPS (Sen)	2.69	2.69

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: 26 May 2022