



FAVELLE FAVCO BHD (249243-W)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEETS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006 (3RD QUARTER)

	Unaudited As at 30.9.2006 RM'000	Audited As at 31.12.2005 RM'000
Non-Current Assets		
Property, plant and equipment	62,078	61,855
Investment in associates	292	312
Development costs	4,747	6,362
Deferred expenditure	-	350
Other intangible assets	1,167	1,356
	68,284	70,235
Current Assets		
Inventories	93,337	72,850
Amount due from contract customers	161,408	147,258
Trade and other receivables	94,473	81,185
Tax recoverable	2,409	1,799
Cash and cash equivalents	34,816	17,564
	386,443	320,656
Current Liabilities		
Amount due to contract customers	26,156	20,385
Trade and other payables	149,505	125,932
Bills payables	74,445	73,302
Short term borrowings	53,653	44,560
Taxation	414	-
Provisions	7,282	10,406
	311,455	274,585
Net Current Assets	74,988	46,071
	143,272	116,306
Financed by:		
Share capital	84,000	50,000
Reserves	29,786	20,351
Total Equity Attributable to Shareholders of the Company	113,786	70,351
Non-Current Liabilities		
Long term advances due to holding company	-	25,521
Long term borrowings	28,033	18,983
Deferred tax liabilities	1,453	1,451
	143,272	116,306
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.68	1.41

Note 1

Note:

- 1 Net assets per share as at 30 September 2006 is arrived at based on the Group's Net Assets of RM113.786 million over the number of ordinary share of 168,000,020 shares of RM 0.50 each. Net assets per share as at 31 December 2005 was arrived at based on the Group's Net Assets of RM70.351 million over the number of ordinary shares of 50,000,000 shares of RM 1.00 each.
- 2 The condensed consolidated balance sheet should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statement for the financial year ended 31 December 2005 as disclosed in the Prospectus dated 30 June 2006.

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006 (3RD QUARTER)**

(The figures have not been audited)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To date	Preceding Year Corresponding Period
		30.9.2006 RM'000	30.9.2005* RM'000	30.9.2006 RM'000	30.9.2005* RM'000
Revenue	A9	65,280	N/A	236,431	N/A
Cost of sales		(54,152)	N/A	(195,897)	N/A
Gross profit		11,128	N/A	40,534	N/A
Other income		890	N/A	1,207	N/A
Distribution expenses		(1,251)	N/A	(3,727)	N/A
Administrative expenses		(8,049)	N/A	(23,438)	N/A
Other expenses		1,818	N/A	(1,483)	N/A
Profit from operations		4,536	N/A	13,093	N/A
Interest expense		(2,180)	N/A	(5,410)	N/A
Interest income		141	N/A	480	N/A
Share of profit/(loss) after tax and minority interest of associates		13	N/A	(20)	N/A
Profit before taxation		2,510	N/A	8,143	N/A
Income tax expense	B5	(32)	N/A	(623)	N/A
Profit after taxation		2,478	N/A	7,520	N/A
Attributable to:					
Equity holders of the parent		2,478	N/A	7,520	N/A
Minority interests		N/A	N/A	N/A	N/A
		2,478	N/A	7,520	N/A
Earnings per share					
Basic (Sen)	B11	1.68	N/A	6.33	N/A
Diluted (Sen)	B11	1.67	N/A	6.27	N/A

Note:

This is prepared based on the consolidated results of the Group for the financial period ended 30 September 2006 and is to be read in conjunction with the Notes to the Interim Financial Report and the Prospectus dated 30 June 2006.

* This is the first Interim Financial Statements on the consolidated results for the financial period ended 30 September 2006 announced by the Company in compliance with Bursa Malaysia Securities Berhad's ("Bursa Securities") requirements in conjunction with the admission of the Company to the Second Board of Bursa Securities. As this is the first year that the quarterly report is being drawn up, there are no comparative figures for the preceding year's corresponding quarter.



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2006 (3RD QUARTER)**

(The figures have not been audited)

Note	Reserves						
	Non-Distributable			Distributable			
	Share Capital RM'000	Share Premium RM'000	Reserve Attributable to Capital RM'000	Reserve Attributable to Revenue RM'000	Retained Profit RM'000	Sub-total RM'000	Total RM'000
As at 1 January 2005	50,000	-	2,145	15,025	598	17,768	67,768
Change in accounting policy - Effect of adopting FRS 3		-	(2,145)		2,145	-	-
Restated balance	50,000	-	-	15,025	2,743	17,768	67,768
Exchange differences on translation of the financial statements of foreign entities				(4,597)		(4,597)	(4,597)
Net profit for the year	-	-	-	-	7,180	7,180	7,180
As at 31 December 2005/1 January 2006	50,000	-	-	10,428	9,923	20,351	70,351
Issuance of shares	34,000	2,400				2,400	36,400
Corporate exercise expenses		(2,039)				(2,039)	(2,039)
Share-based payment under ESOS			457			457	457
Exchange differences on translation of the financial statements of foreign entities	-	-	-	1,097	-	1,097	1,097
Net profit for the period	-	-	-	-	7,520	7,520	7,520
As at 30 September 2006	84,000	361	457	11,525	17,443	29,786	113,786

Note:

The condensed consolidated statement of changes in equity should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statement for the financial year ended 31 December 2005 and the Prospectus dated 30 June 2006.



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2006 (3RD QUARTER)**

(The figures have not been audited)

	Current Year To date 30.9.2006 RM'000	Preceding Year To date 30.9.2005* RM'000
Net cash generated from/(used in) operating activities	(3,080)	N/A
Net cash generated from/(used in) investing activities	(3,329)	N/A
Net cash generated from/(used in) financing activities	22,781	N/A
Net increase/(decrease) in cash and cash equivalents	16,372	N/A
Cash and cash equivalents at 1 January	5,069	N/A
Currency translation differences	185	N/A
Cash and cash equivalents at 30 September	21,626	N/A

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

	30.9.2006 RM'000	30.9.2005* RM'000
Deposit placed with licensed banks	10,513	N/A
Cash and bank balances	24,303	N/A
Cash and cash equivalents per balance sheet	34,816	N/A
Bank overdrafts	(13,190)	N/A
	21,626	N/A

Note:

The condensed consolidated statement of changes in equity should be read in conjunction with the Notes to the Interim Financial Report and the Group's audited financial statement for the financial year ended 31 December 2005 and the Prospectus dated 30 June 2006

- * This is the first Interim Financial Statements on the consolidated results for the financial period ended 30 September 2006 announced by the Company in compliance with Bursa Malaysia Securities Berhad's ("Bursa Securities") requirements in conjunction with the admission of the Company to the Second Board of Bursa Securities. As this is the first year that the quarterly report is being drawn up, there are no comparative figures for the preceding year's corresponding quarter.



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2006**

A NOTES TO THE INTERIM FINANCIAL REPORT

A1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad ("Listing Requirements"), including compliance with Financial Reporting Standards (FRS) 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB).

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the 2005 audited financial statements, except for the accounting policy changes that are expected to be reflected in the 2006 audited financial statements.

Details of these changes in accounting policies are set out in Note A2. 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 2005.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2005 and the Prospectus dated 30 June 2006.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2006:

FRS 2	Share-based payment
FRS 101	Presentation of financial statements
FRS 102	Inventories
FRS 108	Accounting policies, changes in estimates and errors
FRS 110	Events after the balance sheet date
FRS 116	Property, plant and equipment
FRS 121	The effects of changes in foreign exchange rates
FRS 127	Consolidated and separate financial statements
FRS 128	Investments in associates
FRS 132	Financial instruments: disclosure and presentation
FRS 133	Earnings per share

The following FRS effective for financial period beginning 1 January 2006, were adopted by the Group during the financial year ended 31 December 2005:

FRS 3	Business combinations
FRS 136	Impairment of assets
FRS 138	Intangible assets

The adoption of the above mentioned FRSs during the financial period does not have significant impact on the Group.

The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are summarised below:

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

FRS 2: Share-based Payment

This FRS requires an entity to recognise share-based payment transactions in its financial statements, including transactions with employees or other parties to be settled in cash, other assets, or equity instruments of the entity.

The Company operates an equity-settled, share based compensation plan for the employees of the Group, the Company's Employee Share Option ("ESOS"). Prior to 1 January 2006, no compensation expenses was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expenses relating to share option is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expenses is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by vesting date. The fair value of the share option is computed using black scholes model. At every balance sheet date, the Company revised its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit and loss and a corresponding adjustment to equity over the remaining vesting period. After the vesting date, no adjustment to the income statement is made. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium account when the share options are exercised.

The financial impact to the Group arising from this change in accounting policy is as follows:

	3 months ended		9 months ended	
	30.9.2006	30.9.2005	30.9.2006	30.9.2005
	RM'000	RM'000	RM'000	RM'000
Decrease in profit for the year 2006	457	N/A	457	N/A

FRS 101: Presentation of financial statements and FRS 127 : Consolidated and Separate Financial Statements

The adoption of the revised FRS 101 and FRS 127 have effected the presentation of share of results after tax and minority interest of associates and other disclosures.

Accounting treatment in prior years:

- i) share of results of associates were shown as share of gross results of the associates before tax and minority interests.

Accounting treatment with effect from 1 January 2006, complied with FRS 101 and FRS 127:

- i) share of results of associates are shown as share of net results after tax and minority interest of associates.

The presentation of investment in associates, share of net results of associates and tax expense for the audited financial statements of the Group for the year ended 31 December 2005 has been restated accordingly.

The following comparative figures have been restated:

	As	
	As Restated	Previously Stated
	31.12.2005	31.12.2005
	RM'000	RM'000
1) Consolidated Balance Sheet		
i) Investment in associates	312	312
	<hr/>	<hr/>
	As	
	As Restated	Previously Stated
	31.12.2005	31.12.2005
	RM'000	RM'000
2) Consolidated Income Statement		
i) Share of loss of associates	(78)	(73)
ii) Tax expense	(1,698)	(1,703)
	<hr/>	<hr/>

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the preceding year ended 31 December 2005 were not subject to any qualification.

A4. EXPLANATORY COMMENT ON SEASONALITY OR CYCLICALITY

The Group is strengthening in tandem with the growth in the global oil and gas industry, and has been generating consistent growth in the sale of offshore oil and gas cranes.

A5. EXCEPTIONAL/UNUSUAL ITEMS

There are no exceptional/unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current quarter.

A6. CHANGE IN ESTIMATES

There are no material changes in estimates of amounts that have material effect in the current quarter.

A7. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review:

Date of issue	Par value (RM)	No. of ordinary shares ('000)	Consideration received RM'000
8 August 2006 **	0.50	48,000	26,400

** Public Issue

The consideration received from the Public issue is arrived at based on the new issuance of 48,000,020 new ordinary shares at an issue price of RM0.55 per ordinary share. The Company is officially listed on the Second Board of Bursa Securities on 15 August 2006.

Employees' Share Option Scheme ("ESOS")

The Company had effectively implemented the ESOS on 30 June 2006 pursuant to paragraph 6.30H of the Listing Requirements. The duration of ESOS is 5 years from 30 June 2006 to 29 June 2011.

A8. DIVIDENDS

The directors did not declare any interim dividend for the financial quarter under review.

There is no dividend paid for the financial quarter under review.

A9. SEGMENTAL INFORMATION

The financial information by business segment is not presented as the Group's activities are primarily in the manufacturing and supplying of cranes.

Inside Malaysia RM'000	Outside Malaysia RM'000	Elimina- tions RM'000	Conso- lidated RM'000
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GEOGRAPHICAL SEGMENTS

Revenue from external customers	97,884	138,547	-	236,431
Inter-segment revenue	101,465	79,755	(181,220)	-
Total revenue	199,349	218,302	(181,220)	236,431

A NOTES TO THE INTERIM FINANCIAL REPORT (Cont'd)

A9. SEGMENTAL INFORMATION (Cont'd)

	Inside Malaysia RM'000	Outside Malaysia RM'000	Elimina- tions RM'000	Conso- lidated RM'000
Operating profit	8,563	2,441	2,089	13,093
Interest expense	(4,877)	(1,649)	1,116	(5,410)
Interest income	189	1,414	(1,123)	480
Share of profit/(loss) after tax and minority interest of associates	(20)	-	-	(20)
Profit before taxation	3,855	2,206	2,082	8,143
Segment assets	397,885	237,623	(181,073)	454,435
Investments in associates	292	-	-	292
Investments in joint ventures	-	-	-	-
Total assets	398,177	237,623	(181,073)	454,727
Segments liabilities	268,256	191,557	(118,872)	340,941

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment of the Group and the Company are stated at cost less accumulated depreciation and accumulated impairment losses, if any. None of the property, plant and equipment are stated at valuation.

A11. MATERIAL SUBSEQUENT EVENT

There were no material event subsequent to the current financial quarter ended 30 September 2006 up to 21 November 2006, 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 except for the following:

- (a) On 28 July 2006, the Company had set up a wholly-owned subsidiary in Labuan, namely Favelle Favco Cranes International Ltd. ("FFCIL") with a total issued and paid-up share capital of USD2.00. The principal activity of FFCIL is an investment holding company. FFCIL is currently dormant.

A13. CONTINGENT LIABILITIES/ASSETS AS AT 30 SEPTEMBER 2006

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	24,688
Performance guarantee granted to subsidiary companies	78,903
	103,591

There were no contingent assets as at 30 September 2006.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 2006 and up to the date of this report.

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

B1. REVIEW OF THE GROUP PERFORMANCE

For the current period ended 30 September 2006, the Group recorded revenue of RM236.431 million attributed to the increase customers order from export market as well as successful marketing efforts. In line with the revenue recorded, the Group recorded a profit before taxation of RM8.143 million.

The effective tax rate of the Group is also lower as the profits from crane revenue in Malaysia are enjoying tax exemption from pioneer status.

The improvement in net profit of the Group is also contributed by the increase in order books of the Group, in tandem with the growth in global oil and gas industry.

As at 21 November 2006, the total secured crane order book outstanding is approximately RM360 million.

B2. COMPARISON WITH PRECEDING QUARTER RESULT

As this is the first year that the quarterly report is being drawn up, there are no comparative figures for the preceding year's corresponding quarter.

B3. GROUP'S CURRENT YEAR PROSPECT

Barring any unforeseen circumstances, the Board is confident and optimistic that the performance of the Group will be satisfactory in year 2006. The Group had sufficient outstanding crane order, which will contribute positively to the performance of the Group.

B4. PROFIT FORECAST

Save for the profit forecast issued in Favco's prospectus dated 30 June 2006, the Group did not issued any forecast for the current financial quarter. Disclosure on explanatory for the variance between actual and forecast results would only be required in the final quarter results announcement for the financial year ending 31 December 2006.

B5. TAX CHARGES

The effective tax rate of the Group for the year ended 31 December 2005 is lower than the local statutory tax rate mainly due to tax exempt income from pioneer status granted by the relevant authorities.

B6. PROFIT ON SALE OF UNQUOTED INVESTMENT AND/OR PROPERTIES

There is no profit on sale of investment and/or properties during the period under review.

B7. CORPORATE PROPOSAL

As at 16 November 2006, the following are the details of the utilization of the IPO proceeds:-

	Proposed Utilization of IPO proceeds RM'000	Utilised to date RM'000	Balance RM'000
Repayment of bank borrowings	10,000	10,000	-
Repayment of net amount owing to holding company	8,500	8,500	-
Research & development	3,000	-	3,000
Listing expenses	2,000	2,000	-
Working capital	2,900	2,900	-
	<u>26,400</u>	<u>23,400</u>	<u>3,000</u>

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

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured	RM	2,112	2,112
	USD	424	1,563
	DKK	12,612	7,921
	Sub-total		11,596
Unsecured	RM	35,797	35,797
	AUD	434	1,196
	USD	1,253	4,620
	Sub-total		41,613
b) Hire purchase and finance lease	RM	236	236
	USD	1	4
	AUD	74	204
	Sub-total		444
Total short term borrowings			53,653
a) Long term borrowings			
Secured	RM	16,890	16,890
Unsecured	RM	10,201	10,201
	Sub-total		27,091
b) Hire purchase and finance lease	RM	717	717
	AUD	35	96
	USD	35	129
	Sub-total		942
Total long term borrowings			28,033
Total borrowings			81,686

B9. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The following foreign currency forward contracts are outstanding as at 16 November 2006:

← Principal Foreign Currency →	Contracted	Equivalent	Maturity
Sell	Exchange	Currency	date
Amount	Rate	000	
000			
US Dollar	3.6746 - 3.6872	RM 51,827	Nov'06 - Jan'07
US Dollar	1.3132 - 1.3434	AUD 7,970	Mar'07 - Sep'07
<u>USD 14,100</u>			
<u>USD 6,000</u>			
<u>USD 20,100</u>			

Transactions in foreign currencies during the period are recorded in Ringgit Malaysia at rates ruling on transaction dates or at contracted rates where applicable. All gain and losses are dealt with through the income statement upon realisation. There is minimal credit and market risk because the contracts are hedged with reputable banks.

B10. CHANGES IN MATERIAL LITIGATION

There are no material litigations that have material effect to the Group for the current quarter.

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

B11. EARNING PER 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 30.9.2006	Cumulative Qtr To-date 30.9.2006
Net profit for the period (RM'000)	2,478	7,520
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	147,130	118,813
Basic EPS (Sen)	1.68	6.33

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 30.9.2006	Cumulative Qtr To-date 30.9.2006
Net profit for the period (RM'000)	2,478	7,520
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	148,294	119,976
Effect of dilution ('000)		
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	148,294	119,976
Diluted EPS (Sen)	1.67	6.27

B12. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 November 2006.

ON BEHALF OF THE BOARD

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Klang
28 November 2006