



**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS  
FOR THE QUARTER ENDED 31 MARCH 2007 (1ST QUARTER)**

	Unaudited As at 31.03.2007 RM'000	Audited As at 31.12.2006 RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	65,242	64,797
Intangible assets	5,963	6,665
Investment in associates	92	116
	71,297	71,578
<b>Current Assets</b>		
Trade and other receivables	91,249	106,710
Amount due from contract customers	120,443	136,326
Inventories	102,849	90,543
Tax recoverable	1,554	1,904
Cash and cash equivalents	50,582	27,208
	366,677	362,691
<b>Current Liabilities</b>		
Provisions	4,504	4,598
Trade and other payables	128,399	125,312
Amount due to contract customers	43,818	33,866
Loans and borrowings	115,639	125,651
Tax payable	21	117
	292,381	289,544
<b>Net Current Assets</b>	74,296	73,147
<b>Non-Current Liabilities</b>		
Long term borrowings	25,077	27,278
Deferred tax liabilities	2,286	2,324
	27,363	29,602
<b>Net Assets</b>	118,230	115,123
<b>Total Equity Attributable to Shareholders of the Company</b>		
Share capital	84,000	84,000
Reserves	34,230	31,123
<b>Total Equity</b>	118,230	115,123
<b>Net assets per share attributable to ordinary equity holders of the parent (RM)</b>	0.70	0.69

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2007 (1ST 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
		31.03.2007 RM'000	31.03.2006* RM'000	31.03.2007 RM'000	31.03.2006* RM'000
<b>Revenue</b>	A9	72,139	N/A	72,139	N/A
Cost of sales		(59,719)	N/A	(59,719)	N/A
<b>Gross profit</b>		12,420	N/A	12,420	N/A
Other income		2,514	N/A	2,514	N/A
Distribution expenses		(1,215)	N/A	(1,215)	N/A
Administrative expenses		(7,931)	N/A	(7,931)	N/A
Other expenses		-	N/A	-	N/A
<b>Profit from operations</b>		5,788	N/A	5,788	N/A
Interest expense		(2,121)	N/A	(2,121)	N/A
Interest income		270	N/A	270	N/A
Share of profit/(loss) after tax and minority interest of associates		(25)	N/A	(25)	N/A
<b>Profit before taxation</b>		3,912	N/A	3,912	N/A
Income tax expense	B5	(410)	N/A	(410)	N/A
<b>Profit after taxation</b>		3,502	N/A	3,502	N/A
<b>Attributable to:</b>					
Equity holders of the parent		3,502	N/A	3,502	N/A
Minority interests		N/A	N/A	N/A	N/A
		3,502	N/A	3,502	N/A
<b>Earnings per share</b>					
Basic (Sen)	B12	2.08	N/A	2.08	N/A
Diluted (Sen)	B12	2.01	N/A	2.01	N/A

\* As the Group was only listed on 15 August 2006, there are no comparative consolidated figures for the preceding year's corresponding quarter.

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 MARCH 2007 (1ST QUARTER)**

(The figures have not been audited)

	Non-Distributable		Reserves			Sub-total RM'000	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Share Option Reserves RM'000	Retained Earnings RM'000		
<b>3 months period ended 31 March 2007</b>							
<b>As at 1 January 2007</b>	84,000	338	10,537	457	19,791	31,123	115,123
Issuance of shares						-	-
Share-based payment under ESOS				163		163	163
Exchange differences on translation of the financial statements of foreign entities	-	-	(558)	-	-	(558)	(558)
Net profit for the period	-	-	-	-	3,502	3,502	3,502
<b>As at 31 March 2007</b>	<b>84,000</b>	<b>338</b>	<b>9,979</b>	<b>620</b>	<b>23,293</b>	<b>34,230</b>	<b>118,230</b>
<b>3 months period ended 31 March 2006*</b>							
<b>As at 1 January 2006</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Exchange differences on translation of the financial statements of foreign entities	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net profit for the period	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>As at 31 March 2006</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

\* As the Group was only listed on 15 August 2006, there are no comparative consolidated figures for the preceding year's corresponding quarter.

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE QUARTER ENDED 31 MARCH 2007 (1ST QUARTER)  
(The figures have not been audited)**

	Current Year To date 31.03.2007 RM'000	Preceding Year To date 31.03.2006* RM'000
<b>Net cash generated from/(used in) operating activities</b>	32,027	N/A
<b>Net cash generated from/(used in) investing activities</b>	(1,978)	N/A
<b>Net cash generated from/(used in) financing activities</b>	(4,324)	N/A
<b>Net increase/(decrease) in cash and cash equivalents</b>	25,725	N/A
<b>Cash and cash equivalents at 1 January</b>	13,556	N/A
<b>Currency translation differences</b>	(406)	N/A
<b>Cash and cash equivalents at 31 March</b>	38,875	N/A

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

	31.03.2007 RM'000	31.03.2006* RM'000
Deposit placed with licensed banks	9,581	N/A
Cash and bank balances	41,001	N/A
Cash and cash equivalents per balance sheet	50,582	N/A
Bank overdrafts	(11,707)	N/A
	38,875	N/A

\* As the Group was only listed on 15 August 2006, there are no comparative consolidated figures for the preceding year's corresponding quarter.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



**FAVELLE FAVCO BHD** (249243-W)

(Incorporated in Malaysia)

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE YEAR ENDED 31 MARCH 2007**

**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 significant accounting policies and methods of computation adopted by the Group in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2006, except for the accounting policy changes that are expected to be reflected in the 2007 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 2006.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 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 2006 except for the adoption of the following new/revised FRSs effective for financial period beginning 1 January 2007:

FRS 124	Related Party Disclosures
Amendment to FRS 119 <sub>2004</sub>	Employee Benefits-Actuarial Gains and Losses, Group Plans and Disclosures

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

**A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS**

The audited financial statements of the Company for the preceding year ended 31 December 2006 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.

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

### 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

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
<b>GEOGRAPHICAL SEGMENTS</b>				
Revenue from external customers	28,638	43,501	-	72,139
Inter-segment revenue	22,908	22,019	(44,927)	-
<b>Total revenue</b>	<b>51,546</b>	<b>65,520</b>	<b>(44,927)</b>	<b>72,139</b>
<b>Operating profit</b>	<b>3,944</b>	<b>2,319</b>	<b>(475)</b>	<b>5,788</b>
Interest expense	(2,182)	(387)	448	(2,121)
Interest income	99	614	(443)	270
Share of profit/(loss) after tax and minority interest of associates	(25)	-	-	(25)
<b>Profit before taxation</b>	<b>1,836</b>	<b>2,546</b>	<b>(470)</b>	<b>3,912</b>
Segment assets	406,753	261,376	(230,247)	437,882
Investments in associates	92	-	-	92
<b>Total assets</b>	<b>406,845</b>	<b>261,376</b>	<b>(230,247)</b>	<b>437,974</b>
Segments liabilities	274,624	211,678	(166,558)	319,744

### 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 subsequent event from the end of the quarter to 21 May 2007, 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.

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

### A13. CONTINGENT LIABILITIES/ASSETS AS AT 31 MARCH 2007

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	49,455
Performance guarantee granted to subsidiary companies	121,078
	<u>170,533</u>

There were no contingent assets as at 31 March 2007.

### A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 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 31 March 2007, the Group recorded revenue of RM72.139 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 RM3.912 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 the revenue as well as the improvement in the operation efficiency from the Group's completed operation restructuring plan.

### B2. COMPARISON WITH PRECEDING QUARTER RESULT (2007 Q1 vs 2006 Q4)

The Group recorded a profit before taxation of RM3.9 million for the current quarter as compared to the profit before taxation of RM2.8 million in the preceding quarter. The increase was mainly attributable to higher other income and lower administrative cost.

### B3. GROUP'S CURRENT YEAR PROSPECT

As at 21 May 2007, the total secured outstanding order book in hand of the Group is RM489 million, of which 66% comprises of offshore pedestal cranes mainly spurred from the capital development of the global oil and gas industry especially from the global offshore oil and gas exploration activities.

In view of the present secured order book in hand and the Group's completed operation restructuring plan, the Group is poised for further improvement in performance in year 2007.

### B4. PROFIT FORECAST

The Group did not issue any forecast for the current financial year.

### B5. TAX EXPENSE

	Current Quarter 31.03.2007 RM'000	Cumulative Qtr To-date 31.03.2007 RM'000
<b>Current tax</b>		
<b>Malaysian Tax</b>	(400)	(400)
<b>Overseas</b>	(10)	(10)
<b>Deferred taxation</b>	-	-
	<u>(410)</u>	<u>(410)</u>

The effective tax rate of the Group for the year ended 31 March 2007 is lower than the local statutory tax rate mainly due to tax exempt income from pioneer status enjoyed by the the local subsidiary granted by the relevant authorities.

### B6. SALES OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no sales of unquoted investments and properties in the current quarter.

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

**B7. QUOTED SECURITIES**

There was no purchase or disposal of quoted securities in the current quarter.

**B8. CORPORATE PROPOSAL**

**Status of Corporate Proposal**

Save for the following outstanding proposals, there is no other proposal announced but pending implementation as at the date of this report:

- a) Proposed share buy-back of up to ten percent (10%) of the issued and paid-up capital of FFB at any point in time, which was announced on 14 May 2007;
- b) Proposed shareholders' ratification for recurrent related party transactions of a revenue or trading nature entered into by FFB Group with the related parties from 15 August 2006 (being the date of listing on Bursa Securities) to the date of the forthcoming extraordinary general meeting scheduled to be held sometime in June 2007, which was announced on 14 May 2007;
- c) Proposed shareholders' mandate for recurrent related party transactions of a revenue or trading nature entered into by FFB Group with the related parties from the date of the forthcoming extraordinary general meeting scheduled to be held sometime in June 2007 to the conclusion of the next annual general meeting, which was announced on 14 May 2007; and
- d) Proposed amendments to the Articles of Association of the Company, which was announced on 14 May 2007.
- e) On behalf of the Board, RHB Investment Bank Berhad (formerly known as RHB Sakura Merchant Bankers Berhad) ("RHB INVESTBANK") on 24 May 2007 announce that FFB is proposing to seek a transfer of the listing of and quotation for its entire issued and paid-up share capital from the Second Board to the Main Board of Bursa Securities ("Proposed Transfer Listing").

**Status of Utilisation of Proceeds**

As at 21 May 2007, 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	1,638	1,362
Listing expenses	2,000	2,000	-
Working capital	2,900	2,900	-
	<u>26,400</u>	<u>25,038</u>	<u>1,362</u>

**B9. GROUP BORROWINGS AND DEBT SECURITIES**

- a) Short term borrowings
  - Secured
  - Unsecured
- b) Hire purchase and finance lease

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings Secured	RM	2,112	2,112
	DKK	11,177	6,903
	Sub-total		9,015
Unsecured	RM	100,881	100,881
	AUD	30	84
	SGD	2,251	5,126
	Sub-total		106,091
b) Hire purchase and finance lease	RM	301	301
	AUD	77	215
	SGD	8	17
	Sub-total		533
<b>Total short term borrowings</b>			<b>115,639</b>



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

**B9. GROUP BORROWINGS AND DEBT SECURITIES (Cont'd)**

	Foreign currency		RM'000
	Currency	Amount	
a) Long term borrowings			
Secured			
	RM	15,840	15,840
	DKK	1,436	887
	Sub-total		16,727
Unsecured			
	RM	7,200	7,200
	Sub-total		7,200
b) Hire purchase and finance lease			
	RM	981	981
	SGD	44	100
	AUD	25	69
	Sub-total		1,150
<b>Total long term borrowings</b>			<b>25,077</b>
<b>Total borrowings</b>			<b>140,716</b>

**B10. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK**

The following foreign currency forward contracts are outstanding as at 21 May 2007:

← Principal Foreign Currency →	Forward Contracted	Equivalent	Maturity	
Sell	Exchange	Currency	date	
Amount	Rate	000		
000				
US Dollar	USD 22,800	3.4515 - 3.4571	RM 78,741	May' 2007
US Dollar	USD 30,900	3.3890 - 3.4498	RM 106,129	Jun' 2007
US Dollar	USD 2,000	1.2763	AUD 2,553	Jun' 2007
US Dollar	USD 3,000	3.3938	RM 10,181	Jul' 2007
Australian Dollar	AUD 2,000	2.8005	RM 5,601	Jul' 2007
US Dollar	USD 2,500	1.3434	AUD 3,358	Sept' 2007

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.

**B11. CHANGES IN MATERIAL LITIGATION**

There are no material litigations that have material effect to the Group as at 21 May 2007.

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

**B12. 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 31.03.2007	Cumulative Qtr To-date 31.03.2007
Net profit for the period (RM'000)	3,502	3,502
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	168,000	168,000
Basic EPS (Sen)	2.08	2.08

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 31.03.2007	Cumulative Qtr To-date 31.03.2007
Net profit for the period (RM'000)	3,502	3,502
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	168,000	168,000
Effect of dilution ('000)	5,823	5,823
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	173,823	173,823
Diluted EPS (Sen)	2.01	2.01

**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 23 May 2007.

**ON BEHALF OF THE BOARD**

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**Klang**  
**24 May2007**