



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS
FOR THE PERIOD ENDED 30 JUNE 2007 (2ND QUARTER)**

	Unaudited As at 30.06.2007 RM'000	Audited As at 31.12.2006 RM'000
Non-Current Assets		
Property, plant and equipment	64,813	64,797
Intangible assets	5,406	6,665
Investment in associates	73	116
	70,292	71,578
Current Assets		
Trade and other receivables	118,939	106,710
Amount due from contract customers	121,728	136,326
Inventories	114,909	90,543
Tax recoverable	1,256	1,904
Cash and cash equivalents	47,623	27,208
	404,455	362,691
Current Liabilities		
Provisions	5,113	4,598
Trade and other payables	135,730	125,312
Amount due to contract customers	66,246	33,866
Loans and borrowings	118,551	125,651
Tax payable	857	117
	326,497	289,544
Net Current Assets	77,958	73,147
Non-Current Liabilities		
Long term borrowings	22,550	27,278
Deferred tax liabilities	2,311	2,324
	24,861	29,602
Net Assets	123,389	115,123



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CONDENSED CONSOLIDATED BALANCE SHEETS

FOR THE PERIOD ENDED 30 JUNE 2007 (2ND QUARTER) (continued)

	Unaudited As at 30.06.2007 RM'000	Audited As at 31.12.2006 RM'000
Total Equity Attributable to Shareholders of the Company		
Share capital	84,000	84,000
Reserves	39,410	31,123
Treasury Shares	(21)	
Total Equity	123,389	115,123
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.73	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 PERIOD ENDED 30 JUNE 2007 (2ND QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.06.2007	30.06.2006	30.06.2007	30.06.2006
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	124,871	74,657	197,010	171,151
Cost of sales		(110,376)	(61,250)	(170,095)	(141,745)
Gross profit		14,495	13,407	26,915	29,406
Other income		2,989	-	5,503	-
Distribution expenses		(1,557)	(998)	(2,772)	(2,476)
Administrative expenses		(8,597)	(7,894)	(16,528)	(15,389)
Other expenses		-	66	-	(2,984)
Profit from operations		7,330	4,581	13,118	8,557
Interest expense		(2,098)	(1,463)	(4,219)	(3,230)
Interest income		314	56	584	339
Share of profit/(loss) after tax and minority interest of associates		(18)	(21)	(43)	(33)
Profit before taxation		5,528	3,153	9,440	5,633
Income tax expense	B5	(1,245)	(591)	(1,655)	(591)
Profit after taxation		4,283	2,562	7,785	5,042
Attributable to:					
Equity holders of the parent		4,283	2,562	7,785	5,042
Minority interests		N/A	N/A	N/A	N/A
		4,283	2,562	7,785	5,042
Earnings per share					
Basic (Sen)	B12	2.55	2.35	4.63	4.82
Diluted (Sen)	B12	2.43	N/A	4.41	N/A

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 PERIOD ENDED 30 JUNE 2007 (2ND QUARTER)**

(The figures have not been audited)

			Reserves				Sub-total RM'000	Treasury Shares RM'000	Total RM'000
	Non-Distributable		Distributable						
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Share Option Reserves RM'000	Retained Earnings RM'000				
6 months period ended 30 June 2007									
As at 1 January 2007	84,000	338	10,537	457	19,791	31,123	-	115,123	
Issuance of shares	-	-	-	-	-	-	-	-	
Corporate exercise expenses	-	-	-	-	-	-	-	-	
Share-based payment under ESOS	-	-	-	327	-	327	-	327	
Exchange differences on translation of the financial statements of foreign entities	-	-	175	-	-	175	-	175	
Net profit for the period	-	-	-	-	7,785	7,785	-	7,785	
Treasury shares acquired	-	-	-	-	-	-	(21)	(21)	
As at 30 June 2007	84,000	338	10,712	784	27,576	39,410	(21)	123,389	
6 months period ended 30 June 2006									
As at 1 January 2006	50,000	-	10,428	-	9,923	20,351	-	70,351	
Issuance of shares	10,000	-	-	-	-	-	-	10,000	
Exchange differences on translation of the financial statements of foreign entities	-	-	875	-	-	875	-	875	
Net profit for the period	-	-	-	-	5,042	5,042	-	5,042	
As at 30 June 2006	60,000	-	11,303	-	14,965	26,268	-	86,268	

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 PERIOD ENDED 30 JUNE 2007 (2ND QUARTER)
(The figures have not been audited)**

	Current Year To date 30.06.2007 RM'000	Preceding Year To date 30.06.2006 RM'000
Net cash generated from/(used in) operating activities	31,793	(10,102)
Net cash generated from/(used in) investing activities	(2,980)	(3,244)
Net cash generated from/(used in) financing activities	(6,035)	6,618
Net increase/(decrease) in cash and cash equivalents	22,778	(6,728)
Cash and cash equivalents at 1 January	13,556	5,069
Currency translation differences	138	150
Cash and cash equivalents at 30 June	36,472	(1,509)

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

	30.06.2007 RM'000	30.06.2006 RM'000
Cash and bank balances	42,463	11,801
Deposit placed with licensed banks	5,160	-
Cash and cash equivalents per balance sheet	47,623	11,801
Bank overdrafts	(11,151)	(13,310)
	36,472	(1,509)

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 PERIOD ENDED 30 JUNE 2007 (2ND QUARTER)**

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 ₂₀₀₄	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.

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

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

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review except for the following:-

- a) Repurchased a total of 10,000 ordinary shares of its issued capital from the open market for a total consideration of RM20,576 at an average cost of RM2.06 per share. The repurchased transactions were financed by internally generated funds, The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

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
GEOGRAPHICAL SEGMENTS				
Revenue from external customers	80,736	116,274	-	197,010
Inter-segment revenue	44,642	35,308	(79,950)	-
Total revenue	125,378	151,582	(79,950)	197,010
Operating profit	5,822	9,083	(1,787)	13,118
Interest expense	(4,271)	(825)	877	(4,219)
Interest income	204	1,251	(871)	584
Share of profit/(loss) after tax and minority interest of associates	(43)	-	-	(43)
Profit before taxation	1,712	9,509	(1,781)	9,440

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
GEOGRAPHICAL SEGMENTS				
Segment assets	423,087	250,928	(199,341)	474,674
Investments in associates	73	-	-	73
Total assets	423,160	250,928	(199,341)	474,747
Segments liabilities	291,270	194,428	(134,340)	351,358

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 16 August 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.

A13. CONTINGENT LIABILITIES/ASSETS AS AT 30 JUNE 2007

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	36,651
Performance guarantee granted to subsidiary companies	119,661
	156,312

There were no contingent assets as at 30 June 2007.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2007 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 June 2007, the Group recorded revenue of RM197.010 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 RM9.440 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 Q2 vs 2007 Q1)

The Group recorded a profit before taxation of RM5.5 million for the current quarter as compared to the profit before taxation of RM3.9 million in the preceding quarter. The increase was mainly attributable to increase in crane selling price and higher spare parts sales.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 16 August 2007, the total secured outstanding order book in hand of the Group is RM557 million, of which 62% 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 tax
 Malaysian Tax
 Overseas
Deferred taxation

Current Quarter 30.06.2007 RM'000	Cumulative Qtr To-date 30.06.2007 RM'000
(350)	(750)
(895)	(905)
-	-
(1,245)	(1,655)

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

B5. TAX EXPENSE (Cont'd)

The effective tax rate of the Group for the year ended 30 June 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 is no sales of unquoted investments and/or properties during the period under review.

B7. QUOTED SECURITIES

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

B8. CORPORATE PROPOSAL

Status of Utilisation of Proceeds

As at 16 August 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

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured	RM	2,112	2,112
	DKK	11,995	7,484
	Sub-total		9,596
Unsecured	RM	101,656	101,656
	AUD	629	1,842
	SGD	2,192	4,940
	Sub-total		108,438
b) Hire purchase and finance lease	RM	311	311
	AUD	67	196
	SGD	5	10
	Sub-total		517
Total short term borrowings			118,551

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	15,312	15,312
		DKK	703	438
		Sub-total		15,750
	Unsecured			
		RM	5,700	5,700
		Sub-total		5,700
b)	Hire purchase and finance lease			
		RM	959	959
		SGD	44	100
		AUD	14	41
		Sub-total		1,100
Total long term borrowings				22,550
Total borrowings				141,101

B10. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK

The outstanding foreign exchange forward contracts of the Group with maturity date within 1 year, as at 16 August 2007 are as follows:

Principal Foreign Currency	Forward	Equivalent
Sell	Contracted	Currency
Amount	Exchange	Currency
000	Rate	000
US Dollar USD 33,800	3.4292 - 3.4694	RM 116,771
US Dollar USD 60,500	3.4038 - 3.5008	RM 208,888
US Dollar USD 1,057	1.3434	AUD 1,420
US Dollar USD 10,000	3.4269	RM 34,269

The difference between the above forward foreign contracts and the prevailing exchange rate would be recognised in the income statement upon realisation of the related receipts or payments, or upon maturity, whichever is earlier. 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 16 August 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 30.06.2007	Cumulative Qtr To-date 30.06.2007
Net profit for the period (RM'000)	4,283	7,785
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	168,000	168,000
Basic EPS (Sen)	2.55	4.63

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 30.06.2007	Cumulative Qtr To-date 30.06.2007
Net profit for the period (RM'000)	4,283	7,785
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)	8,437	8,437
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	176,437	176,437
Diluted EPS (Sen)	2.43	4.41

B13. 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 22 August 2007.

ON BEHALF OF THE BOARD

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Klang

23 August 2007