



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS

FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (3RD QUARTER)

	Unaudited As at 30.9.2007 RM'000	Audited As at 31.12.2006 RM'000
Non-Current Assets		
Property, plant and equipment	64,488	64,797
Intangible assets	4,729	6,665
Investment in associates	64	116
	69,281	71,578
Current Assets		
Trade and other receivables	114,493	106,710
Amount due from contract customers	148,221	136,326
Inventories	140,505	90,543
Tax recoverable	1,405	1,904
Cash and cash equivalents	56,425	27,208
	461,049	362,691
Current Liabilities		
Provisions	5,505	4,598
Trade and other payables	176,757	125,312
Amount due to contract customers	78,953	33,866
Loans and borrowings	118,538	125,651
Tax payable	1,184	117
	380,937	289,544
Net Current Assets	80,112	73,147
Non-Current Liabilities		
Long term borrowings	20,112	27,278
Deferred tax liabilities	2,260	2,324
	22,372	29,602
Net Assets	127,021	115,123
Total Equity Attributable to Shareholders of the Company		
Share capital	84,977	84,000
Reserves	42,065	31,123
Less: Treasury Shares	(21)	
Total Equity	127,021	115,123
Net assets per share attributable to ordinary equity holders of the parent (RM)	0.75	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 SEPTEMBER 2007 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2007 RM'000	30.9.2006 RM'000	30.9.2007 RM'000	30.9.2006 RM'000
Revenue	A9	124,031	65,280	321,041	236,431
Cost of sales		(109,709)	(54,152)	(279,804)	(195,897)
Gross profit		14,322	11,128	41,237	40,534
Other income		3,525	890	9,028	1,207
Distribution expenses		(1,636)	(1,251)	(4,408)	(3,727)
Administrative expenses		(9,535)	(8,049)	(26,063)	(23,438)
Other expenses		-	1,818	-	(1,483)
Profit from operations		6,676	4,536	19,794	13,093
Interest expense		(1,972)	(2,180)	(6,191)	(5,410)
Interest income		383	141	967	480
Share of profit/(loss) after tax and minority interest of associates		(9)	13	(52)	(20)
Profit before taxation		5,078	2,510	14,518	8,143
Income tax expense	B5	(249)	(32)	(1,904)	(623)
Profit after taxation		4,829	2,478	12,614	7,520
Attributable to:					
Equity holders of the parent		4,829	2,478	12,614	7,520
Minority interests		N/A	N/A	N/A	N/A
		4,829	2,478	12,614	7,520
Earnings per share					
Basic (Sen)	B12	2.87	1.68	7.46	6.33
Diluted (Sen)	B12	2.76	1.67	7.19	6.27

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 SEPTEMBER 2007 (3RD QUARTER)**

(The figures have not been audited)

	Non-Distributable		Reserves		Distributable		Treasury Shares 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	Sub-total RM'000		
9 months period ended 30 September 2007								
As at 1 January 2007	84,000	338	10,537	457	19,791	31,123	-	115,123
Issuance of shares	977	98	-	-	-	98	-	1,075
Corporate exercise expenses	-	-	-	-	-	-	-	-
Transfer to share premium for share options exercised	-	430	-	(430)	-	-	-	-
Share-based payment under ESOS	-	-	-	1,039	-	1,039	-	1,039
Exchange differences on translation of the financial statements of foreign entities	-	-	151	-	-	151	-	151
Net profit for the period	-	-	-	-	12,614	12,614	-	12,614
Treasury shares acquired	-	-	-	-	-	-	(21)	(21)
Dividends to shareholders	-	-	-	-	(2,960)	(2,960)	-	(2,960)
As at 30 September 2007	84,977	866	10,688	1,066	29,445	42,065	(21)	127,021
9 months period ended 30 September 2006								
As at 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	11,525	457	17,443	29,786	-	113,786

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 SEPTEMBER 2007 (3RD QUARTER)
(The figures have not been audited)**

	Current Year To date 30.9.2007 RM'000	Preceding Year To date 30.9.2006 RM'000
Net cash generated from/(used in) operating activities	48,927	(3,080)
Net cash generated from/(used in) investing activities	(3,557)	(3,329)
Net cash generated from/(used in) financing activities	(19,108)	22,781
Net increase/(decrease) in cash and cash equivalents	26,262	16,372
Cash and cash equivalents at 1 January	13,556	5,069
Currency translation differences	(564)	185
Cash and cash equivalents at 30 September	39,254	21,626

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

	30.9.2007 RM'000	30.9.2006 RM'000
Cash and bank balances	48,252	24,303
Deposit placed with licensed banks	8,173	10,513
Cash and cash equivalents per balance sheet	56,425	34,816
Bank overdrafts	(17,171)	(13,190)
	39,254	21,626

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 SECOND QUARTER ENDED 30 SEPTEMBER 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 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.

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.

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

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:-

Employees' Share Option Scheme ("ESOS")

- a) During the current quarter ended 30 September 2007, a total of 1,955,000 new ordinary shares of RM0.50 each were issued at RM0.55 each, pursuant to the exercise of ESOS.
- b) On 30 June 2007, 391,000 share options were granted to eligible employees of the Company under the Company's ESOS. Each option gives the holders the right to subscribe for one ordinary share of RM0.50 each of the Company. The duration of ESOS is 4 years from 30 June 2007 to 29 June 2011. The exercise price is RM1.90, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

A8. DIVIDENDS

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

A first & final tax-exempt dividend of 1.75sen (3.5%) per ordinary share of RM0.50 each totalling RM2.960 million in respect of the year ended 31 December 2006 was paid on 24 September 2007.

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	131,123	189,918	-	321,041
Inter-segment revenue	63,298	52,240	(115,538)	-
Total revenue	194,421	242,158	(115,538)	321,041
Operating profit	6,499	15,230	(1,935)	19,794
Interest expense	(6,234)	(662)	705	(6,191)
Interest income	365	1,297	(695)	967
Share of profit/(loss) after tax and minority interest of associates	(52)	-	-	(52)
Profit before taxation	578	15,865	(1,925)	14,518
Segment assets	442,094	278,243	(190,071)	530,266
Investments in associates	64	-	-	64
Total assets	442,158	278,243	(190,071)	530,330
Segments liabilities	312,575	215,660	(124,926)	403,309

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

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 November 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 under review except for the following:-

- a) On 6 September 2007, the Company enter into Sales and Purchase Agreement to acquire 10 ordinary shares of RM1.00 each representing 100% equity interest in Favelle Favco Rentals Sdn Bhd ("FFR") from its holding company, Muhibbah Engineering (M) Berhad ("MEB") at a cash purchase consideration of RM2,800.00. FFR shall then become a wholly-owned subsidiary and subsequently changed its name to Favelle Favco Equipment Services Sdn Bhd ("FFES") on 1 November 2007.

The principal activity of FFES is servicing and renting of crane and sales of spare parts. FFES is currently dormant.

A13. CONTINGENT LIABILITIES/ASSETS AS AT 30 SEPTEMBER 2007

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	79,504
Performance guarantee granted to subsidiary companies	118,296
	<u>197,800</u>

There were no contingent assets as at 30 September 2007.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 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 September 2007, the Group recorded revenue of RM321.041 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 RM14.518 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 Q3 vs 2007 Q2)

The Group recorded a profit before taxation of RM5.078 million for the current quarter as compared to the profit before taxation of RM5.528 million in the preceding quarter. The decrease was mainly attributable to increase in share-based payment under existing ESOS and ESOS granted on 30 June 2007.

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

B3. GROUP'S CURRENT YEAR PROSPECT

As at 21 November 2007, the total secured outstanding order book in hand of the Group is RM559 million, of which 70% 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 30.09.2007 RM'000	Cumulative Qtr To-date 30.09.2007 RM'000
Current tax expense		
Malaysian Tax	-	(750)
Overseas	(301)	(1,206)
	(301)	(1,956)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	52	52
	52	52
Total tax expense	(249)	(1,904)

The effective tax rate of the Group for the year ended 30 September 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 21 November 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>

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

B9. GROUP BORROWINGS AND DEBT SECURITIES

		Foreign currency		RM'000
		Currency	Amount	
a)	Short term borrowings			
	Secured	RM	2,112	2,112
		DKK	20,107	13,028
		USD		
		Sub-total		15,140
	Unsecured	RM	96,429	96,429
		AUD	376	1,130
		SGD	2,329	5,339
		USD		
		Sub-total		102,898
b)	Hire purchase and finance lease	RM	352	352
		AUD	48	145
		SGD	1	3
		Sub-total		500
Total short term borrowings				118,538

		Foreign currency		RM'000
		Currency	Amount	
a)	Long term borrowings			
	Secured	RM	14,784	14,784
		Sub-total		14,784
	Unsecured	RM	4,200	4,200
		Sub-total		4,200
b)	Hire purchase and finance lease	RM	996	996
		SGD	43	99
		AUD	11	33
		Sub-total		1,128
Total long term borrowings				20,112
Total borrowings				138,650

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 21 November 2007 are as follows:

Principal Foreign Currency Sell	Amount 000	Forward Contracted Exchange Rate	Equivalent Currency 000
US Dollar	USD 97,386	3.3377 - 3.4663	RM 330,090
US Dollar	USD 6,629	1.1331 - 1.1621	AUD 7,596

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

B10. FINANCIAL INSTRUMENTS WITH OFF BALANCE SHEET RISK (Cont'd)

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 21 November 2007.

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 30.09.2007	Cumulative Qtr To-date 30.09.2007
Net profit for the period (RM'000)	4,829	12,614
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	168,400	169,186
Basic EPS (Sen)	2.87	7.46

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 30.09.2007	Cumulative Qtr To-date 30.09.2007
Net profit for the period (RM'000)	4,829	12,614
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	168,400	169,186
Effect of dilution ('000)	6,309	6,309
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	174,709	175,495
Diluted EPS (Sen)	2.76	7.19

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 26 November 2007.

ON BEHALF OF THE BOARD

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Klang

27 November 2007