



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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 31 MARCH 2008**

	Unaudited As at 31.3.2008 RM'000	Audited As at 31.12.2007 RM'000
<b>Assets</b>		
Property, plant and equipment	68,564	68,798
Intangible assets	3,510	3,980
Investment in associates	21	22
<b>Total non-current assets</b>	72,095	72,800
Receivables, deposits and prepayments	146,651	118,591
Contract work-in-progress	148,925	138,024
Inventories	150,655	126,903
Current tax assets	58	58
Cash and cash equivalents	43,350	73,531
<b>Total current assets</b>	489,639	457,107
<b>Total assets</b>	561,734	529,907
<b>Equity</b>		
Share capital	85,188	85,178
Reserves	10,479	9,998
Retained earnings	40,163	35,766
Less: Treasury Shares	(21)	(21)
<b>Total equity attributable to shareholders of the Company/Total equity</b>	135,809	130,921
<b>Liabilities</b>		
Loans and borrowings	14,665	15,285
Deferred tax liabilities	2,162	2,185
<b>Total non-current liabilities</b>	16,827	17,470
Provisions	5,381	5,296
Payables and accruals	186,632	164,479
Amount due to contract customers	98,661	77,289
Loans and borrowings	116,644	132,767
Current tax liabilities	1,780	1,685
<b>Total current liabilities</b>	409,098	381,516
<b>Total liabilities</b>	425,925	398,986
<b>Total equity and liabilities</b>	561,734	529,907
<b>Net assets per share attributable to shareholders of the Company (RM)</b>	0.80	0.77

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 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 31 MARCH 2008 (1ST QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2008 RM'000	31.3.2007 RM'000	31.3.2008 RM'000	31.3.2007 RM'000
<b>Revenue</b>	A9	128,486	72,139	128,486	72,139
Cost of sales		(112,335)	(58,145)	(112,335)	(58,145)
<b>Gross profit</b>		16,151	13,994	16,151	13,994
Other income		1,609	940	1,609	940
Distribution expenses		(1,925)	(1,215)	(1,925)	(1,215)
Administrative expenses		(9,939)	(7,931)	(9,939)	(7,931)
Other expenses		-	-	-	-
<b>Profit from operations</b>		5,896	5,788	5,896	5,788
Interest expense		(1,449)	(2,121)	(1,449)	(2,121)
Interest income		264	270	264	270
Share of profit/(loss) after tax and minority interest of associates		(1)	(25)	(1)	(25)
<b>Profit before taxation</b>		4,710	3,912	4,710	3,912
Income tax expense	B5	(313)	(410)	(313)	(410)
<b>Profit after taxation</b>		4,397	3,502	4,397	3,502
<b>Attributable to:</b>					
Equity holders of the parent		4,397	3,502	4,397	3,502
Minority interests		N/A	N/A	N/A	N/A
		4,397	3,502	4,397	3,502
<b>Earnings per share</b>					
Basic (Sen)	B12	2.58	2.08	2.58	2.08
Diluted (Sen)	B12	2.50	2.01	2.50	2.01

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 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 31 MARCH 2008 (1ST 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		
<b>3 months period ended 31 December 2008</b>								
<b>As at 1 January 2008</b>	85,178	974	7,776	1,248	35,766	45,764	(21)	130,921
Issuance of shares	10	1	-	-	-	1	-	11
Transfer to share premium for share options exercised	-	4	-	(4)	-	-	-	-
Share-based payment under ESOS	-	-	-	134	-	134	-	134
Exchange differences on translation of the financial statements of foreign entities	-	-	346	-	-	346	-	346
Net profit for the period	-	-	-	-	4,397	4,397	-	4,397
<b>As at 31 March 2008</b>	<b>85,188</b>	<b>979</b>	<b>8,122</b>	<b>1,378</b>	<b>40,163</b>	<b>50,642</b>	<b>(21)</b>	<b>135,809</b>
<b>3 months period ended 31 December 2007</b>								
<b>As at 1 January 2007</b>	84,000	338	10,537	457	19,791	31,123	-	115,123
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>-</b>	<b>118,230</b>

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 2007 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 31 MARCH 2008 (1ST QUARTER)  
(The figures have not been audited)**

	Current Year To date 31.3.2008 RM'000	Preceding Year To date 31.3.2007 RM'000
Net cash generated from/(used in) operating activities	(4,138)	32,027
Net cash generated from/(used in) investing activities	(626)	(1,978)
Net cash generated from/(used in) financing activities	(14,029)	(4,324)
Net increase/(decrease) in cash and cash equivalents	(18,793)	25,725
Cash and cash equivalents at 1 January	56,995	13,555
Currency translation differences	(685)	(405)
<b>Cash and cash equivalents at 31 December</b>	<b>37,517</b>	<b>38,875</b>

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

	31.3.2008 RM'000	31.3.2007 RM'000
Cash and bank balances	40,750	41,001
Deposit placed with licensed banks	2,600	9,581
Cash and cash equivalents per balance sheet	43,350	50,582
Bank overdrafts	(5,833)	(11,707)
	<b>37,517</b>	<b>38,875</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2007 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 FIRST QUARTER ENDED 31 MARCH 2008**

**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 2007, except for the accounting policy changes that are expected to be reflected in the 2008 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 2007.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007.

**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 2007 except for the adoption of the following applicable revised FRSs effective for financial period beginning 1 January 2008:

**FRSs**

FRS 107, Cash Flow Statements

FRS 111, Construction Contracts

FRS 112, Income Taxes

FRS 118, Revenue

FRS 119, Employee Benefits

FRS 134, Interim Financial Reporting

FRS 137, Provisions, Contingent Liabilities and Contingent Assets

IC Interpretation 8, Scope of FRS 2

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 2007 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.

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

### 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:-

#### Employees' Share Option Scheme ("ESOS")

a) During the current quarter ended 31 March 2008, a total of 20,000 new ordinary shares of RM0.50 each were issued at RM0.55 each, pursuant to the exercise of ESOS.

### 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	Conso- lidated RM'000
<b>GEOGRAPHICAL SEGMENTS</b>			
<b>Revenue</b>	<b>31,201</b>	<b>97,285</b>	<b>128,486</b>
<b>Operating profit</b>			<b>5,896</b>
Interest expense			(1,449)
Interest income			264
Share of profit/(loss) after tax and minority interest of associates			(1)
<b>Profit before taxation</b>			<b>4,710</b>
Segment assets			561,713
Investments in associates			21
<b>Total assets</b>			<b>561,734</b>
<b>Segments liabilities</b>			<b>425,925</b>

## **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 May 2008, 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 LIABILITIES/ASSETS AS AT 31 MARCH 2008**

	<b>RM'000</b>
Corporate guarantee for credit facilities granted to subsidiary companies	105,642
Performance guarantee granted to subsidiary companies	149,959
	<u>255,601</u>

There were no contingent assets as at 31 March 2008.

### **A14. CAPITAL COMMITMENTS**

There were no material capital commitments as at 31 March 2008 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 (YTD Q1 2008 vs YTD Q1 2007)**

For the current period ended 31 March 2008, the Group recorded revenue of RM128.5 million mainly attributed to the increase order due to marketing, the Group recorded a profit before taxation of RM4.7 million.

The effective tax rate of the Group is lower as profits from crane revenue in Malaysia enjoys tax exemption due to our pioneer status.

The improvement in net profit for the Group is also contributed by increase in the revenue and also due to improvement operational efficiencies across the Group's operation.

### **B2. COMPARISON WITH PRECEDING QUARTER RESULT (2008 Q1 vs 2007 Q4)**

The Group recorded a profit before taxation of RM4.7 million for the current quarter as compared to the profit before taxation of RM7.1 million in the preceding quarter. The decrease was mainly due to lower revenue resulting from shorter operation period.

### **B3. GROUP'S CURRENT YEAR PROSPECT**

As at 21 May 2008, outstanding order book of the Group is RM678 million, 56% from oil and gas cranes for the offshore oil and gas exploration and production activities.

With the secured order book and operation restructuring plan in place, the Group will see improvement in year 2008.

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

**B4. PROFIT FORECAST**

The Group has not issued any profit forecast to the relevant authorities and is not subject to any profit guarantee.

**B5. TAX EXPENSE**

	Current Quarter 31.3.2008 RM'000	Cumulative Qtr To-date 31.3.2008 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(127)	(127)
Overseas	(186)	(186)
	(313)	(313)
<b>Deferred taxation expense</b>		
Malaysian Tax	-	-
Overseas	-	-
	-	-
<b>Total tax expense</b>	<b>(313)</b>	<b>(313)</b>

The effective tax rate of the Group for the year ended 31 March 2008 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**

**(being a date not earlier than seven (7) days from the date of issue of the quarterly report)**

**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 renewal of share buy-back authority to purchase its own shares up to ten percent (10%) of the issued and paid-up capital at any point in time , which was announced on 14 May 2008; and
- b) Proposed renewal of shareholders' mandate and new shareholders' mandate for recurrent related party transactions of a revenue or trading nature, which was announced on 14 May 2008.



**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	3,763	2,546
		USD		
		Sub-total		4,658
	Unsecured	RM	107,901	107,901
		AUD	73	214
		SGD	1,490	3,448
		USD		
		Sub-total		111,563
b)	Hire purchase and finance lease	RM	346	346
		AUD	22	64
		SGD	6	13
		Sub-total		423
<b>Total short term borrowings</b>				<b>116,644</b>

		Foreign currency		RM'000
		Currency	Amount	
a)	Long term borrowings			
	Secured	RM	13,715	13,715
		Sub-total		13,715
	Unsecured	RM		-
		Sub-total		-
b)	Hire purchase and finance lease	RM	859	859
		SGD	32	74
		AUD	6	17
		Sub-total		950
<b>Total long term borrowings</b>				<b>14,665</b>
<b>Total borrowings</b>				<b>131,309</b>

**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 May 2008 are as follows:

Principal Foreign Currency Sell	Amount 000	Forward Contracted Exchange Rate	Equivalent Currency 000
US Dollar	USD 68,544	3.1938 - 3.4621	RM 227,140
US Dollar	USD 10,000	1.1744 - 1.1830	AUD 11,796

**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 May 2008.

**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 31.3.2008	Cumulative Qtr To-date 31.3.2008
Net profit for the period (RM'000)	4,397	4,397
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,359	170,359
Basic EPS (Sen)	2.58	2.58

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 31.3.2008	Cumulative Qtr To-date 31.3.2008
Net profit for the period (RM'000)	4,397	4,397
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,359	170,359
Effect of dilution ('000)	5,231	5,231
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	175,590	175,590
Diluted EPS (Sen)	2.50	2.50

**B13. COMPARATIVE FIGURES**

Comparative figures, where applicable, have been modified to conform with the current quarter presentation.

**B14. 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 May 2008.

**Date: 27 May 2008**