



FAVELLE FAVCO BHD (249243-W)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2008

	Unaudited As at 30.6.2008 RM'000	Audited As at 31.12.2007 RM'000
Assets		
Property, plant and equipment	69,505	68,798
Intangible assets	3,330	3,980
Investment in associates	16	22
Total non-current assets	72,851	72,800
Receivables, deposits and prepayments	165,693	118,591
Contract work-in-progress	127,842	138,024
Inventories	161,210	126,903
Current tax assets	60	58
Cash and cash equivalents	47,787	73,531
Total current assets	502,592	457,107
Total assets	575,443	529,907
Equity		
Share capital	85,192	85,178
Reserves	12,622	9,998
Retained earnings	43,887	35,766
Less: Treasury Shares	(21)	(21)
Total equity attributable to shareholders of the Company/Total equity	141,680	130,921
Liabilities		
Loans and borrowings	14,043	15,285
Deferred tax liabilities	2,202	2,185
Total non-current liabilities	16,245	17,470
Provisions	6,344	5,296
Payables and accruals	193,998	164,479
Amount due to contract customers	103,782	77,289
Loans and borrowings	111,558	132,767
Current tax liabilities	1,836	1,685
Total current liabilities	417,518	381,516
Total liabilities	433,763	398,986
Total equity and liabilities	575,443	529,907
Net assets per share attributable to shareholders of the Company (RM)	0.83	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 30 JUNE 2008 (2ND QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.6.2008 RM'000	30.6.2007 RM'000	30.6.2008 RM'000	30.6.2007 RM'000
Revenue	A9	130,696	124,871	259,182	197,010
Cost of sales		(118,376)	(111,950)	(230,711)	(170,095)
Gross profit		12,320	12,921	28,471	26,915
Other income		3,983	4,563	5,592	5,503
Distribution expenses		(1,680)	(1,557)	(3,605)	(2,772)
Administrative expenses		(9,313)	(8,597)	(19,252)	(16,528)
Other expenses		-	-	-	-
Profit from operations		5,310	7,330	11,206	13,118
Interest expense		(1,494)	(2,098)	(2,943)	(4,219)
Interest income		223	314	487	584
Share of profit/(loss) after tax and minority interest of associates		(6)	(18)	(7)	(43)
Profit before taxation		4,033	5,528	8,743	9,440
Income tax expense	B5	(309)	(1,245)	(622)	(1,655)
Profit after taxation		3,724	4,283	8,121	7,785
Attributable to:					
Equity holders of the parent		3,724	4,283	8,121	7,785
Minority interests		N/A	N/A	N/A	N/A
		3,724	4,283	8,121	7,785
Earnings per share					
Basic (Sen)	B12	2.19	2.55	4.77	4.63
Diluted (Sen)	B12	2.13	2.43	4.64	4.41

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 30 JUNE 2008 (2ND 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		
6 months period ended 30 June 2008								
As at 1 January 2008	85,178	974	7,776	1,248	35,766	45,764	(21)	130,921
Issuance of shares	14	1	-	-	-	1	-	15
Transfer to share premium for share options exercised	-	6	-	(6)	-	-	-	-
Share-based payment under ESOS	-	-	-	269	-	269	-	269
Exchange differences on translation of the financial statements of foreign entities	-	-	2,354	-	-	2,354	-	2,354
Net profit for the period	-	-	-	-	8,121	8,121	-	8,121
As at 30 June 2008	85,192	981	10,130	1,511	43,887	56,509	(21)	141,680
6 months period ended 30 June 2007								
As at 1 January 2007	84,000	338	10,537	457	19,791	31,123	-	115,123
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

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 30 JUNE 2008 (2ND QUARTER)
(The figures have not been audited)**

	Current Year To date 30.6.2008 RM'000	Preceding Year To date 30.6.2007 RM'000
Net cash generated from/(used in) operating activities	5,822	31,793
Net cash generated from/(used in) investing activities	(2,857)	(2,980)
Net cash generated from/(used in) financing activities	(13,166)	(6,035)
Net increase/(decrease) in cash and cash equivalents	(10,201)	22,778
Cash and cash equivalents at 1 January	56,995	13,555
Currency translation differences	991	139
Cash and cash equivalents at 30 June	47,785	36,472

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

	30.6.2008 RM'000	30.6.2007 RM'000
Cash and bank balances	43,865	42,463
Deposit placed with licensed banks	3,922	5,160
Cash and cash equivalents per balance sheet	47,787	47,623
Bank overdrafts	(2)	(11,151)
	47,785	36,472

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 PERIOD ENDED 30 JUNE 2008 (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 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 30 June 2008, a total of 8,000 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
GEOGRAPHICAL SEGMENTS			
Revenue	85,249	173,933	259,182
Operating profit			11,206
Interest expense			(2,943)
Interest income			487
Share of profit/(loss) after tax and minority interest of associates			(7)
Profit before taxation			8,743
Segment assets			575,427
Investments in associates			16
Total assets			575,443
Segments liabilities			433,763

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 August 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 30 JUNE 2008

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	95,146
Performance guarantee granted to subsidiary companies	163,519
	<u>258,665</u>

There were no contingent assets as at 30 June 2008.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 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 Q2 2008 vs YTD Q2 2007)

For the current period ended 30 June 2008, the Group recorded revenue of RM259.2 million as compared with RM197 million in the preceding period ended 30 June 2007("Q2 2007") mainly attributed to the increase order from oil and gas and shipyard industry, the Group recorded a profit before taxation of RM8.7 million as compared to RM7.78 million in Q2 2007.

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 increase in raw material and components price has result in slight lower margin.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2008 Q2 vs 2008 Q1)

The current quarter revenue of RM130.7 million is comparative with RM128.5 million in the preceding quarter. The Group recorded a profit before taxation of RM4.0 million for the current quarter as compared to the profit before taxation of RM4.7 million in the preceding quarter. The decrease was mainly due increase in raw material and components price.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 21 August 2008, outstanding order book of the Group is RM857 million of which 52% is from oil and gas cranes for the offshore oil and gas exploration and production activities.

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 30.6.2008 RM'000	Cumulative Qtr To-date 30.6.2008 RM'000
Current tax expense		
Malaysian Tax	(199)	(326)
Overseas	(110)	(296)
	(309)	(622)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(309)	(622)

The effective tax rate of the Group for the year ended 30 June 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)

There is no other proposal announced but pending implementation as at the date of this report.

B9. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
Secured			
	RM	2,112	2,112
	DKK	1,570	1,085
	Sub-total		3,197
Unsecured			
	RM	105,999	105,999
	AUD	627	1,971
	Sub-total		107,970
b) Hire purchase and finance lease			
	RM	340	340
	AUD	13	41
	SGD	4	10
	Sub-total		391
Total short term borrowings			111,558

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	13,187	13,187
	Sub-total		13,187
b) Hire purchase and finance lease	RM	775	775
	SGD	31	75
	AUD	2	6
	Sub-total		856
Total long term borrowings			14,043
Total borrowings			125,601

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 22 August 2008 are as follows:

Principal Foreign Currency Sell	Amount 000	Forward Contracted Exchange Rate	Equivalent Currency 000
US Dollar	USD 78,054	3.1938 - 3.4624	RM 259,797
US Dollar	USD 15,326	1.1612 - 1.1955	AUD 18,082
EURO	EUR 6,300	5.0380 - 5.0390	RM 31,743

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 August 2008.

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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 30.6.2008	Cumulative Qtr To-date 30.6.2008
Net profit for the period (RM'000)	3,724	8,121
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,367	170,363
Basic EPS (Sen)	2.19	4.77

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 30.6.2008	Cumulative Qtr To-date 30.6.2008
Net profit for the period (RM'000)	3,724	8,121
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,367	170,363
Effect of dilution ('000)	4,571	4,571
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	174,938	174,934
Diluted EPS (Sen)	2.13	4.64

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 25 August 2008.

Date: 26 August 2008