



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008**

	Unaudited As at 30.9.2008 RM'000	Audited As at 31.12.2007 RM'000
Assets		
Property, plant and equipment	67,592	68,798
Intangible assets	2,779	3,980
Investment in associates	35	22
Total non-current assets	70,406	72,800
Receivables, deposits and prepayments	182,758	118,591
Contract work-in-progress	139,702	138,024
Inventories	177,657	126,903
Current tax assets	60	58
Cash and cash equivalents	63,072	73,531
Total current assets	563,249	457,107
Total assets	633,655	529,907
Equity		
Share capital	85,514	85,178
Reserves	11,208	9,998
Retained earnings	42,086	35,766
Less: Treasury Shares	(21)	(21)
Total equity attributable to shareholders of the Company/Total equity	138,787	130,921
Liabilities		
Loans and borrowings	13,062	15,285
Deferred tax liabilities	2,248	2,185
Total non-current liabilities	15,310	17,470
Provisions	6,784	5,296
Payables and accruals	199,195	164,479
Amount due to contract customers	145,810	77,289
Loans and borrowings	125,949	132,767
Current tax liabilities	1,820	1,685
Total current liabilities	479,558	381,516
Total liabilities	494,868	398,986
Total equity and liabilities	633,655	529,907
Net assets per share attributable to shareholders of the Company (RM)	0.81	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 SEPTEMBER 2008 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2008 RM'000	30.9.2007 RM'000	30.9.2008 RM'000	30.9.2007 RM'000
Revenue	A9	134,779	124,031	393,961	321,041
Cost of sales		(115,849)	(109,709)	(346,560)	(279,804)
Gross profit		18,930	14,322	47,401	41,237
Other income		(2,563)	3,525	3,029	9,028
Distribution expenses		(2,003)	(1,636)	(5,608)	(4,408)
Administrative expenses		(9,913)	(9,535)	(29,165)	(26,063)
Other expenses		-	-	-	-
Profit from operations		4,451	6,676	15,657	19,794
Interest expense		(1,722)	(1,972)	(4,665)	(6,191)
Interest income		284	383	771	967
Share of profit/(loss) after tax and minority interest of associates		20	(9)	13	(52)
Profit before taxation		3,033	5,078	11,776	14,518
Income tax expense	B5	(722)	(249)	(1,344)	(1,904)
Profit after taxation		2,311	4,829	10,432	12,614
Attributable to:					
Equity holders of the parent		2,311	4,829	10,432	12,614
Minority interests		N/A	N/A	N/A	N/A
		2,311	4,829	10,432	12,614
Earnings per share					
Basic (Sen)	B12	1.35	2.87	6.12	7.46
Diluted (Sen)	B12	1.33	2.76	6.00	7.19

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 SEPTEMBER 2008 (3RD QUARTER)**

(The figures have not been audited)

	← Reserves →				Retained Earnings RM'000	Sub-total RM'000	Treasury Shares RM'000	Total RM'000
	← Non-Distributable	Share Option Reserves RM'000	Foreign Exchange Reserves RM'000	Share Capital RM'000				
9 months period ended 30 September 2008								
As at 1 January 2008	85,178	974	7,776	1,248	35,766	45,764	(21)	130,921
Issuance of shares	336	33	-	-	-	33	-	369
Transfer to share premium for share options exercised	-	135	-	(135)	-	-	-	-
Share-based payment under ESOS	-	-	-	411	-	411	-	411
Exchange differences on translation of the financial statements of foreign entities	-	-	766	-	-	766	-	766
Net profit for the period	-	-	-	-	10,432	10,432	-	10,432
Dividends to shareholders	-	-	-	-	(4,112)	(4,112)	-	(4,112)
As at 30 September 2008	85,514	1,142	8,542	1,524	42,086	53,294	(21)	138,787
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
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

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 SEPTEMBER 2008 (3RD QUARTER)
(The figures have not been audited)**

	Current Year To date 30.9.2008 RM'000	Preceding Year To date 30.9.2007 RM'000
Net cash generated from/(used in) operating activities	29,787	48,927
Net cash generated from/(used in) investing activities	(6,710)	(3,557)
Net cash generated from/(used in) financing activities	(17,527)	(19,108)
Net increase/(decrease) in cash and cash equivalents	<u>5,550</u>	<u>26,262</u>
Cash and cash equivalents at 1 January	56,995	13,555
Currency translation differences	(91)	(563)
Cash and cash equivalents at 30 September	<u>62,454</u>	<u>39,254</u>

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

	30.9.2008 RM'000	30.9.2007 RM'000
Cash and bank balances	59,914	48,252
Deposit placed with licensed banks	3,158	8,173
Cash and cash equivalents per balance sheet	<u>63,072</u>	<u>56,425</u>
Bank overdrafts	(618)	(17,171)
	<u>62,454</u>	<u>39,254</u>

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 SEPTEMBER 2008 (3RD 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

We expect to ride fairly with the current cycle.

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 September 2008, a total of 645,000 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.

A first & final dividend of 6.5% less 26% taxation per ordinary share of RM0.50 each totalling RM4,112 million in respect of the year ended 31 December 2007 was paid on 18 September 2008.

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	128,853	265,108	393,961
Operating profit			15,657
Interest expense			(4,665)
Interest income			771
Share of profit/(loss) after tax and minority interest of associates			13
Profit before taxation			11,776
Segment assets			633,620
Investments in associates			35
Total assets			633,655
Segments liabilities			494,868

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 19 November 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 SEPTEMBER 2008

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	93,505
Performance guarantee granted to subsidiary companies	218,258
	<u>311,763</u>

There were no contingent assets as at 30 September 2008.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 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 Q3 2008 vs YTD Q3 2007)

For the current period ended 30 September 2008, the Group recorded revenue of RM394 million as compared with RM321 million in the preceding period ended 30 September 2007("Q3 2007") mainly attributed to the increase order from oil and gas and shipyard industry, the Group recorded a profit before taxation of RM11.8 million as compared to RM14.5 million in Q3 2007. The decrease are mainly due to increase in raw material and components price.

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

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2008 Q3 vs 2008 Q2)

The current quarter revenue of RM134.7 million is comparative with RM130.6 million in the preceding quarter. The Group recorded a profit before taxation of RM3.1 million for the current quarter as compared to the profit before taxation of RM4.0 million in the preceding quarter. The decrease was mainly due higher materials cost incurred during the quarter.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 19 November 2008, outstanding order book of the Group is RM751 million of which 49% is from oil and gas cranes for the offshore oil and gas exploration and production activities. Remaining are from the shipyard , construction and wind turbine industry.

The Group will continue to execute and deliver its existing order book secured in hand. Bearing unforeseen circumstances, the Group's current year results would be satisfactory.

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 30.9.2008 RM'000	Cumulative Qtr To-date 30.9.2008 RM'000
Current tax expense		
Malaysian Tax	(528)	(854)
Overseas	(194)	(490)
	(722)	(1,344)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(722)	(1,344)

The effective tax rate of the Group for the year ended 30 September 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	2,290	1,545
	Sub-total		3,657
Unsecured	RM	120,057	120,057
	AUD	709	2,035
	Sub-total		122,092
b) Hire purchase and finance lease	RM	166	166
	AUD	12	34
	Sub-total		200
Total short term borrowings			125,949

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		
		Currency	Amount	RM'000
a)	Long term borrowings			
	Secured	RM	12,659	12,659
		Sub-total		12,659
b)	Hire purchase and finance lease	RM	403	403
		Sub-total		403
Total long term borrowings				13,062
Total borrowings				139,011

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 19 November 2008 are as follows:

Principal Foreign Currency Sell	Amount 000	Forward Contracted Exchange Rate	Equivalent Currency 000
US Dollar	USD 70,528	3.5378 - 3.5975	RM 252,137
US Dollar	USD 19,326	1.1612 - 1.2195	AUD 22,960
EURO	EUR 4,410	5.0380 - 5.0390	RM 22,219
SGD	SGD 6,000	2.4323	RM 14,594

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 19 November 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 30.9.2008	Cumulative Qtr To-date 30.9.2008
Net profit for the period (RM'000)	2,311	10,432
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,778	170,502
Basic EPS (Sen)	1.35	6.12

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 30.9.2008	Cumulative Qtr To-date 30.9.2008
Net profit for the period (RM'000)	2,311	10,432
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	170,778	170,502
Effect of dilution ('000)	3,310	3,310
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	174,088	173,812
Diluted EPS (Sen)	1.33	6.00

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 24 November 2008.

Date: 25 November 2008