



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

(Incorporated in Malaysia)

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

	Unaudited As at 31.12.2008 RM'000	Audited As at 31.12.2007 RM'000
<b>Assets</b>		
Property, plant and equipment	80,995	68,798
Intangible assets	14,170	3,980
Investment in associates	51	22
<b>Total non-current assets</b>	95,216	72,800
Receivables, deposits and prepayments	183,542	118,591
Contract work-in-progress	154,177	138,024
Inventories	138,953	126,903
Current tax assets	212	58
Cash and cash equivalents	53,163	73,531
<b>Total current assets</b>	530,047	457,107
<b>Total assets</b>	625,263	529,907
<b>Equity</b>		
Share capital	85,514	85,178
Reserves	22,157	9,998
Retained earnings	53,478	35,766
Less: Treasury Shares	(21)	(21)
<b>Total equity attributable to shareholders of the Company/Total equity</b>	161,128	130,921
<b>Liabilities</b>		
Loans and borrowings	12,493	15,285
Deferred tax liabilities	2,410	2,185
<b>Total non-current liabilities</b>	14,903	17,470
Provisions	7,256	5,296
Payables and accruals	172,979	164,479
Amount due to contract customers	121,998	77,289
Loans and borrowings	142,775	132,767
Current tax liabilities	4,224	1,685
<b>Total current liabilities</b>	449,232	381,516
<b>Total liabilities</b>	464,135	398,986
<b>Total equity and liabilities</b>	625,263	529,907
<b>Net assets per share attributable to shareholders of the Company (RM)</b>	0.94	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 YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.12.2008 RM'000	31.12.2007 RM'000	31.12.2008 RM'000	31.12.2007 RM'000
<b>Revenue</b>	A9	187,162	132,855	581,123	453,896
Cost of sales		(152,396)	(103,672)	(498,956)	(383,476)
<b>Gross profit</b>		34,766	29,183	82,167	70,420
Other income		1,394	(6,016)	4,423	3,012
Distribution expenses		(4,192)	(3,310)	(9,800)	(7,718)
Administrative expenses		(9,324)	(10,906)	(38,489)	(36,969)
Other expenses		(5,828)	(536)	(5,828)	(536)
<b>Profit from operations</b>		16,816	8,415	32,473	28,209
Interest expense		(1,591)	(1,730)	(6,256)	(7,921)
Interest income		606	402	1,377	1,369
Share of profit/(loss) after tax and minority interest of associates		16	(43)	29	(95)
<b>Profit before taxation</b>		15,847	7,044	27,623	21,562
Income tax expense	B5	(4,455)	(723)	(5,799)	(2,627)
<b>Profit after taxation</b>		11,392	6,321	21,824	18,935
<b>Attributable to:</b>					
Equity holders of the parent		11,392	6,321	21,824	18,935
Minority interests		N/A	N/A	N/A	N/A
		11,392	6,321	21,824	18,935
<b>Earnings per share</b>					
Basic (Sen)	B12	6.66	3.72	12.79	11.22
Diluted (Sen)	B12	6.58	3.59	12.64	10.83

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 YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)**

(The figures have not been audited)

	← Non-Distributable				Reserves		Distributable		Total RM'000
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Retained Earnings RM'000	Sub-total RM'000	Treasury Shares RM'000	
<b>12 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	336	33	-	-	-	-	33	-	369
Transfer to share premium for share options exercised	-	135	-	-	(135)	-	-	-	-
Share-based payment under ESOS	-	-	-	-	573	-	573	-	573
Exchange differences on translation of the financial statements of foreign entities	-	-	(3,552)	-	-	-	(3,552)	-	(3,552)
Revaluation of freehold land	-	-	-	15,105	-	-	15,105	-	15,105
Net profit for the period	-	-	-	-	-	21,824	21,824	-	21,824
Dividends to shareholders	-	-	-	-	-	(4,112)	(4,112)	-	(4,112)
<b>As at 31 December 2008</b>	<b>85,514</b>	<b>1,142</b>	<b>4,224</b>	<b>15,105</b>	<b>1,686</b>	<b>53,478</b>	<b>75,635</b>	<b>(21)</b>	<b>161,128</b>
<b>12 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
Issuance of shares	1,178	117	-	-	-	-	117	-	1,295
Transfer to share premium for share options exercised	-	519	-	-	(519)	-	-	-	-
Share-based payment under ESOS	-	-	-	-	1,310	-	1,310	-	1,310
Exchange differences on translation of the financial statements of foreign entities	-	-	(2,761)	-	-	-	(2,761)	-	(2,761)
Net profit for the period	-	-	-	-	-	18,935	18,935	-	18,935
Treasury shares acquired	-	-	-	-	-	-	-	(21)	(21)
Dividends to shareholders	-	-	-	-	-	(2,960)	(2,960)	-	(2,960)
<b>As at 31 December 2007</b>	<b>85,178</b>	<b>974</b>	<b>7,776</b>	<b>-</b>	<b>1,248</b>	<b>35,766</b>	<b>45,764</b>	<b>(21)</b>	<b>130,921</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 YEAR ENDED 31 DECEMBER 2008 (4TH QUARTER)  
(The figures have not been audited)**

	Current Year To date 31.12.2008 RM'000	Preceding Year To date 31.12.2007 RM'000
Net cash generated from/(used in) operating activities	27,000	80,419
Net cash generated from/(used in) investing activities	(11,139)	(10,167)
Net cash generated from/(used in) financing activities	(19,662)	(22,432)
Net increase/(decrease) in cash and cash equivalents	(3,801)	47,820
Cash and cash equivalents at 1 January	56,995	13,555
Currency translation differences	(4,303)	(4,380)
Cash and cash equivalents at 31 December	48,891	56,995

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

	31.12.2008 RM'000	31.12.2007 RM'000
Cash and bank balances	53,163	62,513
Deposit placed with licensed banks	-	11,018
Cash and cash equivalents per balance sheet	53,163	73,531
Bank overdrafts	(4,272)	(16,536)
	48,891	56,995

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 31 DECEMBER 2008 (4TH 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 that are effective for the Group's annual reporting date, 31 December 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) On 30 June 2008, 527,000 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 3 years from 30 June 2008 to 29 June 2011. The exercise price is RM1.09, being the weighted average closing price of the Company's ordinary shares immediately before the grant.

### A8. DIVIDENDS PAID

During the financial year ended 31 December 2008, the 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
<b>GEOGRAPHICAL SEGMENTS</b>			
<b>Revenue</b>	<b>191,317</b>	<b>389,806</b>	<b>581,123</b>
<b>Operating profit</b>			<b>32,473</b>
Interest expense			(6,256)
Interest income			1,377
Share of profit/(loss) after tax and minority interest of associates			29
<b>Profit before taxation</b>			<b>27,623</b>
Segment assets			625,212
Investments in associates			51
<b>Total assets</b>			<b>625,263</b>
<b>Segments liabilities</b>			<b>464,135</b>

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

### **A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The carrying value of freehold lands on 31 December 2008 was based on fair value determined from market-based evidenced by independent appraisals. With this, the carrying value of freehold lands have been revalued upwards by approximately RM15 million.

Except for the above, all property, plant and equipment of the Group and the Company are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

### **A11. MATERIAL SUBSEQUENT EVENT**

There were no material subsequent event from the end of the quarter to 20 February 2009, 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 DECEMBER 2008**

	<b>RM'000</b>
Corporate guarantee for credit facilities granted to subsidiary companies	179,654
Performance guarantee granted to subsidiary companies	220,345
	<b><u>399,999</u></b>

There were no contingent assets as at 31 December 2008.

### **A14. CAPITAL COMMITMENTS**

There were no material capital commitments as at 31 December 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 Q4 2008 vs YTD Q4 2007)**

For the current year ended 31 December 2008, the Group recorded revenue of RM581 million as compared with RM454 million in the preceding year ended 31 December 2007("Q4 2007") mainly attributed to the increase order from oil and gas and shipyard industry, the Group recorded a profit before taxation of RM27.6 million as compared to RM21.6 million in Q4 2007. The improvement in net profit for the Group is mainly contributed by increase in the revenue.

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 Q4 vs 2008 Q3)**

The Group recorded a profit before taxation of RM15.8 million for the current quarter as compared to the profit before taxation of RM3.1 million in the preceding quarter. The increase was mainly attributable to increase in revenue during the quarter.

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

As at 20 February 2009, outstanding order book of the Group is RM672 million of which 63% 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. Barring 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 31.12.2008 RM'000	Cumulative Qtr To-date 31.12.2008 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(175)	(1,029)
Overseas	(4,121)	(4,611)
	(4,296)	(5,640)
<b>Deferred taxation expense</b>		
Malaysian Tax	(138)	(138)
Overseas	(21)	(21)
	(159)	(159)
<b>Total tax expense</b>	<b>(4,455)</b>	<b>(5,799)</b>

The effective tax rate of the Group for the year ended 31 December 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	2,202	1,448
	Sub-total		3,560
Unsecured	RM	138,174	138,174
	AUD	356	853
	Sub-total		139,027
b) Hire purchase and finance lease	RM	166	166
	AUD	9	22
	Sub-total		188
<b>Total short term borrowings</b>			<b>142,775</b>



**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	12,131	12,131
	Sub-total		12,131
b) Hire purchase and finance lease	RM	362	362
	Sub-total		362
<b>Total long term borrowings</b>			<b>12,493</b>
<b>Total borrowings</b>			<b>155,268</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 20 February 2009 are as follows:

	Principal Foreign Currency	Amount	Equivalent
		000	Currency
			000
Sell:	US Dollar	USD 62,941	RM 226,469
	US Dollar	USD 16,704	AUD 21,312
	EURO	EUR 1,539	RM 7,754
	SGD	SGD 17,831	RM 43,105

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 20 February 2009 except for the following:-

**Litigation against the Company and Favelle Favco Cranes (USA) Inc  
Supreme Court of the State of New York**

A claim against the Company and several claims against its subsidiary, Favelle Favco Cranes (USA) Inc ("FFU"), commenced by persons/companies in New York *vide* suits instituted in the Supreme Court of the State of New York ("the Suits").

The Suits relate to an incident involving the collapse of a crane said to be caused by a rigging activity carried out by a third party. The U.S. Occupational Safety & Health Administration ("OSHA") found that slings (independent of the crane *per se*) used during the rigging activity tore open causing the said incident. The Company's and FFU's inclusion in the Suits are purported simply to be by reason that the crane was a Favelle Favco crane.

The Company and FFU have sought legal advice in respect of the Suits and intend to vigorously defend the same.

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

**B12. PROPOSED DIVIDENDS**

The directors recommend a first and final tax exempt dividend of 5% per share subject to approval of the shareholders at the forthcoming Annual General Meeting. The payable final dividend is amounted to RM4.275 million.

The first and final dividend for 2008 is computed based on the issued and paid up share capital (excluding treasury share) of 171,018,020 ordinary shares of RM0.50 each as at 31 December 2008.

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.

**B13. 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 31.12.2008	Cumulative Qtr To-date 31.12.2008
Net profit for the period (RM'000)	11,392	21,824
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,018	170,631
Basic EPS (Sen)	6.66	12.79

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 31.12.2008	Cumulative Qtr To-date 31.12.2008
Net profit for the period (RM'000)	11,392	21,824
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,018	170,631
Effect of dilution ('000)	2,016	2,016
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	173,034	172,647
Diluted EPS (Sen)	6.58	12.64

**B14. COMPARATIVE FIGURES**

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

**B15. 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 February 2009.

**Date: 26 February 2009**