



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2009**

	Unaudited As at 31.3.2009 RM'000	Audited As at 31.12.2008 RM'000
Assets		
Property, plant and equipment	79,157	81,023
Intangible assets	14,062	14,142
Investment in associates	83	36
Total non-current assets	93,302	95,201
Receivables, deposits and prepayments	190,870	183,835
Contract work-in-progress	145,700	141,819
Inventories	143,105	136,029
Current tax assets	306	232
Cash and cash equivalents	39,569	53,163
Total current assets	519,550	515,078
Total assets	612,852	610,279
Equity		
Share capital	85,514	85,514
Reserves	82,057	75,613
Total equity attributable to shareholders of the Company/Total equity	167,571	161,127
Liabilities		
Loans and borrowings	13,115	13,680
Deferred tax liabilities	2,247	2,188
Total non-current liabilities	15,362	15,868
Provisions	8,355	7,256
Payables and accruals	160,793	167,283
Amount due to contract customers	131,015	112,930
Loans and borrowings	124,901	141,591
Current tax liabilities	4,855	4,224
Total current liabilities	429,919	433,284
Total liabilities	445,281	449,152
Total equity and liabilities	612,852	610,279
Net assets per share attributable to shareholders of the Company (RM)	0.98	0.94

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009 (1ST QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2009 RM'000	31.3.2008 RM'000	31.3.2009 RM'000	31.3.2008 RM'000
Revenue	A9	114,266	128,486	114,266	128,486
Cost of sales		(95,216)	(112,335)	(95,216)	(112,335)
Gross profit		19,050	16,151	19,050	16,151
Other income		165	1,609	165	1,609
Distribution expenses		(1,955)	(1,925)	(1,955)	(1,925)
Administrative expenses		(9,957)	(9,939)	(9,957)	(9,939)
Other expenses		-	-	-	-
Results from operating activities		7,303	5,896	7,303	5,896
Interest income		33	264	33	264
Finance costs		(1,797)	(1,449)	(1,797)	(1,449)
Operating profit		5,539	4,711	5,539	4,711
Share of profit/(loss) after tax of equity accounted associates		47	(1)	47	(1)
Profit before tax		5,586	4,710	5,586	4,710
Tax expense	B5	(670)	(313)	(670)	(313)
Profit for the period		4,916	4,397	4,916	4,397
Attributable to:					
Equity holders of the parent		4,916	4,397	4,916	4,397
Minority interests		N/A	N/A	N/A	N/A
		4,916	4,397	4,916	4,397
Earnings per ordinary share					
Basic (Sen)	B13	2.87	2.58	2.87	2.58
Diluted (Sen)	B13	2.84	2.50	2.84	2.50

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 2009 (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	Revaluation Reserves RM'000	Share Option Reserves RM'000	Retained Earnings RM'000	Sub-total RM'000		
3 months period ended 31 March 2009									
As at 1 January 2009	85,514	1,142	6,436	15,105	1,686	51,265	75,634	(21)	161,127
Foreign exchange translation differences	-	-	1,406	-	-	-	1,406	-	1,406
Net gains recognised directly in equity	-	-	1,406	-	-	-	1,406	-	1,406
Profit for the period	-	-	-	-	-	4,916	4,916	-	4,916
Total recognised income for the period	-	-	1,406	-	-	4,916	6,322	-	6,322
Share-based payments	-	-	-	-	122	-	122	-	122
As at 31 March 2009	85,514	1,142	7,842	15,105	1,808	56,181	82,078	(21)	167,571
3 months period ended 31 March 2008									
As at 1 January 2008	85,178	974	7,776	-	1,248	35,766	45,764	(21)	130,921
Foreign exchange translation differences	-	-	346	-	-	-	346	-	346
Net gains recognised directly in equity	-	-	346	-	-	-	346	-	346
Profit for the period	-	-	-	-	-	4,397	4,397	-	4,397
Total recognised income for the period	-	-	346	-	-	4,397	4,743	-	4,743
Share options exercised	10	1	-	-	-	-	1	-	11
Transfer to share premium for share options exercised	-	4	-	-	(4)	-	-	-	-
Share-based payments	-	-	-	-	134	-	134	-	134
As at 31 March 2008	85,188	979	8,122	-	1,378	40,163	50,642	(21)	135,809

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 2008 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 2009 (1ST QUARTER)
(The figures have not been audited)**

	Current Year To date 31.3.2009 RM'000	Preceding Year To date 31.3.2008 RM'000
Net cash generated from/(used in) operating activities	(15,666)	(4,138)
Net cash generated from/(used in) investing activities	(562)	(626)
Net cash generated from/(used in) financing activities	(1,079)	(14,029)
Net increase/(decrease) in cash and cash equivalents	<u>(17,307)</u>	<u>(18,793)</u>
Cash and cash equivalents at 1 January	48,891	56,995
Currency translation differences	1,327	(685)
Cash and cash equivalents at 31 March	<u>32,911</u>	<u>37,517</u>

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

	31.3.2009 RM'000	31.3.2008 RM'000
Cash and bank balances	34,582	40,750
Deposit placed with licensed banks	4,987	2,600
Cash and cash equivalents per balance sheet	<u>39,569</u>	<u>43,350</u>
Bank overdrafts	(6,658)	(5,833)
	<u>32,911</u>	<u>37,517</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 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 MARCH 2009 (1ST 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 2008, except for the accounting policy changes that are expected to be reflected in the 2010 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 2008.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2008.

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 2008 except for the adoption of the following applicable revised FRSs that are effective for the Group's annual reporting date, 31 December 2010.

FRSs / Interpretations	Effective date
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The impact of applying FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs.

The initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of 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 2008 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.

A8. DIVIDENDS PAID

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	44,415	69,851	114,266
Operating profit			7,303
Interest income			33
Finance costs			(1,797)
Share of profit/(loss) after tax of equity accounted associates			47
Profit before tax			5,586
Segment assets			612,769
Investments in associates			83
Total assets			612,852
Segments liabilities			445,281

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes to the valuation of property, plant & equipment brought forward from the previous annual financial statements.

A11. MATERIAL SUBSEQUENT EVENT

There were no material subsequent event from the end of the quarter to 20 May 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.

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

A13. CONTINGENT LIABILITIES/ASSETS AS AT 31 MARCH 2009

Contingent liabilities - unsecured

	RM'000
Corporate guarantee for credit facilities granted to subsidiary companies	168,484
Performance guarantee granted to subsidiary companies	234,399
	<u>402,883</u>

Contingent liabilities - litigation

Please refer to note B11.

Contingent assets

There were no contingent assets as at 31 March 2009.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 2009 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 2009 vs YTD Q1 2008)

For the current period ended 31 March 2009("Q1 2009"), the Group recorded revenue of RM114 million with profit before tax of RM5.6 million as compared with revenue of RM128 million with profit before tax of RM4.7 million in the preceding period ended 31 March 2008("Q1 2008"), the improvement in net profit for the Group is mainly contributed by improvement in margin from sales of components.

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 (2009 Q1 vs 2008 Q4)

The Group recorded a profit before tax of RM5.6 million for the current quarter as compared to the profit before tax of RM15.6 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 20 May 2009, outstanding order book of the Group is RM623 million of which 58% 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. However the outlook appears challenging although we foresee our Group maintaining market share from our diversified customer base.

B4. PROFIT FORECAST

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

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

B5. TAX EXPENSE

	Current Quarter 31.3.2009 RM'000	Cumulative Qtr To-date 31.3.2009 RM'000
Current tax expense		
Malaysian Tax	(285)	(285)
Overseas	(385)	(385)
	(670)	(670)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(670)	(670)

The effective tax rate of the Group for the period ended 31 March 2009 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
	Sub-total		2,112
Unsecured	RM	122,106	122,106
	AUD	82	204
	Sub-total		122,310
b) Hire purchase and finance lease	RM	211	211
	AUD	6	15
	DKK	391	253
	Sub-total		479
Total short term borrowings			124,901

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	11,603	11,603
		Sub-total		11,603
b)	Hire purchase and finance lease			
		RM	405	405
		DKK	1,708	1,107
		Sub-total		1,512
Total long term borrowings				13,115
Total borrowings				138,016

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 May 2009 are as follows:

		Principal Foreign Currency		Equivalent	
		Amount		Currency	
		000		000	
Sell:	US Dollar	USD	56,917	RM	204,569
	US Dollar	USD	15,253	AUD	19,405
	EURO	EUR	1,539	RM	7,754
	SGD	SGD	14,000	RM	33,830

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 May 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. As at to date, the status of the above matter remains unchanged.

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

B12. PROPOSED DIVIDENDS

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

B13. EARNINGS PER ORDINARY 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 31.3.2009	Cumulative Qtr To-date 31.3.2009
Profit for the period (RM'000)	4,916	4,916
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,018	171,018
Basic EPS (Sen)	2.87	2.87

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 31.3.2009	Cumulative Qtr To-date 31.3.2009
Profit for the period (RM'000)	4,916	4,916
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,018	171,018
Effect of dilution ('000)	2,093	2,093
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	173,111	173,111
Diluted EPS (Sen)	2.84	2.84

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 May 2009.

Date: 26 May 2009