



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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEETS  
AS AT 30 SEPTEMBER 2009**

	Unaudited As at 30.9.2009 RM'000	Audited As at 31.12.2008 RM'000
<b>Assets</b>		
Property, plant and equipment	81,968	81,023
Intangible assets	12,880	14,142
Investment in associates	112	36
<b>Total non-current assets</b>	94,960	95,201
Receivables, deposits and prepayments	175,673	183,835
Contract work-in-progress	122,873	141,819
Inventories	161,975	136,029
Current tax assets	334	232
Cash and cash equivalents	100,166	53,163
<b>Total current assets</b>	561,021	515,078
<b>Total assets</b>	655,981	610,279
<b>Equity</b>		
Share capital	86,118	85,514
Reserves	96,969	75,613
<b>Total equity attributable to shareholders of the Company/Total equity</b>	183,087	161,127
<b>Liabilities</b>		
Loans and borrowings	11,882	13,680
Deferred tax liabilities	2,216	2,188
<b>Total non-current liabilities</b>	14,098	15,868
Provisions	12,620	7,256
Payables and accruals	171,354	167,283
Amount due to contract customers	146,477	112,930
Loans and borrowings	119,874	141,591
Current tax liabilities	8,471	4,224
<b>Total current liabilities</b>	458,796	433,284
<b>Total liabilities</b>	472,894	449,152
<b>Total equity and liabilities</b>	655,981	610,279
<b>Net assets per share attributable to shareholders of the Company (RM)</b>	1.06	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 30 SEPTEMBER 2009 (3RD QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2009 RM'000	30.9.2008 RM'000	30.9.2009 RM'000	30.9.2008 RM'000
<b>Revenue</b>	A9	151,061	134,779	359,936	393,961
Cost of sales		(130,155)	(115,849)	(297,030)	(346,560)
<b>Gross profit</b>		20,906	18,930	62,906	47,401
Other income		2,021	(2,563)	2,268	3,029
Distribution expenses		(4,554)	(2,003)	(7,979)	(5,608)
Administrative expenses		(9,294)	(9,913)	(30,527)	(29,165)
Other expenses		1,361	-	-	-
<b>Results from operating activities</b>		10,440	4,451	26,668	15,657
Interest income		104	284	220	771
Finance costs		(1,019)	(1,722)	(3,814)	(4,665)
<b>Operating profit</b>		9,525	3,013	23,074	11,763
Share of profit/(loss) after tax of equity accounted associates		(1)	20	76	13
<b>Profit before tax</b>		9,524	3,033	23,150	11,776
Tax expense	B5	(2,356)	(722)	(6,565)	(1,344)
<b>Profit for the period</b>		7,168	2,311	16,585	10,432
<b>Attributable to:</b>					
Equity holders of the parent		7,168	2,311	16,585	10,432
Minority interests		N/A	N/A	N/A	N/A
		7,168	2,311	16,585	10,432
<b>Earnings per ordinary share</b>					
Basic (Sen)	B13	4.17	1.35	9.68	6.12
Diluted (Sen)	B13	4.11	1.33	9.54	6.00

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 30 SEPTEMBER 2009 (3RD QUARTER)**

(The figures have not been audited)

	Reserves					Distributable			Total RM'000
	Non-Distributable		Reserves			Distributable		Treasury Shares 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		
<b>9 months period ended 30 September 2009</b>									
<b>As at 1 January 2009</b>	85,514	1,142	6,436	15,105	1,686	51,265	75,634	(21)	161,127
Foreign exchange translation differences	-	-	8,791	-	-	-	8,791	-	8,791
Net gains recognised directly in equity	-	-	8,791	-	-	-	8,791	-	8,791
Profit for the period	-	-	-	-	-	16,585	16,585	-	16,585
Total recognised income for the period	-	-	8,791	-	-	16,585	25,376	-	25,376
Share options exercised	604	61	-	-	-	-	61	-	665
Transfer to share premium for share options exercised	-	229	-	-	(229)	-	-	-	-
Share-based payments	-	-	-	-	222	-	222	-	222
Dividends to shareholders	-	-	-	-	-	(4,303)	(4,303)	-	(4,303)
<b>As at 30 September 2009</b>	<b>86,118</b>	<b>1,432</b>	<b>15,227</b>	<b>15,105</b>	<b>1,679</b>	<b>63,547</b>	<b>96,990</b>	<b>(21)</b>	<b>183,087</b>
<b>9 months period ended 30 September 2008</b>									
<b>As at 1 January 2008</b>	85,178	974	7,776	-	1,248	35,766	45,764	(21)	130,921
Foreign exchange translation differences	-	-	766	-	-	-	766	-	766
Net gains recognised directly in equity	-	-	766	-	-	-	766	-	766
Profit for the period	-	-	-	-	-	10,432	10,432	-	10,432
Total recognised income for the period	-	-	766	-	-	10,432	11,198	-	11,198
Share options exercised	336	33	-	-	-	-	33	-	369
Transfer to share premium for share options exercised	-	135	-	-	(135)	-	-	-	-
Share-based payments	-	-	-	-	411	-	411	-	411
Dividends to shareholders	-	-	-	-	-	(4,112)	(4,112)	-	(4,112)
<b>As at 30 September 2008</b>	<b>85,514</b>	<b>1,142</b>	<b>8,542</b>	<b>-</b>	<b>1,524</b>	<b>42,086</b>	<b>53,294</b>	<b>(21)</b>	<b>138,787</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 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 30 SEPTEMBER 2009 (3RD QUARTER)  
(The figures have not been audited)**

	Current Year To date 30.9.2009 RM'000	Preceding Year To date 30.9.2008 RM'000
<b>Net cash generated from/(used in) operating activities</b>	48,159	29,787
<b>Net cash generated from/(used in) investing activities</b>	(5,398)	(6,710)
<b>Net cash generated from/(used in) financing activities</b>	(4,441)	(17,527)
<b>Net increase/(decrease) in cash and cash equivalents</b>	38,320	5,550
<b>Cash and cash equivalents at 1 January</b>	48,891	56,995
<b>Currency translation differences</b>	8,493	(91)
<b>Cash and cash equivalents at 30 September</b>	95,704	62,454

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

	30.9.2009 RM'000	30.9.2008 RM'000
Cash and bank balances	91,809	59,914
Deposit placed with licensed banks	8,357	3,158
Cash and cash equivalents per balance sheet	100,166	63,072
Bank overdrafts	(4,462)	(618)
	95,704	62,454

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 30 SEPTEMBER 2009 (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 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.

<b>FRSs / Interpretations</b>	<b>Effective date</b>
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 except for the following:-

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

- a) On 30 June 2009, 667,000 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 2 years from 30 June 2009 to 29 June 2011. The exercise price is RM0.86, being the weighted average closing price of the Company's ordinary shares immediately before the grant.
- b) During the current quarter ended 30 September 2009, a total of 1,158,000 new ordinary shares of RM0.50 each were issued at RM0.55 each, pursuant to the exercise of ESOS.

### A8. DIVIDENDS PAID

A first & final tax-exempt dividend of 2.50sen (5%) per ordinary share of RM0.50 each totalling RM4.303 million in respect of the year ended 31 December 2008 was paid on 17 September 2009.

### 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>142,376</b>	<b>217,560</b>	<b>359,936</b>
<b>Operating profit</b>			<b>26,668</b>
Interest income			220
Finance costs			(3,814)
Share of profit/(loss) after tax of equity accounted associates			76
<b>Profit before tax</b>			<b>23,150</b>
Segment assets			655,869
Investments in associates			112
<b>Total assets</b>			<b>655,981</b>
<b>Segments liabilities</b>			<b>472,894</b>

### 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.

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

### A11. MATERIAL SUBSEQUENT EVENT

There were no material subsequent event from the end of the quarter to 20 November 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 30 SEPTEMBER 2009

#### Contingent liabilities - unsecured

	<b>RM'000</b>
Corporate guarantee for credit facilities granted to subsidiary companies	152,240
Performance guarantee granted to subsidiary companies	276,333
	<b><u>428,573</u></b>

#### Contingent liabilities - litigation

Please refer to note B11.

#### Contingent assets

There were no contingent assets as at 30 September 2009.

### A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 September 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 Q3 2009 vs YTD Q3 2008)

For the current period ended 30 September 2009("Q3 2009"), the Group recorded revenue of RM360 million with profit before tax of RM23.1 million as compared with revenue of RM394 million with profit before tax of RM11.8 million in the preceding period ended 30 September 2008("Q3 2008"), the improvement in net profit for the Group is mainly contributed by improvement in margin from sales of cranes.

### B2. COMPARISON WITH PRECEDING QUARTER RESULT (2009 Q3 vs 2009 Q2)

The Group recorded a profit before tax of RM9.5 million for the current quarter as compared to the profit before tax of RM8.0 million in the preceding quarter. The increase was mainly due to increase in sales.

### B3. GROUP'S CURRENT YEAR PROSPECT

As at 20 November 2009, outstanding order book of the Group is RM495 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 30.9.2009 RM'000	Cumulative Qtr To-date 30.9.2009 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(171)	(882)
Overseas	(2,185)	(5,683)
	(2,356)	(6,565)
<b>Deferred taxation expense</b>		
Malaysian Tax	-	-
Overseas	-	-
	-	-
<b>Total tax expense</b>	<b>(2,356)</b>	<b>(6,565)</b>

**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	114,505	114,505
	AUD	912	2,779
	Sub-total		117,284
b) Hire purchase and finance lease	RM	211	211
	DKK	391	267
	Sub-total		478
<b>Total short term borrowings</b>			<b>119,874</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		
		Currency	Amount	RM'000
a)	Long term borrowings			
	Secured	RM	10,547	10,547
		Sub-total		10,547
b)	Hire purchase and finance lease			
		RM	300	300
		DKK	1,513	1,035
		Sub-total		1,335
<b>Total long term borrowings</b>				<b>11,882</b>
<b>Total borrowings</b>				<b>131,756</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 November 2009 are as follows:

		Principal Foreign Currency		Equivalent	
		Amount		Currency	
		000		000	
Sell:	US Dollar	USD	51,527	RM	180,282
	US Dollar	USD	12,165	AUD	14,122
	EURO	EUR	1,410	RM	7,103
	SGD	SGD	10,400	RM	25,256

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 November 2009 except for the following:-

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

The Suits against the Company and 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, as previously reported remain ongoing.

The Company and FFU intend to vigorously defend the same.

**B12. PROPOSED DIVIDENDS**

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

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

**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 30.9.2009	Cumulative Qtr To-date 30.9.2009
Profit for the period (RM'000)	7,168	16,585
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,722	171,255
Basic EPS (Sen)	4.17	9.68

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 30.9.2009	Cumulative Qtr To-date 30.9.2009
Profit for the period (RM'000)	7,168	16,585
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	171,722	171,255
Effect of dilution ('000)	2,676	2,676
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	174,398	173,931
Diluted EPS (Sen)	4.11	9.54

**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 November 2009.

**Date: 26 November 2009**