



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	Unaudited As at 31.3.2010 RM'000	Audited As at 31.12.2009 RM'000
Assets		
Property, plant and equipment	94,307	99,845
Intangible assets	10,235	11,185
Investment in associates	79	84
Deferred tax assets	1,560	1,560
Total non-current assets	106,181	112,674
Receivables, deposits and prepayments	181,849	191,616
Contract work-in-progress	98,405	101,321
Inventories	138,751	153,228
Current tax assets	301	574
Cash and cash equivalents	96,472	126,509
Total current assets	515,778	573,248
Total assets	621,959	685,922
Equity		
Share capital	86,209	86,175
Reserves	89,808	103,704
Total equity attributable to shareholders of the Company/Total equity	176,017	189,879
Liabilities		
Loans and borrowings	10,341	11,189
Deferred tax liabilities	3,761	4,080
Total non-current liabilities	14,102	15,269
Provisions	7,941	8,454
Payables and accruals	149,087	202,688
Amount due to contract customers	174,772	125,202
Loans and borrowings	90,549	133,769
Current tax liabilities	9,491	10,661
Total current liabilities	431,840	480,774
Total liabilities	445,942	496,043
Total equity and liabilities	621,959	685,922
Net assets per share attributable to shareholders of the Company (RM)	1.02	1.10

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 31 MARCH 2010 (1ST QUARTER)**

(The figures have not been audited)

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	31.3.2010	31.3.2009	31.3.2010	31.3.2009
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	74,950	114,266	74,950	114,266
Cost of sales		(57,528)	(95,216)	(57,528)	(95,216)
Gross profit		17,422	19,050	17,422	19,050
Other income		339	165	339	165
Distribution expenses		(1,960)	(1,955)	(1,960)	(1,955)
Administrative expenses		(9,658)	(9,957)	(9,658)	(9,957)
Other expenses		(1,782)	-	(1,782)	-
Results from operating activities		4,361	7,303	4,361	7,303
Finance income		144	33	144	33
Finance costs		(717)	(1,797)	(717)	(1,797)
Operating profit		3,788	5,539	3,788	5,539
Share of profit/(loss) of associates, net of tax		(5)	47	(5)	47
Profit before tax		3,783	5,586	3,783	5,586
Tax expense	B5	(381)	(670)	(381)	(670)
Profit for the period		3,402	4,916	3,402	4,916
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(5,789)	1,406	(5,789)	1,406
Other comprehensive income for the period, net of tax		(5,789)	1,406	(5,789)	1,406
Total comprehensive income for the period		(2,387)	6,322	(2,387)	6,322
Profit attributable to:					
Equity holders of the parent		3,402	4,916	3,402	4,916
Minority interests		N/A	N/A	N/A	N/A
Profit before tax		3,402	4,916	3,402	4,916
Total comprehensive income attributable to:					
Equity holders of the parent		(2,387)	6,322	(2,387)	6,322
Minority interests		N/A	N/A	N/A	N/A
Total comprehensive income for the period		(2,387)	6,322	(2,387)	6,322
Earnings per ordinary share					
Basic (Sen)	B13	1.97	2.87	1.97	2.87
Diluted (Sen)	B13	1.95	2.84	1.95	2.84

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 THREE MONTHS ENDED 31 MARCH 2010 (1ST QUARTER)
(The figures have not been audited)**

	Attributable to equity holders of the Company							Total Equity RM'000
	Non-Distributable				Distributable			
	Share Capital RM'000	Share Premium RM'000	Translation Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	
3 months period ended 31 March 2010								
As at 1 January 2010								
as previously stated	86,175	1,459	14,440	11,325	1,756	(21)	74,745	189,879
effect of adopting FRS 139							(11,538)	(11,538)
As at 1 January 2010, as restated	86,175	1,459	14,440	11,325	1,756	(21)	63,207	178,341
Profit for the period							3,402	3,402
Other comprehensive income			(5,789)					(5,789)
Total comprehensive income for the period	-	-	(5,789)	-	-	-	3,402	(2,387)
Share options exercised	34	4	-	-	-	-	-	38
Transfer to share premium for share options exercised	-	13	-	-	(13)	-	-	-
Share-based payments	-	-	-	-	25	-	-	25
Dividends to shareholders	-	-	-	-	-	-	-	-
As at 31 March 2010	86,209	1,476	8,651	11,325	1,768	(21)	66,609	176,017
3 months period ended 31 March 2009								
As at 1 January 2009	85,514	1,142	6,436	15,105	1,686	(21)	51,265	161,127
Profit for the period							4,916	4,916
Other comprehensive income			1,406					1,406
Total comprehensive income for the period	-	-	1,406	-	-	-	4,916	6,322
Share-based payments	-	-	-	-	122	-	-	122
As at 31 March 2009	85,514	1,142	7,842	15,105	1,808	(21)	56,181	167,571

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 THREE MONTHS ENDED 31 MARCH 2010 (1ST QUARTER)
(The figures have not been audited)**

	Current Year To date 31.3.2010 RM'000	Preceding Year To date 31.3.2009 RM'000
Net cash generated from/(used in) operating activities	(7,414)	(15,666)
Net cash generated from/(used in) investing activities	(1,865)	(562)
Net cash generated from/(used in) financing activities	(16,833)	(1,079)
Net increase/(decrease) in cash and cash equivalents	<u>(26,112)</u>	<u>(17,307)</u>
Cash and cash equivalents at 1 January	126,404	48,891
Currency translation differences	(3,820)	1,327
Cash and cash equivalents at 31 March	<u>96,472</u>	<u>32,911</u>

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

	31.3.2010 RM'000	31.3.2009 RM'000
Cash and bank balances	92,678	34,582
Deposit placed with licensed banks	3,794	4,987
Cash and cash equivalents per balance sheet	<u>96,472</u>	<u>39,569</u>
Bank overdrafts	-	(6,658)
	<u>96,472</u>	<u>32,911</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2009 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 THREE MONTHS ENDED 31 MARCH 2010 (1ST QUARTER)**

A NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2009, except for the accounting policy changes that are expected to be reflected in the 2011 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 2009.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2009.

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 2009 except for the adoption of the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, Operating Segments

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, Insurance Contracts
- FRS 7, Financial Instruments: Disclosures
- FRS 101, Presentation of Financial Statements (revised)
- FRS 123, Borrowing Costs (revised)
- FRS 139, Financial Instruments: Recognition and Measurement
- Amendments to FRS 1, First-time Adoption of Financial Reporting Standards
- Amendments to FRS 2, Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 7, Financial Instruments: Disclosures
- Amendments to FRS 101, Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 127, Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 132, Financial Instruments: Presentation
 - Puttable Financial Instruments and Obligations Arising on Liquidation
 - Separation of Compound Instruments

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

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010 (Cont'd)

- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
 - Reclassification of Financial Assets
 - Collective Assessment of Impairment for Banking Institutions
- Improvements to FRSs (2009)
- IC Interpretation 9, Reassessment of Embedded Derivatives
- IC Interpretation 10, Interim Financial Reporting and Impairment
- IC Interpretation 11, FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13, Customer Loyalty Programmes
- IC Interpretation 14, FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are set out below:

a) **FRS 8, Operating Segments**

FRS 8 requires a 'management approach' under which segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's segmental reporting had been presented based on that used for internal reporting to the chief operating decision maker who makes decision on the allocation of resources and assesses the performance of the reportable segments.

b) **FRS 101, Presentation of Financial Statements**

The revised FRS 101 separates owner and non-owner changes in equity. The components of interim financial statements presented now consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements. The statement of comprehensive income consists of profit or loss for the period and other comprehensive income. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. The consolidated statement of changes in equity will now include only details of transactions with owners.

c) **FRS 139, Financial Instruments: Recognition and Measurement**

FRS 139 establishes principles for recognition and measurement of financial instruments. A financial asset or financial liability shall be recognised in its statements of financial position when the group becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is recorded at fair value upon initial recognition.

Financial assets

Subsequent to initial recognition, financial assets are classified as 'financial assets at fair value through profit or loss', 'held-to-maturity investments', 'loans and receivables', 'available for sale financial assets' or 'derivative designated as hedging instruments', as appropriate.

The group financial assets include trade and other receivables (exclude prepayments), cash and short term deposits, which are categorised as 'loans and receivables'.

Loans and receivables' prior to the adoption of FRS 139 were stated at cost less allowance for doubtful debts. Under FRS 139, financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest methods. Gains or losses arising from amortisation process, impairment, or derecognition of loans and receivables are recognised in profit or loss.

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

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

c) FRS 139, Financial Instruments: Recognition and Measurement (Cont'd)

Financial liabilities

After initial recognition, financial liabilities are classified as 'fair value through profit or loss', 'loans and receivables' or 'derivatives designated as hedging instruments', as appropriate.

The group financial liabilities include borrowings, trade and other payables, amount due to related companies and derivative instruments.

The adoption of the other new and revised FRSs, IC Interpretations and Amendments has no effect to the Group's consolidated financial statements for the current quarter or the comparative consolidated financial statements for the prior financial year.

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the preceding year ended 31 December 2009 were not subject to any qualification.

A4. EXPLANATORY COMMENT ON SEASONALITY OR CYCLICALITY

We expect to ride fairly with the current cycle.

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")

During the current quarter ended 31 March 2010, a total of 69,000 new ordinary shares of RM0.50 each were issued at RM0.55 each, pursuant to the exercise of ESOS.

A8. DIVIDENDS PAID

There is no dividend paid for the financial quarter under review.

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

A9. SEGMENT REVENUE

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	40,878	34,072	74,950
Results from operating activities			4,361
Finance income			144
Finance costs			(717)
Share of profit/(loss) of associates, net of tax			(5)
Profit before tax			3,783
Segment assets			621,880
Investments in associates			79
Total assets			621,959
Segments liabilities			445,942

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 19 May 2010, 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 MARCH 2010

Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

RM'000
125,974

In the ordinary course of business, the Group and the Company also issue bank and performance guarantees to customers who awarded contracts to the Group and the Company.

Contingent liabilities - litigation

Please refer to note B11.

Contingent assets

There were no contingent assets as at 31 March 2010.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 2010 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 2010 vs YTD Q1 2009)

For the current period ended 31 March 2010("Q1 2010"), the Group recorded revenue of RM74.9 million with profit before tax of RM3.8 million as compared with revenue of RM114.3 million with profit before tax of RM5.6 million in the preceding period ended 31 March 2009("Q1 2009"), the decrease was mainly due to decrease in sales resulted from slow order intake in Year 2009 attributed to global slowdown.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2010 Q1 vs 2009 Q4)

The Group recorded a profit before tax of RM3.8 million for the current quarter as compared to the profit before tax of RM12.1 million in the preceding quarter. The decrease was mainly due to decrease in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 19 May 2010, outstanding order book of the Group is RM491 million of which majority 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.

B5. TAX EXPENSE

	Current Quarter 31.3.2010 RM'000	Cumulative Qtr To-date 31.3.2010 RM'000
Current tax expense		
Malaysian Tax	(333)	(333)
Overseas	(48)	(48)
	(381)	(381)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(381)	(381)

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.

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

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	87,637	87,637
	AUD	151	454
	Sub-total		88,091
b) Hire purchase and finance lease	RM	103	103
	DKK	412	243
	Sub-total		346
Total short term borrowings			90,549
a) Long term borrowings			
Secured	RM	9,491	9,491
	Sub-total		9,491
b) Hire purchase and finance lease	RM	88	88
	DKK	1,291	762
	Sub-total		850
Total long term borrowings			10,341
Total borrowings			100,890

B10. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding derivative financial instruments of the Group with maturity date within 1 year, as at 31 March 2010 are as follows:

Type of Derivatives	Contract/ Notional value RM'000	Fair value RM'000
Forward foreign exchange contracts		
- Sell US Dollar	172,454	165,349
- Sell EURO	25,375	23,772
- Sell US Dollar buy AUD	27,819	26,997

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.

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

B11. CHANGES IN MATERIAL LITIGATION

There are no material litigations that have material effect to the Group as at 19 May 2010 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.

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 31.3.2010	Cumulative Qtr To-date 31.3.2010
Profit for the period (RM'000)	3,402	3,402
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	172,358	172,358
Basic EPS (Sen)	1.97	1.97

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 31.3.2010	Cumulative Qtr To-date 31.3.2010
Profit for the period (RM'000)	3,402	3,402
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	172,358	172,358
Effect of dilution ('000)	2,114	2,114
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	174,472	174,472
Diluted EPS (Sen)	1.95	1.95

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

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 24 May 2010.

Date: 25 May 2010