



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Unaudited As at 30.6.2010 RM'000	Audited As at 31.12.2009 RM'000
Assets		
Property, plant and equipment	92,266	99,845
Intangible assets	9,506	11,185
Investment in associates	92	84
Deferred tax assets	1,560	1,560
Total non-current assets	103,424	112,674
Receivables, deposits and prepayments	144,587	191,616
Contract work-in-progress	115,041	101,321
Inventories	137,386	153,228
Current tax assets	210	574
Cash and cash equivalents	98,889	126,509
Total current assets	496,113	573,248
Total assets	599,537	685,922
Equity		
Share capital	88,428	86,175
Reserves	90,459	103,704
Total equity attributable to shareholders of the Company/Total equity	178,887	189,879
Liabilities		
Loans and borrowings	9,599	11,189
Deferred tax liabilities	3,565	4,080
Total non-current liabilities	13,164	15,269
Provisions	8,523	8,454
Payables and accruals	137,687	202,688
Amount due to contract customers	186,197	125,202
Loans and borrowings	66,767	133,769
Current tax liabilities	8,312	10,661
Total current liabilities	407,486	480,774
Total liabilities	420,650	496,043
Total equity and liabilities	599,537	685,922
Net assets per share attributable to shareholders of the Company (RM)	1.01	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 SIX MONTHS ENDED 30 JUNE 2010 (2ND QUARTER)**

(The figures have not been audited)

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.6.2010	30.6.2009	30.6.2010	30.6.2009
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	93,187	94,609	168,137	208,875
Cost of sales		(74,644)	(71,659)	(132,172)	(166,875)
Gross profit		18,543	22,950	35,965	42,000
Other income		24	82	363	247
Distribution expenses		(1,625)	(1,470)	(3,585)	(3,425)
Administrative expenses		(9,571)	(11,276)	(19,229)	(21,233)
Other expenses		(337)	(1,361)	(2,119)	(1,361)
Results from operating activities		7,034	8,925	11,395	16,228
Finance income		88	83	232	116
Finance costs		(682)	(998)	(1,399)	(2,795)
Operating profit		6,440	8,010	10,228	13,549
Share of profit/(loss) of associates, net of tax		13	30	8	77
Profit before tax		6,453	8,040	10,236	13,626
Tax expense	B5	(454)	(3,539)	(835)	(4,209)
Profit for the period		5,999	4,501	9,401	9,417
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		(5,596)	5,147	(11,385)	6,553
Other comprehensive income for the period, net of tax		(5,596)	5,147	(11,385)	6,553
Total comprehensive income for the period		403	9,648	(1,984)	15,970
Profit attributable to:					
Equity holders of the parent		5,999	4,501	9,401	9,417
Minority interests		N/A	N/A	N/A	N/A
Profit before tax		5,999	4,501	9,401	9,417
Total comprehensive income attributable to:					
Equity holders of the parent		403	9,648	(1,984)	15,970
Minority interests		N/A	N/A	N/A	N/A
Total comprehensive income for the period		403	9,648	(1,984)	15,970
Earnings per ordinary share					
Basic (Sen)	B13	3.46	2.63	5.44	5.51
Diluted (Sen)	B13	3.45	2.58	5.42	5.40

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 SIX MONTHS ENDED 30 JUNE 2010 (2ND 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	
6 months period ended 30 June 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							9,401	9,401
Other comprehensive income			(11,385)					(11,385)
Total comprehensive income for the period	-	-	(11,385)	-	-	-	9,401	(1,984)
Share options exercised	2,253	226	-	-	-	-	-	2,479
Transfer to share premium for share options exercised	-	859	-	-	(859)	-	-	-
Share-based payments	-	-	-	-	51	-	-	51
As at 30 June 2010	88,428	2,544	3,055	11,325	948	(21)	72,608	178,887
6 months period ended 30 June 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							9,417	9,417
Other comprehensive income			6,553					6,553
Total comprehensive income for the period	-	-	6,553	-	-	-	9,417	15,970
Share options exercised	25	2	-	-	-	-	-	27
Transfer to share premium for share options exercised	-	10	-	-	(10)	-	-	-
Share-based payments	-	-	-	-	124	-	-	124
As at 30 June 2009	85,539	1,154	12,989	15,105	1,800	(21)	60,682	177,248

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 SIX MONTHS ENDED 30 JUNE 2010 (2ND QUARTER)**

(The figures have not been audited)

	Current Year To date 30.6.2010 RM'000	Preceding Year To date 30.6.2009 RM'000
Net cash generated from/(used in) operating activities	569	28,122
Net cash generated from/(used in) investing activities	(3,770)	(1,314)
Net cash generated from/(used in) financing activities	(15,924)	(538)
Net increase/(decrease) in cash and cash equivalents	(19,125)	26,270
Cash and cash equivalents at 1 January	126,404	48,891
Currency translation differences	(8,390)	6,188
Cash and cash equivalents at 30 June	98,889	81,349

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

	30.6.2010 RM'000	30.6.2009 RM'000
Cash and bank balances	91,204	84,259
Deposit placed with licensed banks	7,685	3,578
Cash and cash equivalents per balance sheet	98,889	87,837
Bank overdrafts	-	(6,488)
	98,889	81,349

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 SIX MONTHS ENDED 30 JUNE 2010 (2ND 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 30 June 2010, a total of 4,438,000 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	54,551	113,586	168,137
Results from operating activities			11,395
Finance income			232
Finance costs			(1,399)
Share of profit/(loss) of associates, net of tax			8
Profit before tax			10,236
Segment assets			599,445
Investments in associates			92
Total assets			599,537
Segments liabilities			420,650

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 August 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 30 JUNE 2010

Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

RM'000
100,683

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 30 June 2010.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 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 Q2 2010 vs YTD Q2 2009)

For the current period ended 30 June 2010("Q2 2010"), the Group recorded revenue of RM168.1 million with profit before tax of RM10.2 million as compared with revenue of RM208.9 million with profit before tax of RM13.6 million in the preceding period ended 30 June 2009("Q2 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 Q2 vs 2010 Q1)

The Group recorded a profit before tax of RM6.4 million for the current quarter as compared to the profit before tax of RM3.8 million in the preceding quarter. The increase was mainly due to increase in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

As at 19 August 2010, outstanding order book of the Group is RM450 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 30.6.2010 RM'000	Cumulative Qtr To-date 30.6.2010 RM'000
Current tax expense		
Malaysian Tax	(148)	(481)
Overseas	(306)	(354)
	(454)	(835)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(454)	(835)

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	64,435	64,435
		Sub-total		64,435
b)	Hire purchase and finance lease	DKK	412	220
		Sub-total		220
	Total short term borrowings			66,767
a)	Long term borrowings			
	Secured	RM	8,963	8,963
		Sub-total		8,963
	Hire purchase and finance lease	DKK	1,189	636
		Sub-total		636
	Total long term borrowings			9,599
	Total borrowings			76,366

B10. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding derivative financial instruments of the Group with maturity date within 1 year, as at 30 June 2010 are as follows:

Type of Derivatives	Contract/ Notional value RM'000	Fair value RM'000
Forward foreign exchange contracts		
- Sell US Dollar	162,940	158,756
- Sell EURO	21,366	18,125
- Sell US Dollar buy AUD	25,639	26,853

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 August 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 30.6.2010	Cumulative Qtr To-date 30.6.2010
Profit for the period (RM'000)	5,999	9,401
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	173,194	172,778
Basic EPS (Sen)	3.46	5.44

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 30.6.2010	Cumulative Qtr To-date 30.6.2010
Profit for the period (RM'000)	5,999	9,401
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	173,194	172,778
Effect of dilution ('000)	696	696
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	173,890	173,474
Diluted EPS (Sen)	3.45	5.42

**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 23 August 2010.

Date: 24 August 2010