



FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011**

	Unaudited As at 31.3.2011 RM'000	Audited As at 31.12.2010 RM'000
Assets		
Property, plant and equipment	100,312	98,214
Intangible assets	8,085	8,652
Investment in associates	6,663	6,316
Deferred tax assets	2,627	2,627
Total non-current assets	<u>117,687</u>	<u>115,809</u>
Receivables, deposits and prepayments	159,302	163,943
Contract work-in-progress	97,099	78,344
Inventories	134,490	139,025
Current tax assets	1,068	1,077
Derivative assets	8,181	9,620
Cash and cash equivalents	103,034	84,430
Total current assets	<u>503,174</u>	<u>476,439</u>
Total assets	<u>620,861</u>	<u>592,248</u>
Equity		
Share capital	88,693	88,568
Reserves	112,185	107,040
Total equity attributable to shareholders of the Company/Total equity	<u>200,878</u>	<u>195,608</u>
Liabilities		
Loans and borrowings	7,678	8,450
Deferred tax liabilities	4,489	4,420
Total non-current liabilities	<u>12,167</u>	<u>12,870</u>
Provisions	5,686	5,521
Payables and accruals	165,890	190,783
Amount due to contract customers	170,120	140,547
Loans and borrowings	62,603	43,553
Current tax liabilities	3,517	3,366
Total current liabilities	<u>407,816</u>	<u>383,770</u>
Total liabilities	<u>419,983</u>	<u>396,640</u>
Total equity and liabilities	<u>620,861</u>	<u>592,248</u>
Net assets per share attributable to shareholders of the Company (RM)	<u>1.13</u>	<u>1.10</u>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 PERIOD ENDED 31 MARCH 2011 (1ST QUARTER)**

(The figures have not been audited)

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2011 RM'000	31.3.2010 RM'000	31.3.2011 RM'000	31.3.2010 RM'000
Revenue	A9	85,181	74,950	85,181	74,950
Cost of sales		(70,421)	(57,528)	(70,421)	(57,528)
Gross profit		14,760	17,422	14,760	17,422
Other income		1,648	339	1,648	339
Distribution expenses		(1,874)	(1,960)	(1,874)	(1,960)
Administrative expenses		(9,779)	(9,658)	(9,779)	(9,658)
Other expenses		(351)	(1,782)	(351)	(1,782)
Results from operating activities		4,404	4,361	4,404	4,361
Finance income		619	144	619	144
Finance costs		(582)	(717)	(582)	(717)
Operating profit		4,441	3,788	4,441	3,788
Share of profit/(loss) of associates, net of tax		(258)	(5)	(258)	(5)
Profit before tax		4,183	3,783	4,183	3,783
Tax expense	B5	(316)	(381)	(316)	(381)
Profit for the period		3,867	3,402	3,867	3,402
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1,240	(5,789)	1,240	(5,789)
Other comprehensive income for the period, net of tax		1,240	(5,789)	1,240	(5,789)
Total comprehensive income for the period		5,107	(2,387)	5,107	(2,387)
Profit attributable to:					
Equity holders of the parent		3,867	3,402	3,867	3,402
Minority interests		N/A	N/A	N/A	N/A
Profit before tax		3,867	3,402	3,867	3,402
Total comprehensive income attributable to:					
Equity holders of the parent		5,107	(2,387)	5,107	(2,387)
Minority interests		N/A	N/A	N/A	N/A
Total comprehensive income for the period		5,107	(2,387)	5,107	(2,387)
Earnings per ordinary share					
Basic (Sen)	B13	2.18	1.97	2.18	1.97
Diluted (Sen)	B13	2.17	1.95	2.17	1.95

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011 (1ST QUARTER)**

(The figures have not been audited)

	←————— Attributable to equity holders of the Company —————→							—————→
	←————— 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	Total Equity RM'000
3 months period ended 31 March 2011								
As at 1 January 2011	88,568	2,625	7,238	11,325	977	(21)	84,896	195,608
Profit for the period	-	-	-	-	-	-	3,867	3,867
Other comprehensive income	-	-	1,240	-	-	-	-	1,240
Total comprehensive income for the period	-	-	1,240	-	-	-	3,867	5,107
Share options exercised	125	38	-	-	-	-	-	163
Transfer to share premium for share options exercised	-	56	-	-	(56)	-	-	-
Share-based payments	-	-	-	-	-	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-
As at 31 March 2011	88,693	2,719	8,478	11,325	921	(21)	88,763	200,878
3 months period ended 31 March 2010								
As at 1 January 2010	86,175	1,459	14,440	11,325	1,756	(21)	74,745	189,879
as previously stated	-	-	-	-	-	-	-	-
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

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 2010 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 2011 (1ST QUARTER)**

(The figures have not been audited)

	Current Year To date 31.3.2011 RM'000	Preceding Year To date 31.3.2010 RM'000
Net cash generated from/(used in) operating activities	32,221	(7,414)
Net cash generated from/(used in) investing activities	(6,348)	(1,865)
Net cash generated from/(used in) financing activities	(2,323)	(16,833)
Net increase/(decrease) in cash and cash equivalents	23,550	(26,112)
Cash and cash equivalents at 1 January	79,691	126,404
Currency translation differences	(208)	(3,820)
Cash and cash equivalents at 31 March	103,033	96,472

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

	31.3.2011 RM'000	31.3.2010 RM'000
Cash and bank balances	95,581	92,678
Deposit placed with licensed banks	7,453	3,794
Cash and cash equivalents per balance sheet	103,034	96,472
Bank overdrafts	(1)	-
	103,033	96,472

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 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 2011 (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 2010, except for the accounting policy changes that are expected to be reflected in the 2012 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 2010.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2010.

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 2010 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 2010 or 1 January 2011:

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

- FRS 1, First-time Adoption of Financial Reporting Standards
- FRS 3 (revised), Business Combinations
- FRS 127 (revised), Consolidated and Separate Financial Statements
- Amendments to FRS 5, Plan to Sell the Controlling Interest in a Subsidiary
- Amendments to FRS 2, Scope of FRS2 and FRS3 (revised)
- Amendments to FRS 138, Consequential Amendments Arising from FRS 3 (revised)
- Amendments to IC Interpretation 9, Scope of IC Interpretation 9 and FRS 3 (revised)
- IC Interpretation 12, Service Concession Arrangements
- IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17, Distributions of Non-cash Assets to Owners

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 2, Share-based Payment: Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 1 (revised), Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters and Additional Exemptions for First-time Adopters
- Amendments to FRS 7, Improving Disclosures about Financial Instruments
- IC Interpretation 18, Transfers of Assets from Customers
- IC Interpretation 4, Determining Whether An Arrangement Contains a Lease

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

A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

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 3 (revised), Business Combinations

- FRS 3 (revised) incorporates the following changes that are likely to be relevant to the Group's operations:
- Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss.
- Transaction costs, other than share and debt issue costs, will be expensed as incurred.
- Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit and loss.
- Any minority (will be known as non-controlling) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

FRS 3 (revised), which becomes mandatory for the Group's 2011 consolidated financial statements, will be applied prospectively and therefore there will be no impact on prior periods in the Group's 2011 consolidated financial statements.

b) FRS 127 (revised), Consolidated and Separate Financial Statements

FRS 127 (revised) requires accounting for changes in ownership interests by the group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent. The Group will apply the major changes of FRS 127 (revised) prospectively and therefore there will not have any financial impact on the financial statements of the Group for the current financial year but may impact the accounting for its future transactions or arrangements.

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 2010 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.

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

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")

There were no issuances, cancellation, repurchases, resale and repayments of debts and equity securities for the current quarter under review except for the following:-

- a) A total of 169,000 new ordinary shares of RM0.50 each were issued at RM0.55 each, pursuant to the exercise of ESOS granted in 2006.
- b) A total of 81,000 new ordinary shares of RM0.50 each were issued at RM0.86 each, pursuant to the exercise of ESOS granted in 2009.

A8. DIVIDENDS PAID

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

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	65,701	19,480	85,181
Results from operating activities			4,404
Finance income			619
Finance costs			(582)
Share of profit/(loss) of associates, net of tax			(258)
Profit before tax			4,183
Segment assets			614,198
Investments in associates			6,663
Total assets			620,861
Segments liabilities			419,983

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 18 May 2011, which is likely to substantially affect the results of the operations of the Company.

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

A12. CHANGES IN THE GROUP'S COMPOSITION

There were no change in the Group's composition in the current quarter under review except for the following:

- a) On 25 February 2011, the Company had incorporated a new wholly-owned subsidiary under the name of Favelle Favco Winches Pte. Ltd. ("FFW"). FFW is a private company limited by shares incorporated under the Companies Act (Cap. 50).

The issued and fully paid up capital of FFW is SGD1 divided into 1 ordinary shares of SGD1 each at the date of incorporation. On 10 April 2011, the Company subscribed for an additional new shares of 149,999 ordinary shares of SGD1 each in FFW at par for a cash consideration of SGD149,999.

The intended principal activity of FFW is design, fabrication, trading, service and rental of winches, hydraulic systems and material handling equipment.

A13. CONTINGENT LIABILITIES/ASSETS AS AT 31 MARCH 2011

Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

RM'000

93,447

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 2011.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 2011 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 2011 vs YTD Q1 2010)

For the current quarter ended 31 March 2011("Q1 2011"), the Group recorded revenue of RM85.2 million with profit before tax of RM4.2 million as compared with revenue of RM74.9 million with profit before tax of RM3.8 million in the preceding quarter ended 31 March 2010("Q1 2010"), the increase was mainly due to increase in sales.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2011 Q1 vs 2010 Q4)

The Group recorded a profit before tax of RM3.6 million for the current quarter as compared to the profit before tax of RM12.2 million in the preceding quarter. The decrease was mainly due to decrease in sales.

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

B3. GROUP'S CURRENT YEAR PROSPECT

As at 19 May 2011, outstanding order book of the Group is RM496.4 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 remains challenging. We foresee our Group maintaining market share from our customers.

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 31.3.2011 RM'000	Cumulative Qtr To-date 31.3.2011 RM'000
Current tax expense		
Malaysian Tax	(319)	(319)
Overseas	3	3
	(316)	(316)
Deferred taxation expense		
Malaysian Tax	-	-
Overseas	-	-
	-	-
Total tax expense	(316)	(316)

The effective tax rate of the Group for the period ended 31 March 2011 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.

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	58,451	58,451
	AUD	573	1,790
	Sub-total		60,241
b) Hire purchase and finance lease	DKK	435	250
	Sub-total		250
Total short term borrowings			62,603
a) Long term borrowings			
Secured	RM	7,379	7,379
	Sub-total		7,379
b) Hire purchase and finance lease	DKK	520	299
	Sub-total		299
Total long term borrowings			7,678
Total borrowings			70,281

B10. DERIVATIVE FINANCIAL INSTRUMENTS

The outstanding derivative financial instruments of the Group with maturity date within 1 year, as at 31 March 2011 are as follows:

Type of Derivatives	Contract/ Notional value RM'000	Fair value RM'000	Changes in fair value RM'000
Forward foreign exchange contracts			
- Sell US Dollar	112,111	106,665	5,446
- Sell EURO	19,390	17,232	2,158
- Sell SGD	61,270	61,020	250
- Sell US Dollar buy AUD	12,004	11,677	327

Forward foreign exchange contracts are used as a hedging tool to minimise the Group's and Company's exposure to exchanges in fair value of its commitment, conducted in the ordinary course of business, as a result of fluctuation in exchange rate. 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 18 May 2011 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.

District Court of Bexar County, Texas

The Suit against the Company and its subsidiary, FFU, commenced by Zachry Industrial, Inc. in the District Court of Bexar County, Texas, as previously reported remain ongoing.

The Company intends to have the Suit dismissed against itself at the appropriate juncture and in any case, the Company and FFU intend to vigorously defend the Suit.

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 31.3.2011	Cumulative Qtr To-date 31.3.2011
Profit for the period (RM'000)	3,867	3,867
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	177,280	177,280
Basic EPS (Sen)	2.18	2.18

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

B13. EARNINGS PER ORDINARY SHARE ("EPS") (Cont'd)

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 31.3.2011	Cumulative Qtr To-date 31.3.2011
Profit for the period (RM'000)	3,867	3,867
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	177,280	177,280
Effect of dilution ('000)	863	863
Adjusted weighted average number of ordinary shares in issue and issuable (based on ordinary share of RM0.50 each) ('000)	178,143	178,143
Diluted EPS (Sen)	2.17	2.17

B14. REALISED AND UNREALISED PROFIT/LOSSES

	As at 31.3.2011 RM'000	As at 31.12.2010 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	38,902	40,983
- Unrealised	2,187	(4,191)
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(413)	(473)
- Unrealised	-	(2)
Less: Consolidation adjustments	40,676	36,317
	48,087	48,579
Total group retained profits / (accumulated losses) as per consolidated accounts	88,763	84,896

B15. COMPARATIVE FIGURES

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

B16. 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 May 2011.

Date: 23 May 2011