

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2012**

	Unaudited As at 30.6.2012 RM'000	Audited As at 31.12.2011 RM'000
<b>Assets</b>		
Property, plant and equipment	110,315	105,113
Intangible assets	5,311	6,347
Investment in associates	7,776	5,732
Deferred tax assets	2,368	2,368
<b>Total non-current assets</b>	<u>125,770</u>	<u>119,560</u>
Receivables, deposits and prepayments	206,617	138,938
Contract work-in-progress	125,332	120,052
Inventories	174,520	183,823
Current tax assets	710	307
Derivative assets	-	2,987
Cash and cash equivalents	117,200	114,896
<b>Total current assets</b>	<u>624,379</u>	<u>561,003</u>
<b>Total assets</b>	<u>750,149</u>	<u>680,563</u>
<b>Equity</b>		
Share capital	89,584	89,584
Reserves	177,031	147,398
<b>Total equity attributable to owners of the Company</b>	<u>266,615</u>	<u>236,982</u>
<b>Non-controlling interests</b>	<u>3,061</u>	<u>3,556</u>
<b>Total equity</b>	<u>269,676</u>	<u>240,538</u>
<b>Liabilities</b>		
Loans and borrowings	4,844	5,999
Deferred tax liabilities	5,862	5,412
<b>Total non-current liabilities</b>	<u>10,706</u>	<u>11,411</u>
Provisions	7,937	6,536
Payables and accruals	233,264	219,838
Amount due to contract customers	155,395	154,842
Derivative liabilities	4,072	-
Loans and borrowings	67,124	45,247
Current tax liabilities	1,975	2,151
<b>Total current liabilities</b>	<u>469,767</u>	<u>428,614</u>
<b>Total liabilities</b>	<u>480,473</u>	<u>440,025</u>
<b>Total equity and liabilities</b>	<u>750,149</u>	<u>680,563</u>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<u>1.49</u>	<u>1.32</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 2011 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 30 JUNE 2012 (2ND QUARTER)**

(The figures have not been audited)

		Current/Preceding Qtr Ended		Cumulative Qtr YTD	
	Note	30.6.2012	30.6.2011	30.6.2012	30.6.2011
		RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	A9	205,082	109,880	334,183	195,061
Cost of sales		(174,265)	(93,282)	(280,437)	(163,703)
<b>Gross profit</b>		30,817	16,598	53,746	31,358
Other income		3,661	3,551	4,363	5,199
Distribution expenses		(1,945)	(750)	(4,031)	(2,624)
Administrative expenses		(12,578)	(10,088)	(22,533)	(19,867)
Other expenses		-	(352)	-	(703)
<b>Results from operating activities</b>		19,955	8,959	31,545	13,363
Finance income		564	634	842	1,253
Finance costs		(710)	(366)	(1,316)	(948)
<b>Operating profit</b>	B5	19,809	9,227	31,071	13,668
Share of profit/(loss) of associates, net of tax		(139)	(94)	(404)	(352)
<b>Profit before tax</b>		19,670	9,133	30,667	13,316
Tax expense	B6	(443)	(1,091)	(1,176)	(1,407)
<b>Profit for the period</b>		19,227	8,042	29,491	11,909
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		(544)	1,968	(1,299)	3,208
<b>Other comprehensive income for the period, net of tax</b>		(544)	1,968	(1,299)	3,208
<b>Total comprehensive income for the period</b>		18,683	10,010	28,192	15,117
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		19,749	8,042	30,031	11,909
Non-controlling interests		(522)	N/A	(540)	N/A
<b>Profit for the period</b>		19,227	8,042	29,491	11,909
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		19,089	10,010	28,687	15,117
Non-controlling interests		(406)	N/A	(495)	N/A
<b>Total comprehensive income for the period</b>		18,683	10,010	28,192	15,117
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	11.02	4.52	16.76	6.71
Diluted (Sen)	B11	10.74	4.52	16.33	6.71

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 JUNE 2012 (2ND QUARTER)**

(The figures have not been audited)

	Attributable to owners of the Company						Retained Earnings RM'000	Total attributable to owners of the Company RM'000	Non-controlling Interests RM'000	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				
<b>6 months period ended 30 June 2012</b>										
<b>As at 1 January 2012</b>										
as previously stated	89,584	3,356	8,111	11,325	554	(21)	124,073	236,982	3,556	240,538
effect of adoption of MFRS	-	-	(7,238)	-	-	-	7,238	-	-	-
<b>As at 1 January 2012, restated</b>	<b>89,584</b>	<b>3,356</b>	<b>873</b>	<b>11,325</b>	<b>554</b>	<b>(21)</b>	<b>131,311</b>	<b>236,982</b>	<b>3,556</b>	<b>240,538</b>
Profit/(loss) for the period	-	-	-	-	-	-	30,031	30,031	(540)	29,491
Foreign currency translation	-	-	(1,344)	-	-	-	-	(1,344)	45	(1,299)
Total comprehensive income for the period	-	-	(1,344)	-	-	-	30,031	28,687	(495)	28,192
Share-based payments	-	-	-	-	946	-	-	946	-	946
<b>As at 30 June 2012</b>	<b>89,584</b>	<b>3,356</b>	<b>(471)</b>	<b>11,325</b>	<b>1,500</b>	<b>(21)</b>	<b>161,342</b>	<b>266,615</b>	<b>3,061</b>	<b>269,676</b>
<b>6 months period ended 30 June 2011</b>										
<b>As at 1 January 2011</b>										
as previously stated	88,568	2,625	7,238	11,325	977	(21)	84,896	195,608	-	195,608
effect of adoption of MFRS	-	-	(7,238)	-	-	-	7,238	-	-	-
<b>As at 1 January 2011, as restated</b>	<b>88,568</b>	<b>2,625</b>	<b>-</b>	<b>11,325</b>	<b>977</b>	<b>(21)</b>	<b>92,134</b>	<b>195,608</b>	<b>-</b>	<b>195,608</b>
Profit for the period	-	-	-	-	-	-	11,909	11,909	-	11,909
Foreign currency translation	-	-	3,208	-	-	-	-	3,208	-	3,208
Total comprehensive income for the period	-	-	3,208	-	-	-	11,909	15,117	-	15,117
Share options exercised	1,016	282	-	-	-	-	-	1,298	-	1,298
Transfer to share premium for share options exercised	-	449	-	-	(449)	-	-	-	-	-
Expiry of ESOS	-	-	-	-	(528)	-	-	(528)	-	(528)
<b>As at 30 June 2011, as restated</b>	<b>89,584</b>	<b>3,356</b>	<b>3,208</b>	<b>11,325</b>	<b>-</b>	<b>(21)</b>	<b>104,043</b>	<b>211,495</b>	<b>-</b>	<b>211,495</b>

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 2011 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 JUNE 2012 (2ND QUARTER)****(The figures have not been audited)**

	Current Year To date 30.6.2012 RM'000	Preceding Year To date 30.6.2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	30,667	13,316
Adjustments for:		
Impairment loss on receivables	-	1,899
Impairment loss on receivables written back	(1,226)	(2,132)
Allowance for slow moving inventories	-	1,852
Amortisation of intangible assets	1,026	891
Depreciation of property, plant and equipment	5,754	5,544
Loss/(Gain) on disposal of property, plant and equipment	(104)	(106)
Finance costs	1,316	948
Provision for warranties	2,246	386
Interest income	(842)	(1,253)
Property, plant and equipment written off	146	2,185
Intangible assets written off	-	19
Unrealised loss/(gain) on foreign exchange	(4,539)	(3,406)
Share-based payments	946	(528)
Share of loss/(profit) of equity accounted associates	404	712
Reversal of provision for warranties	(398)	(73)
Operating profit/(loss) before changes in working capital changes	35,396	20,254
Changes in working capital:		
Development costs	-	-
Inventories	9,386	(7,683)
Payables and accruals	34,502	64,811
Receivables, deposits and prepayments	(65,143)	(37,009)
Cash generated from operations	14,141	40,373
Interest received	842	599
Interest paid	(926)	(595)
Provisions paid	(410)	(1,080)
Taxes paid	(1,191)	(16)
<b>Net cash generated from/(used in) operating activities</b>	12,456	39,281
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(13,162)	(15,538)
Acquisition of an associate	(2,448)	(98)
Acquisition of a subsidiary, net cash inflow	-	(824)
Proceeds from disposal of property, plant and equipment	1,317	998
<b>Net cash generated from/(used in) investing activities</b>	(14,293)	(15,462)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2012 (2ND QUARTER)**

(cont'd)

	Current Year To date 30.6.2012 RM'000	Preceding Year To date 30.6.2011 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	-	-
Interest paid	(320)	(353)
Proceeds from issue of shares under ESOS scheme	-	1,298
Net proceeds from/(repayment of) revolving credit	102	(192)
Payment of finance lease liabilities	(106)	(268)
Repayment of term loans	(3,624)	(3,734)
<b>Net cash generated from/(used in) financing activities</b>	<u>(3,948)</u>	<u>(3,249)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	(5,785)	20,570
<b>Cash and cash equivalents at 1 January</b>	114,896	79,691
<b>Currency translation differences</b>	287	1,292
<b>Cash and cash equivalents at 31 March</b>	<u>109,398</u>	<u>101,553</u>

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

	30.6.2012 RM'000	30.6.2011 RM'000
Cash and bank balances	91,067	93,756
Deposit placed with licensed banks	26,133	7,797
Cash and cash equivalents per balance sheet	<u>117,200</u>	<u>101,553</u>
Bank overdrafts	(7,802)	-
	<u>109,398</u>	<u>101,553</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP  
FOR THE PERIOD ENDED 30 JUNE 2012 (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 Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting, issued by the Malaysian Accounting Standards Board ("MASB").

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011.

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 2011, except for the adoption of new MFRS framework.

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 2011.

**A2. CHANGES IN ACCOUNTING POLICIES**

These interim financial statements for the period ended 31 March 2012, is the first interim financial statements that the Group had prepared in accordance with MFRSs. The audited financial statements for the financial year ended 31 December 2011 were prepared under Financial Reporting Standards ("FRS"). Except for certain differences, the requirements under FRS and MFRS are similar. The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS1. The impact of the transition from FRS to MFRS are described below:

Foreign currency translation reserve ("FCTR")

At the date of transition to MFRS, the cumulative foreign currency differences of RM7,238,000 is adjusted to retained earnings. The reconciliation of equity for comparative periods and of equity at date of transition reported under FRS to those reported for periods and at the date of transition under MFRS is as follows:-

Reconciliation of equity as at 1 January 2011

	FRS as at 1.1.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 1.1.2011 RM'000
Equity			
FCTR	7,238	(7,238)	-
Retained earnings	84,896	7,238	92,134

Reconciliation of equity as at 30 June 2011

	FRS as at 30.6.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 30.6.2011 RM'000
Equity			
FCTR	10,446	(7,238)	3,208
Retained earnings	96,805	7,238	104,043

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

### A2. CHANGES IN ACCOUNTING POLICIES (Cont'd)

#### Foreign currency translation reserve ("FCTR") (Cont'd)

##### Reconciliation of equity as at 31 December 2011

	FRS as at 31.12.2011 RM'000	Effect of transition to MFRS RM'000	MFRS as at 31.12.2011 RM'000
Equity			
FCTR	8,111	(7,238)	873
Retained earnings	124,073	7,238	131,311

The Group has not adopted the following MFRSs, Amendments to MFRSs and IC Interpretations ("IC Int.") were issued but not yet effective:

	<u>Effective Date</u>
• MFRS 9 Financial Instruments	1 January 2015
• MFRS 10 Consolidated Financial Statements	1 January 2013
• MFRS 11 Joint Arrangements	1 January 2013
• MFRS 12 Disclosure of Interest in Other Entities	1 January 2013
• MFRS 13 Fair Value Measurement	1 January 2013
• MFRS 119 Employee Benefits	1 January 2013
• MFRS 127 Separate Financial Statements	1 January 2013
• MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
• Amendments to MFRS 7 Disclosure – Offsetting Financial Assets and Financial Liabilities	1 January 2013
• Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income	1 July 2012
• Amendments to MFRS 132 Offsetting Financial Assets and Financial Liabilities	1 January 2014
• IC Int. 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

### A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The audited financial statements of the Company for the preceding year ended 31 December 2011 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.

### A8. DIVIDENDS PAID

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

## 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
<b>GEOGRAPHICAL SEGMENTS</b>			
<b>Revenue</b>	<b>136,955</b>	<b>197,228</b>	<b>334,183</b>
<b>Results from operating activities</b>			<b>31,545</b>
Finance income			842
Finance costs			(1,316)
Share of profit/(loss) of associates, net of tax			(404)
<b>Profit before tax</b>			<b>30,667</b>
Segment assets			742,373
Investments in associates			7,776
<b>Total assets</b>			<b>750,149</b>
<b>Segments liabilities</b>			<b>480,473</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.

### A11. MATERIAL SUBSEQUENT EVENT

There were no material subsequent event from the end of the quarter to 22 August 2012, 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 2012

#### Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

**RM'000**  
100,167

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 2012.



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

### **A14. CAPITAL COMMITMENTS**

There were no material capital commitments as at 30 June 2012 and up to 22 August 2012 except for the following:-

The Company had entered into a conditional sale and purchase agreement with Muhibbah Engineering (M) Bhd (“MEB”) on 25 June 2012 for the proposed acquisition of a crane fabrication yard comprising freehold industrial land, buildings and improvements, located at No. 28 Yarrunga Street, Prestons, New South Wales, 2170 Australia with a total land area measuring approximately 11.6 acres from MEB for a total purchase consideration of AUD15,000,000 (equivalent to RM48,091,500), to be fully satisfied via the allotment and issuance of 31,678,743 new ordinary shares of RM0.50 each in FFB (“FFB Shares”) at an issue price of RM1.5181 per FFB Share.

## **B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

### **B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q2 2012 vs YTD Q2 2011)**

The Group operates only in one business segment. Accordingly, detailed analysis of the performance of each business segment is not presented.

For the current quarter ended 30 June 2012, the Group recorded revenue of RM334.2 million with profit before tax of RM30.7 million as compared with revenue of RM195.1 million with profit before tax of RM13.3 million in the preceding quarter ended 30 June 2011. The increase was mainly due to increase in sales from crane segment which due to global recovery in investment in equipment and good execution of several high margin projects.

### **B2. COMPARISON WITH PRECEDING QUARTER RESULT (2012 Q2 vs 2012 Q1)**

The Group recorded a profit before tax of RM19.7 million for the current quarter as compared to the profit before tax of RM11.0 million in the preceding quarter. The increase was mainly due to increase in sales from crane segment.

### **B3. GROUP'S CURRENT YEAR PROSPECT**

As at 22 August 2012, outstanding order book of the group is RM715.5 million of which majority is from the 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 while the outlook remains challenging, we foresee oil and gas investment to continue at current level and construction industry to continue facing a slow recovery.

### **B4. PROFIT FORECAST**

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

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

**B5. OPERATING PROFIT**

Current Quarter 30.6.2012 RM'000	Cumulative Qtr To-date 30.6.2012 RM'000
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**Operating profit is arrived at after (crediting)/charging the following:**

Depreciation and amortization	3,504	6,780
Foreign exchange (gain)/loss	(4,353)	(5,788)
(Gain)/loss on derivatives	6,944	4,072
Exceptional items		

Other than the above, there were no gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items for the current quarter and financial year ended 31 December 2011.

**B6. TAX EXPENSE**

Current Quarter 30.6.2012 RM'000	Cumulative Qtr To-date 30.6.2012 RM'000
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**Current tax expense**

Malaysian Tax	87	(658)
Overseas	-	-
	87	(658)

**Deferred taxation expense**

Malaysian Tax	(530)	(518)
Overseas	-	-
	(530)	(518)

**Total tax expense**

	<b>(443)</b>	<b>(1,176)</b>
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The effective tax rate of the Group for the period ended 30 June 2012 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.

**B7. CORPORATE PROPOSAL**

**(being a date not earlier than seven (7) days from the date of issue of the quarterly report)**

Save for the following proposals, there is no other proposal announced but pending implementation as at the date of this report:

On 25 June 2012, Maybank Investment Bank Berhad (Maybank IB), on behalf of Favelle Favco Berhad ("FFB" or Company), had announced the Proposed Acquisition by the Company of a Crane Fabrication Yard Comprising Freehold Industrial Land, Buildings And Improvements, Located At No. 28 Yarrunga Street, Prestons, New South Wales, 2170 Australia with a total land area measuring approximately 11.6 Acres ("Property") from Muhibbah Engineering (M) Bhd for a total purchase consideration of AUD15,000,000 (Equivalent to RM48,091,500), to be satisfied via the issuance of 31,678,743 new ordinary shares of RM0.50 each in FFB ("Proposed Acquisition").

On 3 July 2012, Maybank IB, on behalf the Company had submitted the valuation report of the Property in relation to the Proposed Acquisition to Bursa Malaysia Securities Sdn Bhd ("Bursa Securities").

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

**B7. CORPORATE PROPOSAL (Cont'd)**

Subsequently, on 17 August 2012, Maybank IB (on behalf the Company) and KAF Investment Bank Berhad, the Independent Adviser ("IA") to non-interested shareholders of the Company had submitted the additional listing application (including draft circular) and the Independent Advice Letter in relation to the Proposed Acquisition, respectively for the perusal of Bursa Securities.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

		Foreign currency		RM'000
		Currency	Amount	
a)	Short term borrowings			
	Secured	RM	2,112	2,112
		DKK	-	-
		USD		
		Sub-total		2,112
	Unsecured	RM	58,017	58,017
		AUD	-	-
		SGD	2,727	6,810
		USD		
		Sub-total		64,827
b)	Hire purchase and finance lease	DKK	345	185
		Sub-total		185
	<b>Total short term borrowings</b>			<b>67,124</b>
a)	Long term borrowings			
	Secured	RM	4,739	4,739
		Sub-total		4,739
b)	Hire purchase and finance lease	DKK	196	105
		Sub-total		105
	<b>Total long term borrowings</b>			<b>4,844</b>
	<b>Total borrowings</b>			<b>71,968</b>

**B9. CHANGES IN MATERIAL LITIGATION**

There are no material litigations that have material effect to the Group as at 22 August 2012 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.

**Supreme Court of the State of New York, County of New York**

The Suit against Favelle Favco Cranes (USA) Inc ("FFU"), commenced by Mr. Robert Panarella ("the Plaintiff") in the Supreme Court of the State of New York, as previously reported remains ongoing.

FFU intends to vigorously defend the same.

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

**B10. PROPOSED DIVIDENDS**

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

**B11. 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 30.6.2012	Cumulative Qtr To-date 30.6.2012
Net profit attributable to the shareholders of the Company (RM'000)	19,749	30,031
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	179,157	179,157
Basic EPS (Sen)	11.02	16.76

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 30.6.2012	Cumulative Qtr To-date 30.6.2012
Net profit attributable to the shareholders of the Company (RM'000)	19,749	30,031
Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)	179,157	179,157
Effect of dilution ('000)	4,692	4,692
Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000)	183,849	183,849
Diluted EPS (Sen)	10.74	16.33

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

**B12. REALISED AND UNREALISED PROFIT/LOSSES**

	As at 30.6.2012 RM'000	As at 31.12.2011 RM'000
Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries:		
- Realised	149,190	54,854
- Unrealised	5,957	14,497
Total share of retained profits / (accumulated losses) from associated companies:		
- Realised	(621)	(868)
- Unrealised	-	-
	154,526	68,483
Less: Consolidation adjustments	6,816	55,590
Total group retained profits / (accumulated losses) as per consolidated accounts	161,342	124,073

**B13. COMPARATIVE FIGURES**

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

**B14. 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 27 August 2012.

**Date: 27 August 2012**