

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

|  | Unaudited<br>As at<br>31.12.2015<br>RM'000 | Audited<br>As at<br>31.12.2014<br>RM'000 |
|--|--|--|
| <b>Assets</b>  |  |  |
| Property, plant and equipment  | 194,431                                    | 187,476                                  |
| Intangible assets  | 1,274                                      | 1,807                                    |
| Investment in associates   | 16,974                                     | 18,459                                   |
| Deferred tax assets  | 16,906                                     | 13,328                                   |
| Receivables  | 6,804                                      | 36,539                                   |
| <b>Total non-current assets</b>  | <u>236,389</u>                             | <u>257,609</u>                           |
| Receivables, deposits and prepayments                                      | 285,847                                    | 302,612                                  |
| Contract work-in-progress  | 182,263                                    | 149,774                                  |
| Inventories  | 184,999                                    | 201,461                                  |
| Current tax assets   | 16,143                                     | 12,146                                   |
| Cash and cash equivalents  | 333,979                                    | 210,774                                  |
| <b>Total current assets</b>  | <u>1,003,231</u>                           | <u>876,767</u>                           |
| <b>Total assets</b>  | <u>1,239,620</u>                           | <u>1,134,376</u>                         |
| <b>Equity</b>  |  |  |
| Share capital  | 109,568                                    | 108,756                                  |
| Reserves   | 437,535                                    | 352,079                                  |
| <b>Total equity attributable to owners<br/>of the Company</b>              | <u>547,103</u>                             | <u>460,835</u>                           |
| <b>Non-controlling interests</b>   | <u>512</u>                                 | <u>(1,106)</u>                           |
| <b>Total equity</b>  | <u>547,615</u>                             | <u>459,729</u>                           |
| <b>Liabilities</b>   |  |  |
| Deferred tax liabilities   | 8,173                                      | 6,428                                    |
| <b>Total non-current liabilities</b>                                       | <u>8,173</u>                               | <u>6,428</u>                             |
| Provisions for warranties  | 27,801                                     | 27,022                                   |
| Payables and accruals  | 251,209                                    | 275,996                                  |
| Amount due to contract customers   | 323,097                                    | 253,037                                  |
| Loans and borrowings   | 64,011                                     | 77,417                                   |
| Current tax liabilities  | 5,851                                      | 12,184                                   |
| Derivative liabilities   | 11,863                                     | 22,563                                   |
| <b>Total current liabilities</b>   | <u>683,832</u>                             | <u>668,219</u>                           |
| <b>Total liabilities</b>   | <u>692,005</u>                             | <u>674,647</u>                           |
| <b>Total equity and liabilities</b>  | <u>1,239,620</u>                           | <u>1,134,376</u>                         |
| <b>Net assets per share attributable to<br/>owners of the Company (RM)</b> | <u>2.50</u>                                | <u>2.11</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 2014 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 YEAR ENDED 31 DECEMBER 2015 (4TH QUARTER)****(The figures have not been audited)**

|   |      | Current/Preceding Qtr Ended |            | Cumulative Qtr YTD |            |
|---|------|-----------------------------|------------|--------------------|------------|
|   | Note | 31.12.2015                  | 31.12.2014 | 31.12.2015         | 31.12.2014 |
|   |      | RM'000                      | RM'000     | RM'000             | RM'000     |
| <b>Revenue</b>                                      | A9   | 220,782                     | 212,721    | 792,431            | 797,895    |
| Cost of sales                                       |      | (119,704)                   | (160,291)  | (573,694)          | (618,887)  |
| <b>Gross profit</b>                                 |      | 101,078                     | 52,430     | 218,737            | 179,008    |
| Other income  |      | (11,577)                    | (2,316)    | 2,185              | 820        |
| Distribution expenses                               |      | (4,633)                     | (4,469)    | (11,869)           | (12,119)   |
| Administrative expenses                             |      | (71,429)                    | (24,855)   | (96,407)           | (63,437)   |
| <b>Results from operating activities</b>            |      | 13,439                      | 20,790     | 112,646            | 104,272    |
| Finance income (including MFRS 139)                 |      | 13,642                      | 3,760      | 15,135             | 5,186      |
| Finance costs (including MFRS 139)                  |      | (6,036)                     | (7,435)    | (8,022)            | (9,040)    |
| <b>Operating profit</b>                             | B5   | 21,045                      | 17,115     | 119,759            | 100,418    |
| Share of profit/(loss) of associates,<br>net of tax |      | 210                         | 418        | (1,485)            | 920        |
| <b>Profit before tax</b>                            |      | 21,255                      | 17,533     | 118,274            | 101,338    |
| Tax expense   | B6   | 2,454                       | 8,603      | (24,408)           | (17,326)   |
| <b>Profit for the period</b>                        |      | 23,709                      | 26,136     | 93,866             | 84,012     |
| <b>Profit/(loss) attributable to:</b>               |      |                             |            |                    |            |
| Owners of the Company                               |      | 24,448                      | 25,727     | 94,706             | 87,618     |
| Non-controlling interests                           |      | (739)                       | 409        | (840)              | (3,606)    |
| <b>Profit for the period</b>                        |      | 23,709                      | 26,136     | 93,866             | 84,012     |
| <b>Earnings per ordinary share</b>                  |      |                             |            |                    |            |
| Basic (Sen)   | B11  | 11.14                       | 11.84      | 43.40              | 40.55      |
| Diluted (Sen)                                       | B11  | 11.07                       | 11.72      | 43.14              | 40.13      |

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015 (4TH QUARTER)****(The figures have not been audited)**

(cont'd)

|  | Note | Current/Preceding Qtr Ended |                      | Cumulative Qtr YTD   |                      |
|--|------|-----------------------------|----------------------|----------------------|----------------------|
|  |      | 31.12.2015<br>RM'000        | 31.12.2014<br>RM'000 | 31.12.2015<br>RM'000 | 31.12.2014<br>RM'000 |
| <b>Profit for the period</b>   |      | 23,709                      | 26,136               | 93,866               | 84,012               |
| <b>Other comprehensive (expenses)/<br/>income, net of tax</b>                |      |                             |                      |                      |                      |
| <b>Item that will not be reclassified<br/>subsequently to profit or loss</b> |      |                             |                      |                      |                      |
| Movement in revaluation of property,<br>plant and equipment, net of tax      |      | 182                         | 166                  | 182                  | 166                  |
| <b>Item that may be reclassified<br/>subsequently to profit or loss</b>      |      |                             |                      |                      |                      |
| Foreign currency translation differences for<br>foreign operations           |      | (5,768)                     | 941                  | 15,693               | (5,046)              |
| <b>Other comprehensive income<br/>for the period, net of tax</b>             |      | (5,586)                     | 1,107                | 15,875               | (4,880)              |
| <b>Total comprehensive income<br/>for the period</b>                         |      | 18,123                      | 27,243               | 109,741              | 79,132               |
| <b>Total comprehensive income attributable to:</b>                           |      |                             |                      |                      |                      |
| Owners of the Company  |      | 19,456                      | 26,856               | 110,542              | 82,824               |
| Non-controlling interests  |      | (1,333)                     | 387                  | (801)                | (3,692)              |
| <b>Total comprehensive income<br/>for the period</b>                         |      | 18,123                      | 27,243               | 109,741              | 79,132               |

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 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 YEAR ENDED 31 DECEMBER 2015 (4TH QUARTER)**

(The figures have not been audited)

|  | ←← Attributable to owners of the Company →→ |                         |                                |                                |                                 |                           | → Distributable                             |                |                           |                |
|--|---|-------------------------|--------------------------------|--------------------------------|---------------------------------|---------------------------|---|----------------|---------------------------|----------------|
|  | Non-Distributable                           |                         |                                | →                              |                                 |                           | Total attributable to owners of the Company |                | Non-controlling Interests | Total Equity   |
|  | Share Capital<br>RM'000                     | Share Premium<br>RM'000 | Translation Reserves<br>RM'000 | Revaluation Reserves<br>RM'000 | Share Option Reserves<br>RM'000 | Treasury Shares<br>RM'000 | Retained Earnings<br>RM'000                 | RM'000         | RM'000                    | RM'000         |
| <b>12 months year ended 31 December 2015</b>                         |   |                         |                                |                                |                                 |                           |   |                |                           |                |
| <b>As at 1 January 2015</b>  | 108,756                                     | 40,596                  | (3,203)                        | 15,191                         | 1,457                           | (21)                      | 298,059                                     | 460,835        | (1,106)                   | 459,729        |
| Profit/(loss) for the period   | -   | -                       | -                              | -                              | -                               | -                         | 94,706                                      | 94,706         | (840)                     | 93,866         |
| Foreign currency translation   | -   | -                       | 15,654                         | -                              | -                               | -                         | -   | 15,654         | 39                        | 15,693         |
| Movement in revaluation of property, plant and equipment, net of tax | -   | -                       | -                              | 182                            | -                               | -                         | -   | 182            | -                         | 182            |
| Total comprehensive income for the period                            | -   | -                       | 15,654                         | 182                            | -                               | -                         | 94,706                                      | 110,542        | (801)                     | 109,741        |
| Contribution by and distribution to owners of the Company            |   |                         |                                |                                |                                 |                           |   |                |                           |                |
| - Subscription of shares in a subsidiary                             | -   | -                       | -                              | -                              | -                               | -                         | (225)                                       | (225)          | 2,419                     | 2,194          |
| - Share options exercised  | 812   | 569                     | -                              | -                              | -                               | -                         | -   | 1,381          | -                         | 1,381          |
| - Transfer to share premium for share options exercised              | -   | 581                     | -                              | -                              | (581)                           | -                         | -   | -              | -                         | -              |
| - Share-based payments   | -   | -                       | -                              | -                              | 835                             | -                         | -   | 835            | -                         | 835            |
| - Dividends to shareholders  | -   | -                       | -                              | -                              | -                               | -                         | (26,265)                                    | (26,265)       | -                         | (26,265)       |
| <b>As at 31 December 2015</b>  | <b>109,568</b>                              | <b>41,746</b>           | <b>12,451</b>                  | <b>15,373</b>                  | <b>1,711</b>                    | <b>(21)</b>               | <b>366,275</b>                              | <b>547,103</b> | <b>512</b>                | <b>547,615</b> |
| <b>12 months year ended 31 December 2014</b>                         |   |                         |                                |                                |                                 |                           |   |                |                           |                |
| <b>As at 1 January 2014</b>  | 107,606                                     | 38,785                  | 1,757                          | 15,025                         | 1,666                           | (21)                      | 233,314                                     | 398,132        | 3,234                     | 401,366        |
| Profit for the period  | -   | -                       | -                              | -                              | -                               | -                         | 87,618                                      | 87,618         | (3,606)                   | 84,012         |
| Foreign currency translation   | -   | -                       | (4,960)                        | -                              | -                               | -                         | -   | (4,960)        | (86)                      | (5,046)        |
| Movement in revaluation of property, plant and equipment, net of tax | -   | -                       | -                              | 166                            | -                               | -                         | -   | 166            | -                         | 166            |
| Total comprehensive income for the period                            | -   | -                       | (4,960)                        | 166                            | -                               | -                         | 87,618                                      | 82,824         | (3,692)                   | 79,132         |
| Contribution by and distribution to owners of the Company            |   |                         |                                |                                |                                 |                           |   |                |                           |                |
| - Subscription of shares in a subsidiary                             | -   | -                       | -                              | -                              | -                               | -                         | (659)                                       | (659)          | (1,212)                   | (1,871)        |
| - Accretion of interest in a subsidiary                              | -   | -                       | -                              | -                              | -                               | -                         | (564)                                       | (564)          | 564                       | -              |
| - Share options exercised  | 1,150                                       | 897                     | -                              | -                              | -                               | -                         | -   | 2,047          | -                         | 2,047          |
| - Transfer to share premium for share options exercised              | -   | 914                     | -                              | -                              | (914)                           | -                         | -   | -              | -                         | -              |
| - Share-based payments   | -   | -                       | -                              | -                              | 705                             | -                         | -   | 705            | -                         | 705            |
| - Dividends to shareholders  | -   | -                       | -                              | -                              | -                               | -                         | (21,650)                                    | (21,650)       | -                         | (21,650)       |
| <b>As at 31 December 2014</b>  | <b>108,756</b>                              | <b>40,596</b>           | <b>(3,203)</b>                 | <b>15,191</b>                  | <b>1,457</b>                    | <b>(21)</b>               | <b>298,059</b>                              | <b>460,835</b> | <b>(1,106)</b>            | <b>459,729</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 2014 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 YEAR ENDED 31 DECEMBER 2015 (4TH QUARTER)  
(The figures have not been audited)**

|   | Current<br>Year<br>To date<br>31.12.2015<br>RM'000 | Preceding<br>Year<br>To date<br>31.12.2014<br>RM'000 |
|---|--|--|
| <b>Cash flows from operating activities</b>                       |  |  |
| Profit before tax   | 118,274  | 101,338  |
| Adjustments for:  |  |  |
| Amortisation of intangible assets                                 | 1,085  | 1,093  |
| Allowance for impairment on receivables                           | 43,601   | 21,107   |
| Allowance for impairment on receivables written back              | (12,923)   | (2,771)  |
| Allowance for slow moving inventories                             | -  | 2,487  |
| Bad debts written off   | -  | 9,187  |
| Depreciation of property, plant and equipment                     | 15,985   | 14,630   |
| Finance costs   | 2,273  | 2,278  |
| Finance costs under MFRS 139                                      | 5,749  | 6,762  |
| Finance income  | (1,552)  | (1,640)  |
| Finance income under MFRS 139                                     | (13,583)   | (3,546)  |
| Gain on disposal of property, plant and equipment                 | 1,748  | (49)   |
| Net unrealised (gain)/loss on foreign exchange                    | (25,861)   | (8,587)  |
| Property, plant and equipment written off                         | 584  | 74   |
| Provision for warranties  | 11,169   | 6,590  |
| Share-based payments  | 835  | 705  |
| Share of loss/(profit) of equity accounted associates             | 1,485  | (920)  |
| Reversal of provision for warranties                              | (2,951)  | (6,713)  |
| Writedown of inventories  | -  | 168  |
| Operating profit/(loss) before changes in working capital changes | <u>145,918</u>                                     | <u>142,193</u>                                       |
| Changes in working capital:                                       |  |  |
| Development costs   | (416)  | -  |
| Inventories   | 16,462   | (13,152)   |
| Payables and accruals   | 22,863   | 126,845  |
| Receivables, deposits and prepayments                             | 21,025   | (115,798)  |
| Cash generated from operations                                    | <u>205,852</u>                                     | <u>140,088</u>                                       |
| Interest received   | 1,552  | 1,640  |
| Interest paid   | (1,891)  | (1,804)  |
| Warranties paid   | (8,523)  | (8,629)  |
| Income tax paid   | (35,904)   | (27,355)   |
| <b>Net cash generated from/(used in) operating activities</b>     | <u>161,086</u>                                     | <u>103,940</u>                                       |
| <b>Cash flows from investing activities</b>                       |  |  |
| Acquisition of property, plant and equipment                      | (24,408)   | (20,982)   |
| Subscription of shares in a subsidiary                            | 2,194  | (1,871)  |
| Proceeds from disposal of property, plant and equipment           | <u>2,820</u>                                       | <u>428</u>   |
| <b>Net cash generated from/(used in) investing activities</b>     | <u>(19,394)</u>                                    | <u>(22,425)</u>                                      |

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015 (4TH QUARTER)  
(cont'd)**

|   | Current<br>Year<br>To date<br>31.12.2015<br>RM'000 | Preceding<br>Year<br>To date<br>31.12.2014<br>RM'000 |
|---|--|--|
| <b>Cash flows from financing activities</b>                   |  |  |
| Dividend paid to shareholders of the Company                  | (26,265)   | (21,650)   |
| Interest paid   | (382)  | (474)  |
| Proceeds from issue of shares under ESOS scheme               | 1,381  | 2,047  |
| Net proceeds from/(repayment of) revolving credit             | 2,356  | 639  |
| Net repayment of loans  | (2,074)  | (1,921)  |
| <b>Net cash generated from/(used in) financing activities</b> | <u>(24,984)</u>                                    | <u>(21,359)</u>                                      |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <u>116,708</u>                                     | <u>60,156</u>  |
| <b>Cash and cash equivalents at 1 January</b>                 | 208,796  | 145,550  |
| <b>Currency translation differences</b>                       | 8,475  | 3,090  |
| <b>Cash and cash equivalents at 31 December</b>               | <u>333,979</u>                                     | <u>208,796</u>                                       |

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

|   | 31.12.2015<br>RM'000 | 31.12.2014<br>RM'000 |
|---|----------------------|----------------------|
| Cash and bank balances                      | 304,124              | 170,576              |
| Deposit placed with licensed banks          | 29,855               | 40,198               |
| Cash and cash equivalents per balance sheet | <u>333,979</u>       | <u>210,774</u>       |
| Bank overdrafts                             | -                    | (1,978)              |
|   | <u>333,979</u>       | <u>208,796</u>       |

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 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 DECEMBER 2015 (4TH 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 Main Market Listing Requirements of 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 2014.

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 2014, except for the accounting policy changes that are expected to be reflected in the 2015 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 2014.

**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 2014 except for the adoption of the following MFRSs, Amendments to MFRSs and IC Interpretations ("IC Int.") issued by the MASB which are effective for annual periods beginning on or after 1 January 2015:

| <u>MFRSs and IC Interpretations</u><br><u>(Including the Consequential Amendments)</u> | <u>Effective date</u> |
|--|-----------------------|
| • Amendments to MFRS 119:<br>Defined Benefit Plans – Employee Contributions            | 1 July 2014           |
| • Annual Improvements to MFRSs 2010 – 2012 Cycle                                       | 1 July 2014           |
| • Annual Improvements to MFRSs 2011 – 2013 Cycle                                       | 1 July 2014           |

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group and the Company's financial statements

The Group has not adopted the following MFRSs and Amendments to MFRSs were in issued but not yet effective:

| <u>MFRSs and IC Interpretations</u><br><u>(Including the Consequential Amendments)</u>  | <u>Effective Date</u> |
|---|-----------------------|
| • MFRS 9 Financial Instruments<br>(IFRS issued by IASB in July 2014)  | 1 January 2018        |
| • MFRS 15 Revenue from Contracts with Customers   | 1 January 2017        |
| • Amendments to MFRS 10 and MFRS 128 (2011):<br>Sale or Contribution of Assets between an Investor<br>and or its Associate or Joint Venture | 1 January 2016        |
| • Amendments to MFRS 11: Accounting for<br>Acquisitions of Interests in Joint Operations  | 1 January 2016        |

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

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

| <u>MFRSs and IC Interpretations</u><br><u>(Including the Consequential Amendments) (Cont'd)</u>                  | <u>Effective Date</u> |
|--|-----------------------|
| • Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception | 1 January 2016        |
| • Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative                           | 1 January 2016        |
| • Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation      | 1 January 2016        |
| • Amendment to MFRS 116 and MFRS 141: Agriculture – Bearer Plants  | 1 January 2016        |
| • Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements                                  | 1 January 2016        |
| • Annual Improvements to MFRSs 2012 – 2014 Cycle   | 1 January 2016        |

The initial application of the abovementioned standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Group upon their first adoption

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

The audited financial statements of the Company for the preceding year ended 31 December 2014 were not subject to any qualification.

### A4. EXPLANATORY COMMENT ON SEASONALITY OR CYCLICALITY

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

### A5. EXCEPTIONAL/UNUSUAL ITEMS

There are no exceptional or unusual items affecting financial statements of the Group for the current quarter under review.

### 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 December 2015, a total of 182,000 new ordinary shares of RM0.50 each were issued at RM0.80 each, pursuant to the exercise of ESOS granted in 2011.
- During the current quarter ended 31 December 2015, a total of 32,000 new ordinary shares of RM0.50 each were issued at RM1.57 each, pursuant to the exercise of ESOS granted in 2012.
- During the current quarter ended 31 December 2015, a total of 24,000 new ordinary shares of RM0.50 each were issued at RM2.25 each, pursuant to the exercise of ESOS granted in 2015.

### A8. DIVIDENDS PAID

A first & final tax-exempt dividend of 24% (12 sen) per ordinary share of RM0.50 each totalling RM26.265 million in respect of the year ended 31 December 2014 was paid on 11 September 2015.



## 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<br>Malaysia<br>RM'000 | Outside<br>Malaysia<br>RM'000 | Conso-<br>lidated<br>RM'000 |
|---|------------------------------|-------------------------------|-----------------------------|
| <b>GEOGRAPHICAL SEGMENTS</b>                        |                              |                               |                             |
| <b>Revenue</b>                                      | <b>386,755</b>               | <b>405,676</b>                | <b>792,431</b>              |
| <b>Results from operating activities</b>            |                              |                               | <b>112,646</b>              |
| Finance income                                      |                              |                               | 15,135                      |
| Finance costs                                       |                              |                               | (8,022)                     |
| Share of profit/(loss) of associates,<br>net of tax |                              |                               | (1,485)                     |
| <b>Profit before tax</b>                            |                              |                               | <b>118,274</b>              |
| Segment assets                                      |                              |                               | 1,222,646                   |
| Investments in associates                           |                              |                               | 16,974                      |
| <b>Total assets</b>                                 |                              |                               | <b>1,239,620</b>            |
| <b>Segments liabilities</b>                         |                              |                               | <b>692,005</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 18 February 2016, 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 DECEMBER 2015

#### Contingent liabilities - unsecured

Corporate guarantee for credit facilities granted to subsidiary companies

**RM'000**  
**114,084**

#### Contingent liabilities - litigation

Please refer to note B9.

#### Contingent assets

There were no contingent assets as at 31 December 2015.

### A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 December 2015 and up to 18 February 2016.

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

### **B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q4 2015 vs YTD Q4 2014)**

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 31 December 2015, the Group recorded revenue of RM792.4 million with profit before tax of RM118.3 million as compared with revenue of RM797.9 million with profit before tax of RM101.3 million in the preceding quarter ended 31 December 2014. The increase in profit before tax for the Group was mainly due to an improvement in the operation efficiency and forex gain

### **B2. COMPARISON WITH PRECEDING QUARTER RESULT (2015 Q4 vs 2015 Q3)**

The Group recorded a profit before tax of RM21.3 million for the current quarter as compared to the profit before tax of RM40.4 million in the preceding quarter. The decrease in profit before tax for the Group was mainly due to conservative impairment allowance for receivables

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

Despite the challenging outlook in the current market, the Group has outstanding order book of RM 694 million as at 18 February 2016 from the global oil and gas, shipyard, construction and wind turbine industries.

The Group will be taking additional measures and actions for its business undertaking moving forward in the changing environment.

### **B4. PROFIT FORECAST**

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

### **B5. OPERATING PROFIT**

| Current<br>Quarter<br>31.12.2015<br>RM'000 | Cumulative<br>Qtr To-date<br>31.12.2015<br>RM'000 |
|--|---|
|--|---|

#### **Operating profit is arrived at after (crediting)/charging the following:**

|                                |          |          |
|--------------------------------|----------|----------|
| Depreciation and amortization  | 4,656    | 17,070   |
| Foreign exchange (gain)/loss   | 64,890   | 46,858   |
| (Gain)/loss on derivatives     | (78,283) | (10,783) |
| Finance costs                  | 453      | 2,273    |
| Finance costs under MFRS 139   | 5,583    | 5,749    |
| Interest income                | (571)    | (1,552)  |
| Interest income under MFRS 139 | (13,071) | (13,583) |

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

**B6. TAX EXPENSE**

|                                  | Current<br>Quarter<br>31.12.2015<br>RM'000 | Cumulative<br>Qtr To-date<br>31.12.2015<br>RM'000 |
|----------------------------------|--|---|
| <b>Current tax expense</b>       |  |   |
| Malaysian Tax                    | 3,668                                      | (20,160)  |
| Overseas                         | (4,272)                                    | (6,322)   |
|                                  | (604)                                      | (26,482)  |
| <b>Deferred taxation expense</b> |  |   |
| Malaysian Tax                    | 3,784                                      | 2,800   |
| Overseas                         | (726)                                      | (726)   |
|                                  | 3,058                                      | 2,074   |
| <b>Total tax expense</b>         | <b>2,454</b>                               | <b>(24,408)</b>                                   |

The Group's effective tax rate for the current year ended 31 December 2015 is lower than the statutory tax rate mainly due to utilisation of unutilised tax losses carried forward from previous year

**B7. 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:

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

|                                    | Foreign currency |        | RM'000        |
|------------------------------------|------------------|--------|---------------|
|                                    | Currency         | Amount |               |
| a) Short term borrowings           |                  |        |               |
| Secured                            |                  |        |               |
| RM                                 |                  | -      | -             |
| AUD                                |                  | 1,269  | 3,968         |
| Sub-total                          |                  |        | 3,968         |
| Unsecured                          |                  |        |               |
| RM                                 |                  | 60,043 | 60,043        |
| DKK                                |                  | -      | -             |
| Sub-total                          |                  |        | 60,043        |
| <b>Total short term borrowings</b> |                  |        | <b>64,011</b> |
| a) Long term borrowings            |                  |        |               |
| Secured                            |                  |        |               |
| RM                                 |                  | -      | -             |
| Sub-total                          |                  |        | -             |
| <b>Total long term borrowings</b>  |                  |        | <b>-</b>      |
| <b>Total borrowings</b>            |                  |        | <b>64,011</b> |

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

**B9. CHANGES IN MATERIAL LITIGATION**

There are no material litigations that have material effect to the Group as at 18 Decemeber 2016 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.

**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.

**B10. PROPOSED DIVIDENDS**

The directors recommend a first and final tax exempt dividend of 30% (15 sen) per ordinary share in respect of the financial ended 31 December 2015 subject to approval of the shareholders at the forthcoming Annual General Meeting. The payable final dividend is amounted to RM32.9 million.

The first and final dividend for 2015 is computed based on the issued and paid up share capital (excluding treasury share) of 219,126,763 ordinary shares of RM0.50 each as at 31 December 2015.

**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<br>Quarter<br>31.12.2015 | Cumulative<br>Qtr To-date<br>31.12.2015 |
|--|----------------------------------|---|
| Net profit attributable to the shareholders of<br>the Company (RM'000)                                 | 24,448                           | 94,706                                  |
| Weighted average number of ordinary shares in issue<br>(based on ordinary share of RM0.50 each) ('000) | 219,502                          | 218,224                                 |
| Basic EPS (Sen)  | 11.14                            | 43.40                                   |

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

**B11. 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<br>31.12.2015 | Cumulative Qtr To-date<br>31.12.2015 |
|---|-------------------------------|--------------------------------------|
| Net profit attributable to the shareholders of the Company (RM'000)   | 24,448                        | 94,706                               |
| Weighted average number of ordinary shares in issue (based on ordinary share of RM0.50 each) ('000)                       | 219,502                       | 218,224                              |
| Effect of dilution ('000)   | 1,288                         | 1,288                                |
| Adjusted weighted average number of ordinary shares in issue and issuales (based on ordinary share of RM0.50 each) ('000) | 220,790                       | 219,512                              |
| Diluted EPS (Sen)   | 11.07                         | 43.14                                |

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

|   | As at<br>31.12.2015<br>RM'000 | As at<br>31.12.2014<br>RM'000 |
|---|-------------------------------|-------------------------------|
| Total retained profits / (accumulated losses) of Favelle Favco Berhad and its subsidiaries: |                               |                               |
| - Realised  | 275,885                       | 237,327                       |
| - Unrealised  | 42,283                        | (5,268)                       |
| Total share of retained profits / (accumulated losses) from associated companies:           |                               |                               |
| - Realised  | (3,080)                       | (1,538)                       |
| - Unrealised  | 38                            | 11                            |
|   | 315,126                       | 230,532                       |
| Less: Consolidation adjustments   | 51,149                        | 67,527                        |
| Total group retained profits / (accumulated losses) as per consolidated accounts            | 366,275                       | 298,059                       |

**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 25 February 2016.

**Date: 25 February 2016**