

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Unaudited As at 31.03.2020 RM'000	Audited As at 31.12.2019 RM'000
Assets		
Property, plant and equipment	354,181	343,886
Right of Use Assets	29,098	29,695
Intangible assets	71,209	71,216
Investment in associates	9,345	10,032
Deferred tax assets	22,404	21,883
Receivables	4,779	4,449
Total non-current assets	491,016	481,161
Receivables, deposits and prepayments	195,558	210,034
Contract assets	143,859	146,333
Inventories	190,443	183,380
Current tax assets	3,419	3,036
Derivative assets	249	120
Cash and cash equivalents	279,624	289,228
Total current assets	813,152	832,131
Total assets	1,304,168	1,313,292
Equity		
Share capital	162,983	162,745
Reserves	563,654	552,657
Total equity attributable to owners of the Company	726,637	715,402
Non-controlling interests	35,628	35,270
Total equity	762,265	750,672
Liabilities		
Loans and borrowings	8,423	8,534
Lease liabilities	11,924	12,696
Deferred tax liabilities	15,821	14,961
Total non-current liabilities	36,168	36,191
Provisions for warranties	33,891	37,567
Payables and accruals	213,805	231,252
Contract liabilities	190,800	189,134
Leases liabilities	8,199	9,039
Loans and borrowings	44,331	44,810
Current tax liabilities	13,444	14,618
Derivative liabilities	1,265	9
Total current liabilities	505,735	526,429
Total liabilities	541,903	562,620
Total equity and liabilities	1,304,168	1,313,292
Net assets per share attributable to owners of the Company (RM)	3.24	3.20

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 (1ST QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.03.2020 RM'000	31.03.2019 RM'000	31.03.2020 RM'000	31.03.2019 RM'000
Revenue	A9	144,627	156,007	144,627	156,007
Cost of sales, other income and operating expenses		(128,094)	(139,281)	(128,094)	(139,281)
Results from operating activities		16,533	16,726	16,533	16,726
Finance income		752	3,075	752	3,075
Finance costs		(540)	(362)	(540)	(362)
Operating profit	B5	16,745	19,439	16,745	19,439
Share of profit/(loss) of associates, net of tax		(688)	(853)	(688)	(853)
Profit before tax		16,057	18,586	16,057	18,586
Tax expense	B6	(3,692)	(3,926)	(3,692)	(3,926)
Profit for the period		12,365	14,660	12,365	14,660
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,261)	(4,911)	(1,261)	(4,911)
Other comprehensive income for the period, net of tax		(1,261)	(4,911)	(1,261)	(4,911)
Total comprehensive income for the period		11,104	9,749	11,104	9,749
Profit/(loss) attributable to:					
Owners of the Company		11,908	14,775	11,908	14,775
Non-controlling interests		457	(115)	457	(115)
Profit for the period		12,365	14,660	12,365	14,660
Total comprehensive income attributable to:					
Owners of the Company		10,746	9,872	10,746	9,872
Non-controlling interests		358	(123)	358	(123)
Total comprehensive income for the period		11,104	9,749	11,104	9,749
Earnings per ordinary share					
Basic (Sen)	B11	5.32	6.67	5.32	6.67
Diluted (Sen)	B11	5.32	6.61	5.32	6.61

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2020 (1ST QUARTER)**

(The figures have not been audited)

	←← Attributable to owners of the Company →→					→ Distributable →			
	Share Capital RM'000	Translation Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
3 months ended 31 March 2020									
As at 1 January 2020	162,745	3,565	22,217	6,083	(21)	520,813	715,402	35,270	750,672
Profit/(loss) for the period	-	-	-	-	-	11,908	11,908	457	12,365
Foreign currency translation	-	(1,162)	-	-	-	-	(1,162)	(99)	(1,261)
Total comprehensive income for the period	-	(1,162)	-	-	-	11,908	10,746	358	11,104
- Transfer to share capital for share options exercised	55	-	-	(55)	-	-	-	-	-
- Share-based payments	-	-	-	306	-	-	306	-	306
- Issue of ordinary shares	183	-	-	-	-	-	183	-	183
As at 31 March 2020	162,983	2,403	22,217	6,334	(21)	532,721	726,637	35,628	762,265
3 months ended 31 March 2019									
As at 1 January 2019	155,170	8,579	22,217	5,500	(21)	468,266	659,711	30,103	689,814
Profit for the period	-	-	-	-	-	14,775	14,775	(115)	14,660
Foreign currency translation	-	(4,903)	-	-	-	-	(4,903)	(8)	(4,911)
Total comprehensive income for the period	-	(4,903)	-	-	-	14,775	9,872	(123)	9,749
- Transfer to share capital for share options exercised	160	-	-	(160)	-	-	-	-	-
- Share-based payments	-	-	-	562	-	-	562	-	562
- Issue of ordinary shares	508	-	-	-	-	-	508	-	508
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(990)	(990)
As at 31 March 2019	155,838	3,676	22,217	5,902	(21)	483,041	670,653	28,990	699,643

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 2019 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 2020 (1ST QUARTER)
(The figures have not been audited)**

	Unaudited Period ended 31.03.2020 RM'000	Unaudited Period ended 31.03.2019 RM'000
Cash flows from operating activities		
Profit before tax	16,057	18,586
Adjustments for:		
Amortisation of intangible assets	8	16
Allowance for impairment losses	704	376
Reversal of impairment losses	(3,497)	(447)
Amortisation of right-of-use assets	1,455	-
Depreciation of property, plant and equipment	6,402	5,858
Finance costs	540	362
Finance income	(752)	(3,075)
Gain on disposal of property, plant and equipment	3	(267)
(Gain)/loss on foreign exchange	(4,369)	62
(Gain)/loss on derivatives	1,195	(633)
Property, plant and equipment written off	16	-
Provision for warranties	653	2,620
Share-based payments	306	562
Share of loss/(profit) of equity accounted associates	688	853
Reversal of provision for warranties	(2,327)	(182)
Write-back of Inventories	(455)	-
Operating profit/(loss) before changes in working capital	16,627	24,691
Changes in working capital:		
Inventories	(6,608)	(10,574)
Payables and accruals	(15,781)	(41,949)
Receivables, deposits and prepayments	22,686	41,078
Cash generated from/(used in) operations	16,924	13,246
Interest received	746	3,068
Interest paid	(501)	(330)
Warranties paid	(9)	(31)
Income tax paid	(5,011)	(3,181)
Net cash generated from/(used in) operating activities	12,149	12,772
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12,500)	(3,515)
Proceeds from disposal of property, plant and equipment	6	613
Net cash generated from/(used in) investing activities	(12,494)	(2,902)

FAVELLE FAVCO BHD (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2020 (1ST QUARTER)
(cont'd)**

	Unaudited Period ended 31.03.2020 RM'000	Unaudited Period ended 31.03.2019 RM'000
Cash flows from financing activities		
Proceeds from issue of shares under SIS scheme	183	508
Payment of deferred consideration	-	(2,310)
Dividend paid to non-controlling interests	-	(990)
Net proceeds/(repayment) of loans and borrowings	(4,422)	(4,079)
Net cash generated from/(used in) financing activities	<u>(4,239)</u>	<u>(6,871)</u>
Exchange differences on translation of the financial statements of foreign operations	(7,720)	(421)
Net increase/(decrease) in cash and cash equivalents	<u>(12,304)</u>	<u>2,578</u>
Cash and cash equivalents at 1 January	263,544	318,653
Effect of exchange rate fluctuations on cash held	1,130	(1,235)
Cash and cash equivalents at 31 March	<u>252,370</u>	<u>319,996</u>

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

	31.03.2020 RM'000	31.03.2019 RM'000
Cash and bank balances	111,259	116,758
Short Term Investment	82,515	61,536
Deposit placed with licensed banks	85,850	155,702
Cash and cash equivalents per balance sheet	<u>279,624</u>	<u>333,996</u>
Bank overdrafts	(27,254)	(14,000)
	<u>252,370</u>	<u>319,996</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

**ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP
FOR THE PERIOD ENDED 31 MARCH 2020 (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 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 2019. 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 2019.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2019 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2020:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 3: Definition of a Business	1 January 2020
• Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
• Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
• Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above amendments and Annual Improvements to Standards did not have any material impact on the Group and the Company's financial statements upon their initial application.

The following MFRSs and Amendments to MFRSs have been issued by the MASB but are not yet effective to the Group:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments, if any)</u>	<u>Effective Date</u>
• MFRS 17 Insurance Contracts	1 January 2021
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
• Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3. QUALIFICATION OF PRECEDING YEAR'S AUDITED FINANCIAL STATEMENTS

The Auditors' Report of the financial statements for the preceding financial year ended 31 December 2019 was not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY OF OPERATIONS

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.

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

A6. MATERIAL CHANGES IN ESTIMATES

There are no material changes in estimates of amounts that have material effect in the current quarter under review.

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:-

Share Issuance Scheme ("SIS")

During the current quarter ended 31 March 2020, a total of 78,000 new ordinary shares were issued at RM2.35 each, pursuant to the exercise of SIS granted in 2017.

A8. DIVIDENDS PAID

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

A9. SEGMENT REVENUE AND RESULTS

Financial data by business segment for the Group:

	Cranes RM'000	Intelligent Automation RM'000	Consolidated RM'000
Revenue			
Inside Malaysia	17,852	21,790	39,642
Outside Malaysia	104,985	-	104,985
	<u>122,837</u>	<u>21,790</u>	<u>144,627</u>
Profit before tax	13,102	2,955	16,057
Segment assets	1,138,919	155,904	1,294,823
Investments in associates	9,345	-	9,345
Total assets	<u>1,148,264</u>	<u>155,904</u>	<u>1,304,168</u>
Segments liabilities	<u>515,280</u>	<u>26,623</u>	<u>541,903</u>

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 11 June 2020, 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 ASSETS/LIABILITIES

Please refer to note B9 for contingent assets/liabilities for the Group.

A14. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 March 2020 and up to 11 June 2020.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q1 2020 vs YTD Q1 2019)

The Group reported consolidated revenue of RM144.6 million with profit before tax of RM16.1 million as compared to revenue of RM156.0 million with profit before tax of RM18.6 million in the previous financial year ended 31 March 2019.

The decrease in the group profit before tax was mainly due to decrease in sales.

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2020 Q1 vs 2019 Q4)

The Group recorded a revenue of RM144.6 million with profit before tax of RM16.1 million for the current quarter as compared to the revenue of RM220.3 million with profit before tax of RM48.4 million in the preceding quarter, the decrease in group profit was mainly due to decrease in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM521 million (including order book of Intelligent Automation of RM73 million) as at 11 June 2020 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

The Group will also increase the tower crane rental fleet in order to improve the rental income globally.

As the global economy is preparing for economic slowdown or even recession for the year as result of the Covid-19 pandemic, Bank Negara Malaysia had forecasted Malaysia's GDP to be between -2.0% to +0.5% for 2020. The overall situation is expected to remain unpredictable for now as nations worldwide are putting in place respective responses to contain the Covid-19 pandemic and introducing both monetary and fiscal stimulus packages to support the economy and prevent from catastrophic recession.

The Group will be taking appropriate measures and actions to cater for its business undertaking moving forward.

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 Quarter 31.03.2020 RM'000	Cumulative Qtr To-date 31.03.2020 RM'000
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Operating profit is arrived at after (crediting)/charging the following:

Depreciation and amortization	6,410	6,410
Allowance for impairment loss/(gain)	(2,793)	(2,793)
Foreign exchange (gain)/loss	(4,369)	(4,369)
(Gain)/loss on derivatives	1,195	1,195
(Gain)/loss on disposal of property, plant and equipment	3	3
Other Income	(189)	(189)
Finance costs	540	540
Interest income	(752)	(752)

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

B6. TAXATION

	Current Quarter 31.03.2020 RM'000	Cumulative Qtr To-date 31.03.2020 RM'000
Current tax expense		
Malaysian Tax	(1,466)	(1,466)
Overseas	(1,988)	(1,988)
	(3,454)	(3,454)
Deferred taxation expense		
Malaysian Tax	(238)	(238)
Overseas	-	-
	(238)	(238)
Total tax expense	(3,692)	(3,692)

B7. CORPORATE PROPOSAL

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	487	487
	DKK	42,879	27,254
	AUD	1,143	3,030
	Sub-total		30,771
- Unsecured			
	RM	13,560	13,560
Total short term borrowings			44,331
b) Long term borrowings			
- Secured			
	RM	8,423	8,423
Total long term borrowings			8,423
Total borrowings			52,754

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

B9. CHANGES IN MATERIAL LITIGATION

There is no ongoing litigation that may have any material impact on the financial position of the Group.

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 31.03.2020	Cumulative Qtr To-date 31.03.2020
Profit attributable to owners of the Company (RM'000)	11,908	11,908
Weighted average number of ordinary shares in issue ('000)	223,906	223,906
Basic EPS (Sen)	5.32	5.32

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 31.03.2020	Cumulative Qtr To-date 31.03.2020
Profit attributable to owners of the Company (RM'000)	11,908	11,908
Weighted average number of ordinary shares in issue ('000)	223,906	223,906
Effect of dilution ('000) *	-	-
Adjusted weighted average number of ordinary shares in issue and issuables ('000)	223,906	223,906
Diluted EPS (Sen)	5.32	5.32

* Potential shares are dilutive only when the average market price for the ordinary shares during the period exceeds the exercise price of the options.

B12. COMPARATIVE FIGURES

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

By order of the Board of Directors

Company Secretary

Date: 17 June 2020