

FAVELLE FAVCO BHD

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

	Unaudited As at 31.12.2021 RM'000	Audited As at 31.12.2020 RM'000
Assets		
Property, plant and equipment	410,914	418,028
Intangible assets	71,194	71,201
Investment in associates	4,302	6,094
Deferred tax assets	19,815	22,153
Receivables	4,820	4,536
Total non-current assets	<u>511,045</u>	<u>522,012</u>
Receivables, deposits and prepayments	202,953	184,390
Contract assets	149,670	126,642
Inventories	183,713	197,804
Current tax assets	7,910	6,097
Derivative assets	31	-
Cash and cash equivalents	273,420	310,474
Total current assets	<u>817,697</u>	<u>825,407</u>
Total assets	<u>1,328,742</u>	<u>1,347,419</u>
Equity		
Share capital	162,983	162,983
Reserves	597,424	575,462
Total equity attributable to owners of the Company	<u>760,407</u>	<u>738,445</u>
Non-controlling interests	<u>33,406</u>	<u>33,848</u>
Total equity	<u>793,813</u>	<u>772,293</u>
Liabilities		
Loans and borrowings	38,074	48,820
Payables and accruals	-	68
Deferred tax liabilities	18,179	17,882
Total non-current liabilities	<u>56,253</u>	<u>66,770</u>
Provisions for warranties	42,600	34,698
Payables and accruals	226,554	243,591
Contract liabilities	154,283	173,835
Loans and borrowings	48,776	54,656
Current tax liabilities	6,198	1,435
Derivative liabilities	265	141
Total current liabilities	<u>478,676</u>	<u>508,356</u>
Total liabilities	<u>534,929</u>	<u>575,126</u>
Total equity and liabilities	<u>1,328,742</u>	<u>1,347,419</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.42</u>	<u>3.30</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021 (4TH QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Revenue	A9	193,186	181,987	603,985	554,453
Cost of sales, other income and operating expenses		(173,325)	(162,225)	(535,571)	(493,306)
Results from operating activities		19,861	19,762	68,414	61,147
Finance income		3,788	5,993	5,879	10,035
Finance costs		(2,884)	(1,120)	(5,025)	(2,813)
Operating profit	B5	20,765	24,635	69,268	68,369
Share of profit/(loss) of associates, net of tax		(322)	(1,099)	(1,792)	(3,938)
Profit before tax		20,443	23,536	67,476	64,431
Tax expense	B6	(5,507)	(688)	(15,144)	(14,071)
Profit for the period		14,936	22,848	52,332	50,360
Other comprehensive (expenses)/ income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(1,576)	2,922	(5,774)	10,607
Other comprehensive income for the period, net of tax		(1,576)	2,922	(5,774)	10,607
Total comprehensive income for the period		13,360	25,770	46,558	60,967
Profit/(loss) attributable to:					
Owners of the Company		12,119	20,905	47,877	44,498
Non-controlling interests		2,817	1,943	4,455	5,862
Profit for the period		14,936	22,848	52,332	50,360
Total comprehensive income attributable to:					
Owners of the Company		10,567	23,847	42,275	55,229
Non-controlling interests		2,793	1,923	4,283	5,738
Total comprehensive income for the period		13,360	25,770	46,558	60,967
Earnings per ordinary share					
Basic (Sen)	B11	5.44	9.34	21.41	19.87
Diluted (Sen)	B11	5.43	9.34	21.37	19.87

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021 (4TH QUARTER)**

(The figures have not been audited)

	←←←← ←←←← Attributable to owners of the Company Non-Distributable →→→→					→→→→ 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
12 months ended 31 December 2021									
As at 1 January 2021	162,983	14,295	22,193	7,250	(21)	531,745	738,445	33,848	772,293
Profit/(loss) for the period	-	-	-	-	-	47,877	47,877	4,455	52,332
Foreign currency translation	-	(5,602)	-	-	-	-	(5,602)	(172)	(5,774)
Total comprehensive income for the period	-	(5,602)	-	-	-	47,877	42,275	4,283	46,558
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	587	-	-	587	-	587
- Purchase of treasury shares	-	-	-	-	(2,985)	-	(2,985)	-	(2,985)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(4,725)	(4,725)
- Dividends to shareholders	-	-	-	-	-	(17,915)	(17,915)	-	(17,915)
As at 31 December 2021	162,983	8,693	22,193	7,837	(3,006)	561,707	760,407	33,406	793,813
12 months ended 31 December 2020									
As at 1 January 2020	162,745	3,565	22,217	6,083	(21)	520,813	715,402	35,270	750,672
Profit for the period	-	-	-	-	-	44,498	44,498	5,862	50,360
Foreign currency translation	-	10,730	-	-	-	-	10,730	(123)	10,607
Crystallisation of revaluation reserve	-	-	(24)	-	-	24	-	-	-
Total comprehensive income for the period	-	10,730	(24)	-	-	44,522	55,228	5,739	60,967
Contribution by and distribution to owners of the Company									
- Transfer to share capital for share options exercised	55	-	-	(55)	-	-	-	-	-
- Share-based payments	-	-	-	1,222	-	-	1,222	-	1,222
- Issue of ordinary shares	183	-	-	-	-	-	183	-	183
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(7,161)	(7,161)
- Dividends to shareholders	-	-	-	-	-	(33,590)	(33,590)	-	(33,590)
As at 31 December 2020	162,983	14,295	22,193	7,250	(21)	531,745	738,445	33,848	772,293

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 2020 and the accompanying explanatory notes attached to the interim financial statements.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (4TH QUARTER)****(The figures have not been audited)**

	Unaudited Period ended 31.12.2021 RM'000	Unaudited Period ended 31.12.2020 RM'000
Cash flows from operating activities		
Profit before tax	67,476	64,431
Adjustments for:		
Amortisation of intangible assets	6	17
Allowance for impairment losses	3,501	21,442
Reversal of impairment losses	(6,900)	(36,301)
Allowance for slow moving inventories	1,083	2,129
Amortisation of right-of-use assets	6,503	7,509
Bad debts written off	211	17
Depreciation of property, plant and equipment	28,566	26,009
Finance costs	5,025	2,813
Finance income	(5,879)	(10,035)
Loss/(Gain) on disposal of property, plant and equipment	210	(563)
(Gain)/loss on foreign exchange	188	(6,579)
(Gain)/loss on derivatives	86	329
Property, plant and equipment written off	36	26
Provision for warranties	9,353	3,951
Provision of foreseeable losses	-	1,152
Share-based payments	587	1,222
Share of loss/(profit) of equity accounted associates	1,792	3,938
Reversal of provision of foreseeable losses		(500)
Reversal of provision for warranties	(290)	(8,624)
Writedown of inventories	2,315	4,651
Operating profit/(loss) before changes in working capital	113,869	77,034
Changes in working capital:		
Inventories	10,693	(21,204)
Payables and accruals	(18,086)	(4,608)
Receivables, deposits and prepayments	(38,063)	68,958
Cash generated from/(used in) operations	68,413	120,180
Interest received	2,493	5,094
Interest paid	(2,701)	(2,249)
Warranties paid	(298)	(444)
Income tax paid	(8,963)	(28,067)
Net cash generated from/(used in) operating activities	58,944	94,514
Cash flows from investing activities		
Acquisition of property, plant and equipment	(25,362)	(40,540)
Acquisition of right-of-use assets	(10,760)	(29,647)
Proceeds from disposal of property, plant and equipment	250	5,875
Net cash generated from/(used in) investing activities	(35,872)	(64,312)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 (4TH QUARTER)**

(cont'd)

	Unaudited Period ended 31.12.2021 RM'000	Unaudited Period ended 31.12.2020 RM'000
Cash flows from financing activities		
Dividend paid to shareholders of the Company	(17,915)	(33,590)
Proceeds from issue of shares under SIS scheme	-	183
Purchase of treasury shares	(2,985)	-
Payment of deferred consideration	(22,971)	-
Dividend paid to non-controlling interests	(1,448)	(7,161)
Net proceeds/(repayment) of loans and borrowings	(15,692)	43,572
Net cash generated from/(used in) financing activities	(61,011)	3,004
Exchange differences on translation of the financial statements of foreign operations	(1,182)	5,752
Net increase/(decrease) in cash and cash equivalents	(39,121)	38,958
Cash and cash equivalents at 1 January	303,497	263,544
Effect of exchange rate fluctuations on cash held	149	995
Cash and cash equivalents at 31 December	264,525	303,497

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

	31.12.2021 RM'000	31.12.2020 RM'000
Cash and bank balances	123,429	86,954
Short Term Investment	88,269	146,296
Deposit placed with licensed banks	61,722	77,224
Cash and cash equivalents per balance sheet	273,420	310,474
Bank overdrafts	(8,895)	(6,977)
	264,525	303,497

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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ANNOUNCEMENT OF THE UNAUDITED RESULTS OF THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2021 (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 2020. 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 2020.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2021:

<u>MFRSs and IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021

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>
• Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
• Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
• MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 17 Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
• 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 2020 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, resale and repayments of debts and equity securities for the current quarter under review except for the following:-

During the current quarter ended 31 December 2021, the Company repurchased 275,000 ordinary shares from the open market for a total consideration of RM645 thousand, which was financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with the requirements of Section 112(2) of the Companies Act 2016.

A8. DIVIDENDS PAID

A first & final tax-exempt dividend of 8 sen per ordinary shares totalling RM17.9 million in respect of the year ended 31 December 2020, was paid on 2 September 2021.

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	158,882	131,540	290,422
Outside Malaysia	313,563	-	313,563
	<u>472,445</u>	<u>131,540</u>	<u>603,985</u>
Profit before tax	48,412	19,064	67,476
Segment assets	1,150,550	173,890	1,324,440
Investments in associates	4,302	-	4,302
Total assets	<u>1,154,852</u>	<u>173,890</u>	<u>1,328,742</u>
Segments liabilities	<u>481,243</u>	<u>53,686</u>	<u>534,929</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 19 February 2022, 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 December 2021 and up to 19 February 2022.

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

B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q4 2021 vs YTD Q4 2020)

The Group reported consolidated revenue of RM604.0 million with profit before tax of RM67.5 million as compared to revenue of RM554.5 million with profit before tax of RM64.4 million in the previous financial year ended 31 December 2020.

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

B2. COMPARISON WITH PRECEDING QUARTER RESULT (2021 Q4 vs 2021 Q3)

The Group recorded a revenue of RM193.2 million with profit before tax of RM20.4 million for the current quarter as compared to the revenue of RM135.6 million with profit before tax of RM15.1 million in the preceding quarter, the increase in group profit was mainly due to increase in sales.

B3. GROUP'S CURRENT YEAR PROSPECT

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM524 million (including order book of Intelligent Automation of RM73 million) as at 19 February 2022 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

Global economic slowdown for year 2020 and continued to year 2021 as result of the Covid-19 pandemic. Even though there is improvement in year 2021 order intake but the overall situation is expected to remain challenging in year 2022. The Group will be taking appropriate measures and actions to cater for its business undertakings.

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 31.12.2021 RM'000	Cumulative Qtr To-date 31.12.2021 RM'000
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Operating profit is arrived at after (crediting)/charging the following:

Depreciation and amortization	6,932	28,572
Allowance for impairment loss/(gain)	(345)	(3,399)
Allowance for slow moving inventories	3,398	3,398
Foreign exchange (gain)/loss	2,404	188
(Gain)/loss on derivatives	(254)	86
(Gain)/loss on disposal of property, plant and equipment	(23)	210
Other Income	(268)	(6,358)
Finance costs	2,884	5,025
Interest income	(3,788)	(5,879)

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

B6. TAXATION

	Current Quarter 31.12.2021 RM'000	Cumulative Qtr To-date 31.12.2021 RM'000
Current tax expense		
Malaysian Tax	1,381	(5,602)
Overseas	(4,970)	(6,312)
	(3,589)	(11,914)
Deferred taxation expense		
Malaysian Tax	(1,934)	(3,091)
Overseas	16	(139)
	(1,918)	(3,230)
Total tax expense	(5,507)	(15,144)

The effective tax rate of the Group for the period ended 31 December 2021 is lower than the local statutory tax rate mainly due to utilisation of tax losses from a foreign subsidiary carried forward from previous years.

B7. CORPORATE PROPOSAL

The Group has no outstanding corporate proposals for the quarter under review.

B8. GROUP BORROWINGS AND DEBT SECURITIES

	Foreign currency		RM'000
	Currency	Amount	
a) Short term borrowings			
- Secured	RM	547	547
	DKK	42,783	27,217
	AUD	2,363	7,152
	Sub-total		34,916
- Unsecured	RM	13,860	13,860
Total short term borrowings			48,776
b) Long term borrowings			
- Secured	RM	7,681	7,681
	DKK	47,776	30,393
Total long term borrowings			38,074
Total borrowings			86,850

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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 recommend a first and final tax exempt dividend of 8 sen per ordinary share in respect of the financial ended 31 December 2021 subject to approval of the shareholders at the forthcoming Annual General Meeting. The payable final dividend is amounted to RM17.808 million.

The first and final dividend for 2021 is computed based on the issued and paid up share capital (excluding treasury share) of 222,599,763 ordinary shares as at 31 December 2021.

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 31.12.2021	Cumulative Qtr To-date 31.12.2021
Profit attributable to owners of the Company (RM'000)	12,119	47,877
Weighted average number of ordinary shares in issue ('000)	222,781	223,618
Basic EPS (Sen)	5.44	21.41

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 31.12.2021	Cumulative Qtr To-date 31.12.2021
Profit attributable to owners of the Company (RM'000)	12,119	47,877
Weighted average number of ordinary shares in issue ('000)	222,781	223,618
Effect of dilution ('000)	371	371
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	223,152	223,989
Diluted EPS (Sen)	5.43	21.37

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: 25 February 2022