

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	Unaudited As at 31.3.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>Assets</b>		
Property, plant and equipment	547,862	548,104
Intangible assets	75,289	75,289
Investment in associates	3,041	3,035
Deferred tax assets	25,271	25,337
Long-term funds	7,474	7,625
Receivables	5,061	5,033
<b>Total non-current assets</b>	<b>663,998</b>	<b>664,423</b>
Receivables, deposits and prepayments	262,038	238,437
Contract assets	108,951	133,209
Inventories	189,739	206,089
Current tax assets	4,538	4,457
Derivative assets	-	426
Cash and cash equivalents	134,490	121,837
<b>Total current assets</b>	<b>699,756</b>	<b>704,455</b>
<b>Total assets</b>	<b>1,363,754</b>	<b>1,368,878</b>
<b>Equity</b>		
Share capital	194,988	194,988
Reserves	526,721	514,537
<b>Total equity attributable to owners of the Company</b>	<b>721,709</b>	<b>709,525</b>
<b>Non-controlling interests</b>	<b>21,423</b>	<b>23,342</b>
<b>Total equity</b>	<b>743,132</b>	<b>732,867</b>
<b>Liabilities</b>		
Loans and borrowings	9,544	9,609
Hire Purchase and lease liabilities	12,891	12,775
Deferred tax liabilities	59,494	58,744
<b>Total non-current liabilities</b>	<b>81,929</b>	<b>81,128</b>
Provisions for warranties	33,877	33,368
Payables and accruals	213,446	237,057
Contract liabilities	169,363	154,229
Loans and borrowings	98,122	105,433
Hire Purchase and lease liabilities	19,708	20,085
Current tax liabilities	3,808	4,711
Derivative liabilities	369	-
<b>Total current liabilities</b>	<b>538,693</b>	<b>554,883</b>
<b>Total liabilities</b>	<b>620,622</b>	<b>636,011</b>
<b>Total equity and liabilities</b>	<b>1,363,754</b>	<b>1,368,878</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>3.09</b>	<b>3.04</b>

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 MARCH 2023 (1ST QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		31.3.2023 RM'000	31.3.2022 RM'000	31.3.2023 RM'000	31.3.2022 RM'000
<b>Revenue</b>	A9	125,794	92,029	125,794	92,029
Cost of sales, other income and operating expenses		(110,854)	(84,525)	(110,854)	(84,525)
<b>Results from operating activities</b>		14,940	7,504	14,940	7,504
Finance income		545	509	545	509
Finance costs		(936)	(253)	(936)	(253)
<b>Operating profit</b>	B5	14,549	7,760	14,549	7,760
Share of profit/(loss) of associates, net of tax		6	(32)	6	(32)
<b>Profit before tax</b>		14,555	7,728	14,555	7,728
Tax expense	B6	(2,433)	(1,628)	(2,433)	(1,628)
<b>Profit for the period</b>		12,122	6,100	12,122	6,100
<b>Other comprehensive (expenses)/ income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		748	2,092	748	2,092
<b>Other comprehensive income for the period, net of tax</b>		748	2,092	748	2,092
<b>Total comprehensive income for the period</b>		12,870	8,192	12,870	8,192
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		10,610	6,039	10,610	6,039
Non-controlling interests		1,512	61	1,512	61
<b>Profit for the period</b>		12,122	6,100	12,122	6,100
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,424	8,164	11,424	8,164
Non-controlling interests		1,446	28	1,446	28
<b>Total comprehensive income for the period</b>		12,870	8,192	12,870	8,192
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	4.54	2.70	4.54	2.70
Diluted (Sen)	B11	4.46	2.69	4.46	2.69

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 MARCH 2023 (1ST QUARTER)**

(The figures have not been audited)

	←← Attributable to owners of the Company →→					→ Distributable			
	Non-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
<b>3 months ended 31 March 2023</b>									
<b>As at 1 January 2023</b>	194,988	8,923	122,716	850	(3,006)	385,054	709,525	23,342	732,867
Profit/(loss) for the period	-	-	-	-	-	10,610	10,610	1,512	12,122
Foreign currency translation	-	814	-	-	-	-	814	(66)	748
Total comprehensive income for the period	-	814	-	-	-	10,610	11,424	1,446	12,870
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	760	-	-	760	-	760
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,365)	(3,365)
<b>As at 31 March 2023</b>	<b>194,988</b>	<b>9,737</b>	<b>122,716</b>	<b>1,610</b>	<b>(3,006)</b>	<b>395,664</b>	<b>721,709</b>	<b>21,423</b>	<b>743,132</b>
<b>3 months ended 31 March 2022</b>									
<b>As at 1 January 2022</b>	162,983	8,720	22,181	7,837	(3,006)	561,962	760,677	33,594	794,271
Profit for the period	-	-	-	-	-	6,039	6,039	61	6,100
Foreign currency translation	-	2,125	-	-	-	-	2,125	(33)	2,092
Total comprehensive income for the period	-	2,125	-	-	-	6,039	8,164	28	8,192
Contribution by and distribution to owners of the Company									
- Share options exercised	4,053	-	-	(4,053)	-	-	-	-	-
- Issue of ordinary shares	16,812	-	-	-	-	-	16,812	-	16,812
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(16,729)	(16,729)
<b>As at 31 March 2022</b>	<b>183,848</b>	<b>10,845</b>	<b>22,181</b>	<b>3,784</b>	<b>(3,006)</b>	<b>568,001</b>	<b>785,653</b>	<b>16,893</b>	<b>802,546</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 2022 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 MARCH 2023 (1ST QUARTER)  
(The figures have not been audited)**

	Unaudited Period ended 31.3.2023 RM'000	Unaudited Period ended 31.3.2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	14,555	7,728
Adjustments for:		
Allowance for impairment losses	1,488	2,555
Reversal of impairment losses	(1,342)	(503)
Amortisation of right-of-use assets	781	627
Depreciation of property, plant and equipment	4,018	4,036
Finance costs	936	253
Finance income	(545)	(509)
(Gain)/Loss on disposal of property, plant and equipment	(35)	1
(Gain)/loss on foreign exchange	(4,461)	(2,570)
(Gain)/loss on derivatives	795	79
Property, plant and equipment written off	-	113
Provision for warranties	1,022	434
Reversal of provision for warranties	(157)	(683)
Share-based payments	760	-
Share of loss/(profit) of equity accounted associates	(6)	32
Write-back of Inventories	(576)	(674)
Writedown of inventories	-	4
Operating profit/(loss) before changes in working capital	17,233	10,923
Changes in working capital:		
Inventories	16,926	3,531
Payables and accruals	(8,479)	(3,971)
Receivables, deposits and prepayments	4,835	(17,597)
Cash generated from/(used in) operations	30,515	(7,114)
Interest received	525	503
Interest paid	(912)	(223)
Warranties paid	(163)	(261)
Income tax paid	(2,698)	(3,172)
<b>Net cash generated from/(used in) operating activities</b>	27,267	(10,267)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(932)	(3,561)
Long-term funds	151	-
Proceeds from disposal of property, plant and equipment	35	1
<b>Net cash generated from/(used in) investing activities</b>	(746)	(3,560)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2023 (1ST QUARTER)  
(cont'd)**

	Unaudited Period ended 31.3.2023 RM'000	Audited Period ended 31.3.2022 RM'000
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares under SIS scheme	-	16,812
Dividend paid to non-controlling interests	(3,365)	(16,729)
Net proceeds/(repayment) of loans and borrowings	(8,534)	(4,882)
<b>Net cash generated from/(used in) financing activities</b>	<u>(11,899)</u>	<u>(4,799)</u>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	(2,502)	5,074
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>12,120</u>	<u>(13,552)</u>
<b>Cash and cash equivalents at 1 January</b>	99,120	264,077
<b>Effect of exchange rate fluctuations on cash held</b>	117	1,733
<b>Cash and cash equivalents at 31 March</b>	<u>111,357</u>	<u>252,258</u>

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

	31.3.2023 RM'000	31.3.2022 RM'000
Cash and bank balances	62,280	89,982
Short Term Investment	34,596	118,283
Deposit placed with licensed banks	37,614	52,778
Cash and cash equivalents per balance sheet	<u>134,490</u>	<u>261,043</u>
Bank overdrafts	(23,133)	(8,785)
	<u>111,357</u>	<u>252,258</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 MARCH 2023 (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") and 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 2022. 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 2022.

**A2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2022 and for the adoption of the Amendments and Annual Improvements to Standards effective from 1 January 2023:

<u>MFRSs and/or IC Interpretations</u> <u>(Including the Consequential Amendments)</u>	<u>Effective date</u>
• Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
• Amendments to MFRS 17: Insurance Contracts	1 January 2023
• Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
• Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
• MFRS 17 Insurance Contracts	1 January 2023

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 16: Lease Liability in a Sale and Leaseback	1 January 2024
• Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
• Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
• 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 2022 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.

**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
<b>Revenue</b>			
Inside Malaysia	62,925	28,847	91,772
Outside Malaysia	34,022	-	34,022
	<u>96,947</u>	<u>28,847</u>	<u>125,794</u>
<b>Profit before tax</b>	8,269	6,286	14,555
Segment assets	1,219,219	141,494	1,360,713
Investments in associates	3,041	-	3,041
<b>Total assets</b>	<u>1,222,260</u>	<u>141,494</u>	<u>1,363,754</u>
<b>Segments liabilities</b>	<u>563,480</u>	<u>57,142</u>	<u>620,622</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 May 2023, 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 2022 and up to 19 May 2023.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q1 2023 vs YTD Q1 2022)**

The Group reported consolidated revenue of RM125.8 million with profit before tax of RM14.6 million as compared to revenue of RM92.0 million with profit before tax of RM7.7 million in the previous financial year ended 31 March 2022.

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

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2023 Q1 vs 2022 Q4)**

The Group recorded a revenue of RM125.8 million with profit before tax of RM14.6 million for the current quarter as compared to the revenue of RM204.5 million with profit before tax of RM30.5 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 RM699 million (including order book of Intelligent Automation of RM88 million) as at 19 May 2023 from the global oil and gas, shipyard, construction, wind turbine industries and intelligent automation.

Oil prices have recovered and investment in oil and gas markets have been much better in line with these increased oil prices. Furthermore, as trade continues to ramp up and recover, shipyards are seeing increased order books and are therefore investing in their yard equipment. The Group are therefore hopeful of our orders increasing moving forward in line with this global recovery.

**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 31.3.2023 RM'000	Cumulative Qtr To-date 31.3.2023 RM'000
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**Operating profit is arrived at after (crediting)/charging the following:**

Depreciation and amortization	4,018	4,018
Allowance for impairment loss/(gain)	146	146
Foreign exchange (gain)/loss	(4,461)	(4,461)
(Gain)/loss on derivatives	795	795
(Gain)/loss on disposal of property, plant and equipment	(35)	(35)
Other Income	(1,006)	(1,006)
Finance costs	936	936
Interest income	(545)	(545)

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

**B6. TAXATION**

	Current Quarter 31.3.2023 RM'000	Cumulative Qtr To-date 31.3.2023 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(1,714)	(1,714)
Overseas	-	-
	(1,714)	(1,714)
<b>Deferred taxation expense</b>		
Malaysian Tax	(597)	(597)
Overseas	(122)	(122)
	(719)	(719)
<b>Total tax expense</b>	<b>(2,433)</b>	<b>(2,433)</b>

The effective tax rate of the Group for the period ended 31 March 2023 is lower than the local statutory tax rate mainly due foreign source income and non-taxable net unrealised foreign currency translation gain on foreign currency.

**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	557	557
	DKK	42,456	27,362
	AUD	3,841	11,379
	Sub-total		39,298
- Unsecured	RM	58,824	58,824
<b>Total short term borrowings</b>			<b>98,122</b>
b) Long term borrowings			
- Secured	RM	6,888	6,888
	DKK	4,121	2,656
<b>Total long term borrowings</b>			<b>9,544</b>
<b>Total borrowings</b>			<b>107,666</b>

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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 SHARE ("EPS")**

**Basic/Diluted EPS**

	Basic EPS		Diluted EPS	
	Current 31.3.2023	Cumulative 31.3.2023	Current 31.3.2023	Cumulative 31.3.2023
Net profit attributable to the owners of the Company (RM'000)	10,610	10,610	10,610	10,610
Weighted average number of ordinary shares in issue ('000)	233,568	233,568	233,568	233,568
Effect of dilution: Share options ('000)	-	-	4,358	4,358
Adjusted weighted average number of ordinary shares in issue and issuales ('000)	233,568	233,568	237,926	237,926
EPS (Sen)	4.54	4.54	4.46	4.46

**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 May 2023**