

**FAVELLE FAVCO BHD**

Registration No.:199201017739 (249243-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2023**

	Unaudited As at 30.9.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>Assets</b>		
Property, plant and equipment	530,751	548,104
Intangible assets	75,283	75,289
Investment in associates	3,816	3,035
Deferred tax assets	25,738	25,337
Long-term funds	7,822	7,625
Receivables	5,486	5,033
<b>Total non-current assets</b>	<b>648,896</b>	<b>664,423</b>
Receivables, deposits and prepayments	231,736	238,437
Contract assets	104,636	133,209
Inventories	231,172	206,089
Current tax assets	5,416	4,457
Derivative assets	-	426
Cash and cash equivalents	137,890	121,837
<b>Total current assets</b>	<b>710,850</b>	<b>704,455</b>
<b>Total assets</b>	<b>1,359,746</b>	<b>1,368,878</b>
<b>Equity</b>		
Share capital	194,988	194,988
Reserves	548,782	514,537
<b>Total equity attributable to owners of the Company</b>	<b>743,770</b>	<b>709,525</b>
<b>Non-controlling interests</b>	<b>25,314</b>	<b>23,342</b>
<b>Total equity</b>	<b>769,084</b>	<b>732,867</b>
<b>Liabilities</b>		
Loans and borrowings	8,145	9,609
Hire Purchase and lease liabilities	12,594	12,775
Deferred tax liabilities	61,615	58,744
<b>Total non-current liabilities</b>	<b>82,354</b>	<b>81,128</b>
Provisions for warranties	35,026	33,368
Payables and accruals	205,342	237,057
Contract liabilities	185,890	154,229
Loans and borrowings	62,772	105,433
Hire Purchase and lease liabilities	12,032	20,085
Current tax liabilities	4,517	4,711
Derivative liabilities	2,729	-
<b>Total current liabilities</b>	<b>508,308</b>	<b>554,883</b>
<b>Total liabilities</b>	<b>590,662</b>	<b>636,011</b>
<b>Total equity and liabilities</b>	<b>1,359,746</b>	<b>1,368,878</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>	<b>3.18</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.

**FAVELLE FAVCO BHD**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (3RD QUARTER)****(The figures have not been audited)**

	Note	Current/Preceding Qtr Ended		Cumulative Qtr YTD	
		30.9.2023 RM'000	30.9.2022 RM'000	30.9.2023 RM'000	30.9.2022 RM'000
<b>Revenue</b>	A9	150,035	146,940	459,352	390,313
Cost of sales, other income and operating expenses		(129,545)	(136,438)	(405,154)	(360,393)
<b>Results from operating activities</b>		20,490	10,502	54,198	29,920
Finance income		1,104	443	2,847	1,604
Finance costs		(1,254)	(1,386)	(3,936)	(2,259)
<b>Operating profit</b>	B5	20,340	9,559	53,109	29,265
Share of profit/(loss) of associates, net of tax		(391)	(150)	781	(218)
<b>Profit before tax</b>		19,949	9,409	53,890	29,047
Tax expense	B6	(5,215)	(1,504)	(13,985)	(5,821)
<b>Profit for the period</b>		14,734	7,905	39,905	23,226
<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		(3,142)	(345)	6,847	(1,042)
<b>Other comprehensive income for the period, net of tax</b>		(3,142)	(345)	6,847	(1,042)
<b>Total comprehensive income for the period</b>		11,592	7,560	46,752	22,184
<b>Profit/(loss) attributable to:</b>					
Owners of the Company		12,102	7,592	34,395	22,702
Non-controlling interests		2,632	313	5,510	524
<b>Profit for the period</b>		14,734	7,905	39,905	23,226
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,967	7,212	41,306	21,635
Non-controlling interests		2,625	348	5,446	549
<b>Total comprehensive income for the period</b>		11,592	7,560	46,752	22,184
<b>Earnings per ordinary share</b>					
Basic (Sen)	B11	5.18	3.25	14.73	9.88
Diluted (Sen)	B11	5.10	3.25	14.48	9.88

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 30 SEPTEMBER 2023 (3RD QUARTER)**

(The figures have not been audited)

	← Attributable to owners of the Company →						Total attributable to owners of the Company RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	← Non-Distributable →			Distributable					
	Share Capital RM'000	Translation Reserves RM'000	Revaluation Reserves RM'000	Share Option Reserves RM'000	Treasury Shares RM'000	Retained Earnings RM'000			
<b>9 months ended 30 September 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	-	-	-	-	-	34,395	34,395	5,510	39,905
Foreign currency translation	-	6,911	-	-	-	-	6,911	(64)	6,847
Total comprehensive income for the period	-	6,911	-	-	-	34,395	41,306	5,446	46,752
Contribution by and distribution to owners of the Company									
- Share-based payments	-	-	-	2,282	-	-	2,282	-	2,282
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(3,474)	(3,474)
- Dividends to shareholders	-	-	-	-	-	(9,343)	(9,343)	-	(9,343)
<b>As at 30 September 2023</b>	<b>194,988</b>	<b>15,834</b>	<b>122,716</b>	<b>3,132</b>	<b>(3,006)</b>	<b>410,106</b>	<b>743,770</b>	<b>25,314</b>	<b>769,084</b>
<b>9 months ended 30 September 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	-	-	-	-	-	22,702	22,702	524	23,226
Foreign currency translation	-	(1,067)	-	-	-	-	(1,067)	25	(1,042)
Total comprehensive income for the period	-	(1,067)	-	-	-	22,702	21,635	549	22,184
Contribution by and distribution to									
- Share options exercised	6,230	-	-	(6,230)	-	-	-	-	-
- Expiry of ESOS	-	-	-	(1,607)	-	1,607	-	-	-
- Issue of ordinary shares	25,775	-	-	-	-	-	25,775	-	25,775
- Disposal of a subsidiary	-	-	-	-	-	-	-	(143)	(143)
- Dividends to non-controlling interests	-	-	-	-	-	-	-	(16,729)	(16,729)
- Dividends to shareholders	-	-	-	-	-	(217,218)	(217,218)	-	(217,218)
<b>As at 30 September 2022</b>	<b>194,988</b>	<b>7,653</b>	<b>22,181</b>	<b>-</b>	<b>(3,006)</b>	<b>369,053</b>	<b>590,869</b>	<b>17,271</b>	<b>608,140</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 30 SEPTEMBER 2023 (3RD QUARTER)  
(The figures have not been audited)**

	Unaudited Period ended 30.9.2023 RM'000	Unaudited Period ended 30.9.2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	53,890	29,047
Adjustments for:		
Amortisation of intangible assets	5	4
Allowance for impairment losses	829	2,672
Reversal of impairment losses	(2,249)	(678)
Amortisation of right-of-use assets	6,095	5,221
Depreciation of property, plant and equipment	25,525	21,988
Finance costs	3,936	2,259
Finance income	(2,847)	(1,604)
(Gain)/Loss on disposal of property, plant and equipment	(120)	(34)
(Gain)/loss on foreign exchange	(11,754)	(946)
(Gain)/loss on derivatives	3,155	923
Loss on disposal of subsidiary	-	193
Property, plant and equipment written off	4	123
Provision for warranties	2,942	2,228
Reversal of provision for warranties	(1,443)	(8,924)
Share-based payments	2,282	-
Share of loss/(profit) of equity accounted associates	(781)	218
Write-back of Inventories	(1,305)	(2,196)
Writedown of inventories	-	96
Operating profit/(loss) before changes in working capital	78,164	50,590
Changes in working capital:		
Inventories	(23,778)	(14,497)
Payables and accruals	(53)	(49,567)
Receivables, deposits and prepayments	46,699	12,933
Cash generated from/(used in) operations	101,032	(541)
Interest received	2,788	1,583
Interest paid	(3,865)	(2,168)
Warranties paid	(429)	(338)
Income tax paid	(13,055)	(13,219)
<b>Net cash generated from/(used in) operating activities</b>	86,471	(14,683)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(3,205)	(9,281)
Disposal of subsidiary, net of cash and cash equivalents	-	(448)
Long-term funds	(197)	-
Proceeds from disposal of property, plant and equipment	120	34
<b>Net cash generated from/(used in) investing activities</b>	(3,282)	(9,695)

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023 (3RD QUARTER)  
(cont'd)**

	Unaudited Period ended 30.9.2023 RM'000	Audited Period ended 30.9.2022 RM'000
<b>Cash flows from financing activities</b>		
Dividend paid to shareholders of the Company	(9,343)	(217,218)
Proceeds from issue of shares under SIS scheme	-	25,775
Dividend paid to non-controlling interests	(3,474)	(16,729)
Net proceeds/(repayment) of loans and borrowings	(31,547)	28,838
<b>Net cash generated from/(used in) financing activities</b>	<b>(44,364)</b>	<b>(179,334)</b>
<b>Exchange differences on translation of the financial statements of foreign operations</b>	<b>(1,206)</b>	<b>4,969</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>37,619</b>	<b>(198,743)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>99,120</b>	<b>264,077</b>
<b>Effect of exchange rate fluctuations on cash held</b>	<b>1,151</b>	<b>2,614</b>
<b>Cash and cash equivalents at 30 September</b>	<b>137,890</b>	<b>67,948</b>

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

	30.9.2023 RM'000	30.9.2022 RM'000
Cash and bank balances	75,585	52,262
Short Term Investment	25,997	16,839
Deposit placed with licensed banks	36,308	18,245
Cash and cash equivalents per balance sheet	137,890	87,346
Bank overdrafts	-	(19,398)
	<b>137,890</b>	<b>67,948</b>

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 30 SEPTEMBER 2023 (3RD 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**

A final tax-exempt dividend of 4 sen per ordinary shares totalling RM 9.3 million in respect of the year ended 31 December 2022 was paid on 6 September 2023.

**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	183,625	114,778	298,403
Outside Malaysia	160,949	-	160,949
	<u>344,574</u>	<u>114,778</u>	<u>459,352</u>
<b>Profit before tax</b>	26,421	27,469	<b>53,890</b>
Segment assets	1,199,630	156,300	1,355,930
Investments in associates	3,816	-	3,816
<b>Total assets</b>	<u>1,203,446</u>	<u>156,300</u>	<u>1,359,746</u>
<b>Segments liabilities</b>	<u>535,737</u>	<u>54,925</u>	<u>590,662</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 17 November 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 17 November 2023.

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

**B1. REVIEW OF THE GROUP PERFORMANCE (YTD Q3 2023 vs YTD Q3 2022)**

The Group reported consolidated revenue of RM459.4 million with profit before tax of RM53.9 million as compared to revenue of RM390.3 million with profit before tax of RM29.0 million in the previous financial year ended 30 September 2022.

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

**B2. COMPARISON WITH PRECEDING QUARTER RESULT (2023 Q3 vs 2023 Q2)**

The Group recorded a revenue of RM150.0 million with profit before tax of RM19.9 million for the current quarter as compared to the revenue of RM183.5 million with profit before tax of RM19.4 million in the preceding quarter, the increase in group profit was mainly due to an improvement in cost efficiency.

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

Despite the challenging outlook in the current market, the Group has outstanding order book of approximately RM872 million (including order book of Intelligent Automation of RM173 million) as at 17 November 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 30.9.2023 RM'000	Cumulative Qtr To-date 30.9.2023 RM'000
<b>Operating profit is arrived at after (crediting)/charging the following:</b>		
Depreciation and amortization	7,921	25,530
Allowance for impairment loss/(gain)	2,906	(1,420)
Foreign exchange (gain)/loss	(269)	(11,754)
(Gain)/loss on derivatives	(701)	3,155
(Gain)/loss on disposal of property, plant and equipment	(106)	(120)
Other Income	261	(4,629)
Finance costs	1,254	3,936
Interest income	(1,104)	(2,847)

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

**B6. TAXATION**

	Current Quarter 30.9.2023 RM'000	Cumulative Qtr To-date 30.9.2023 RM'000
<b>Current tax expense</b>		
Malaysian Tax	(1,501)	(6,628)
Overseas	(3,104)	(5,275)
	(4,605)	(11,903)
<b>Deferred taxation expense</b>		
Malaysian Tax	(703)	(1,842)
Overseas	93	(240)
	(610)	(2,082)
<b>Total tax expense</b>	<b>(5,215)</b>	<b>(13,985)</b>

The effective tax rate of the Group for the period ended 30 September 2023 is slightly higher than the local statutory tax rate mainly due to certain oversea subsidiaries having higher tax rate and certain expenses were not deductible for tax purpose.

**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	570	570
	DKK	2,615	1,785
	Sub-total		2,355
- Unsecured	RM	53,808	53,808
	AUD	2,141	6,609
<b>Total short term borrowings</b>			<b>62,772</b>
b) Long term borrowings			
- Secured	RM	6,661	6,661
	DKK	2,173	1,484
<b>Total long term borrowings</b>			<b>8,145</b>
<b>Total borrowings</b>			<b>70,917</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 30.9.2023	Cumulative 30.9.2023	Current 30.9.2023	Cumulative 30.9.2023
Net profit attributable to the owners of the Company (RM'000)	12,102	34,395	12,102	34,395
Weighted average number of ordinary shares in issue ('000)	233,568	233,568	233,568	233,568
Effect of dilution: Share options ('000)	-	-	3,924	3,924
Adjusted weighted average number of ordinary shares in issue and issuales ('000)	233,568	233,568	237,492	237,492
EPS (Sen)	5.18	14.73	5.10	14.48

**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: 23 November 2023**