

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 SEPTEMBER 2008**

	As at 30-Sept-08 RM'000	As at 31-Dec-07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,767	21,580
Property development projects	711	2,704
Investment properties	425	425
Prepaid lease payments	1,452	1,428
Investment in associates	8,437	6,350
Other investments	6,006	3,053
Intangible assets	4,068	3,824
	<u>49,866</u>	<u>39,364</u>
Current Assets		
Inventories	64,574	57,311
Trade and other receivables	48,117	41,186
Tax recoverable	247	273
Cash and bank balances	14,973	20,202
	<u>127,911</u>	<u>118,972</u>
TOTAL ASSETS	<u>177,777</u>	<u>158,336</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,487)	(7,710)
Reserves	15,495	13,820
Retained profits	48,757	42,249
Total equity attributable to shareholders	<u>124,046</u>	<u>116,640</u>
Minority interests	7,534	6,544
Total equity	<u>131,580</u>	<u>123,184</u>
Non-current liabilities		
Borrowings	4,749	1,003
Deferred tax liabilities	716	453
	<u>5,465</u>	<u>1,456</u>
Current liabilities		
Trade and other payables	21,952	18,270
Short term borrowings	16,357	14,448
Provision for taxation	2,423	978
	<u>40,732</u>	<u>33,696</u>
Total liabilities	<u>46,197</u>	<u>35,152</u>
TOTAL EQUITY AND LIABILITIES	<u>177,777</u>	<u>158,336</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008****CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2008 RM '000	2007 RM '000	2008 RM '000	2007 RM '000
Revenue	34,624	28,691	98,793	81,749
Operating expenses	(29,146)	(24,581)	(83,222)	(69,175)
Other operating income	139	(472)	909	1,270
Operating profit	5,617	4,582	16,480	13,844
Interest expense	(358)	(309)	(1,125)	(824)
Interest income	106	36	282	116
Share results of associates	213	(284)	477	(327)
Profit before tax	5,578	4,025	16,114	12,809
Tax expense	(1,934)	(851)	(5,049)	(3,704)
Profit for the period	3,644	3,174	11,065	9,105
Attributable to:				
Shareholders of the Company	3,345	3,203	10,152	9,002
Minority interests	299	(29)	913	103
Profit for the period	3,644	3,174	11,065	9,105
Basic earnings per share (sen)	2.72	2.60	8.24	7.32
Diluted earnings per share (sen)	2.72	2.60	8.24	7.32

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2008**

	Cumulative quarter 9 months ended 30 September	
	2008	2007
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,114	12,809
Adjustments	2,360	2,301
Operating profit before working capital changes	18,474	15,110
Changes in working capital	(9,873)	(3,167)
Cash generated from operations	8,601	11,943
Interest paid	(1,134)	(823)
Tax paid	(3,366)	(2,167)
Net cash generated from operating activities	4,101	8,953
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase and disposal of property, plant and equipment	(2,273)	(1,801)
Other investments	(4,791)	(2,569)
Net cash used in investing activities	(7,064)	(4,370)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,877)	(2,385)
Shares issued	1,041	1,901
Net of purchase and disposal of treasury shares	(777)	(2,802)
Net change in borrowings	827	2,398
Net cash used in financing activities	(2,786)	(888)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(5,749)	3,695
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,282	9,111
Effect of foreign exchange rates changes	377	34
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,910	12,840
THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	14,973	14,554
Overdrafts	(2,063)	(1,714)
	12,910	12,840

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2008**

(RM'000)	Non-distributable						Distributable			
	Attributable to shareholders of the Company						Retained profits	Total	Minority interests	Total equity
	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve				
Balance as at 1 January 2008	68,281	13,163	(7,710)	378	892	(613)	42,249	116,640	6,544	123,184
Translation differences	-	-	-	-	-	1,675	-	1,675	-	1,675
Purchase of treasury shares	-	-	(777)	-	-	-	-	(777)	-	(777)
Changes in equity interest	-	-	-	-	-	-	-	-	310	310
Dividend	-	-	-	-	-	-	(3,644)	(3,644)	(233)	(3,877)
Net profit for the period	-	-	-	-	-	-	10,152	10,152	913	11,065
Balance as at 30 September 2008	68,281	13,163	(8,487)	378	892	1,062	48,757	124,046	7,534	131,580
Balance as at 1 January 2007	67,200	11,939	(4,931)	206	892	(262)	30,255	105,299	5,515	110,814
Translation differences	-	-	-	-	-	184	-	184	-	184
Issue of shares pursuant to ESOS	1,081	367	-	-	-	-	-	1,448	-	1,448
Purchase of treasury shares	-	-	(3,355)	-	-	-	-	(3,355)	-	(3,355)
Disposal of treasury shares	-	254	553	-	-	-	-	807	-	807
Change in equity interest	-	-	-	-	-	-	-	-	964	964
Dividend	-	-	-	-	-	-	(2,259)	(2,259)	(99)	(2,358)
Net profit for the period	-	-	-	-	-	-	9,002	9,002	103	9,105
Balance as at 30 September 2007	68,281	12,560	(7,733)	206	892	(78)	36,998	111,126	6,483	117,609

The condensed consolidated statements of change in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

NOTES TO THE INTERIM FINANCIAL REPORT

- SELECTED EXPLANATORY NOTES UNDER FRS 134 – INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standard 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2007.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2007. The explanatory notes attached to the interim financial statements provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2007.

A2 Auditors’ report on preceding annual financial statements

The auditors’ report of the annual financial statements for the financial year ended 31 December 2007 was not subject to any qualification.

A3 Seasonal or cyclical factors

The Group performance is not materially affected by seasonal or cyclical factors.

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

A5 Changes in estimates

There were no changes in estimates that have material effect in the current quarter and financial period-to-date results.

A6 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during financial period ended 30 September 2008 save for share buy-back.

At the Annual General Meeting held on 20 June 2007, the Company’s shareholders approved the renewal of authority to repurchase its own shares. During financial period ended 30 September 2008, the Company repurchased 984,800 shares.

As at 30 September 2008, a total of 13,640,566 repurchase shares, representing 9.99% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.487 million.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A7 Dividend paid

A first and final gross dividend of 4 sen per share less income tax at 26% amounted to RM3.644 million in respect of financial year ended 31 December 2007 was paid on 23 July 2008.

A8 Segment information

By business segment

	Valves, instruments and fittings	Heat and steam engineering	Electronic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	76,428	4,709	6,994	10,662	-	98,793
Inter-segment revenue	32,544	109	431	882	(33,966)	-
Total revenue	108,972	4,818	7,425	11,544	(33,966)	98,793
Segment results	14,571	497	738	674	-	16,480
Interest expense						(1,125)
Interest income						282
Share of results of associates						477
Profit before tax						16,114
Tax expense						(5,049)
Profit after tax						11,065
Minority interests						(913)
Net profit for financial period ended 30 September 2008						10,152

A9 Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward, without amendment from the annual financial statements for financial year ended 31 December 2007.

A10 Material post balance sheet events

There was no material events subsequent to the end of the financial period ended 30 September 2008 as at the date of this report.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during financial period ended 30 September 2008 save for the following:-

- i. On 31 March 2008, Unimech Capital Sdn Bhd (“UMC”), a wholly owned subsidiary of the Company, subscribed for 1,200,000 ordinary shares of RM1.00 each of MKT Marketing Sdn. Bhd. (“MKT”) for cash consideration of RM1,200,000. Subsequent to the subscription, MKT becomes a 30% associate company of UMC.
- ii. On 08 July 2008, Unimech Engineering (M) Sdn Bhd (“UME(M)”), a wholly owned subsidiary of the Company, acquired 76,00 ordinary shares of RM1.00 each, representing 20% of the issued and paid up share capital of Unimech Engineering (Vietnam) Sdn Bhd (“UME(V)”) for a total cash consideration of RM38,003. In consequent thereof, UME(V) becomes a 81% owned subsidiary of UME(M).
- iii. On 30 September 2008, the Company acquired 200,000 ordinary shares of RM1.00 each, representing the remaining 20% of the issued and paid up share capital of Unimech Worldwide (Shanghai) Sdn Bhd (“UW(S)”) for a total cash consideration of RM600,000. In consequent thereof, UW(S) becomes a wholly owned subsidiary of the Company.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

A12 Changes in contingent liabilities or contingent assets

There were no material changes in the contingent liabilities for the Group since the last financial year ended 31 December 2007.

A13 Capital commitments

	30-Sept-08 RM'000
Property, plant and equipment	
Approved but not contracted for	1,000

A14 Related party transactions

	9 months ended 30-Sept-08 RM'000
Purchases from a company in which certain directors of the Company have interests	72
Sales to a company in which certain directors of the Company have interests	398



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

NOTES TO THE INTERIM FINANCIAL REPORT

- ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1 Review of performance for current quarter and financial year to-date

The Group reported revenue of RM34.624 million and RM98.793 million in current quarter and nine months period ended 30 September 2008, representing increase of 20.7% and 20.8% respectively as compared to the preceding year corresponding period ended 30 September 2007. The increase of revenue was due principally to the increase in demand in valve, fitting and related products. In tandem with the increase in revenue, the profit before taxation for current quarter and nine months period ended 30 September 2008 improved by 38.6% and 25.8% respectively, as compared to preceding year corresponding period ended 30 September 2007.

B2 Comparison with preceding quarter's results

The revenue and profit before taxation for the current quarter and preceding quarter is summarised as follows:

	3 months ended	3 months ended	Variance	
	30-Sept-08	30-Jun-08	RM'000	%
Revenue	34,624	32,957	1,667	5.1
Profit before taxation	5,578	5,566	12	0.2

The revenue for current quarter ended 30 September 2008 increased by 5.1% as compared to preceding quarter's. A higher revenue was reported in current quarter as compared to preceding quarter's was due mainly to higher sales in valve, fitting and related products. Despite increase in revenue, the profit before tax for current quarter only improved marginally at 0.2% was due mainly to the allowance for diminution in value of other investments.

B3 Current year prospects

Amidst the slowdown of global economies and expected a lower grow in Malaysian economy, the Group's operation for the last quarter ending 31 December 2008 will inevitably be negative affected. Measures are being carried out to mitigate the impact of the economy slowdown. On the back of the positive contribution up to 30 September 2008 and barring any unforeseen circumstances, the Board expects the Group to achieve an improvement performance for financial year ending 31 December 2008.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current	Cumulative
	quarter	quarter
	3 months ended	9 months ended
	30-Sept-08	30-Sept-08
	RM'000	RM'000
Current period provision	1,873	4,786
Deferred taxation	61	263
	<u>1,934</u>	<u>5,049</u>

The effective tax rate for the current quarter and cumulative quarter are higher than the statutory tax rate due principally to the losses of certain subsidiary companies can not be used to offset against profit of other companies in the Group and non-deductible of provision and allowance for diminution of assets value.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B6 Sale of unquoted investments and properties

There was no disposal of unquoted investments or properties during the financial period under review.

B7 Purchase or disposal of quoted investments

During current quarter and cumulative quarter ended 30 September 2008, the purchase of quoted investments were amounted to RM0.076 million and RM3.981 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 September 2008 are as follows:

	Current quarter 3 months ended 30-Sept-08 RM'000	Cumulative quarter 9 months ended 30-Sept-08 RM'000
Disposal of quoted investment (proceeds)	55	292
Cost of purchase (at cost)	55	225
Gain on disposal	-	67

B8 Status of corporate proposals and status of utilisation of proceeds raised

There was no corporate proposal being carried out during the period under review saved as disclosed below:

On 11 September 2008, the Company had entered into a Share Sale Cum Shareholders Agreement (“SSSA”) to acquired 51% of the issued and paid up share capital of M.E.T Motion Holding Sdn. Bhd. (“MET”) for a total cash consideration of up to RM4.487 million (“Proposed Acquisition”). The Proposed Acquisition is expected to be completed within 3 months from the date of the SSSA.

B9 Group borrowings and debt securities

Total Group borrowings as at 30 September 2008 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	771
Unsecured borrowings	15,586
	<u>16,357</u>
Non-current	
Secured borrowings	4,749
Unsecured borrowings	-
	<u>4,749</u>
Total borrowings	21,106

B10 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

B11 Changes in material litigation

The Group is not engaged in any material litigation as at the date of this report.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2008

B12 Dividend

No interim dividend has been declared for the financial period ended 30 September 2008.

B13 Earnings per share

	Current quarter 3 months ended 30-Sept-08	Cumulative quarter 9 months ended 30-Sept-08
Profit for the period (RM'000)	3,644	11,065
Amount attributable to minority interests (RM'000)	(299)	(913)
Net profit attributable to shareholders (RM'000)	<u>3,345</u>	<u>10,152</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	123,003	123,180
Basic earnings per share (sen)	2.72	8.24

By order of the Board

Dato' Lim Cheah Chooi
Chairman

Dated this 27th November 2008