

**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2008****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2008**

	As at 31-Dec-08 RM'000	As at 31-Dec-07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	29,775	21,580
Property development projects	711	2,704
Investment properties	425	425
Prepaid lease payments	1,446	1,428
Investment in associates	8,400	6,350
Other investments	4,001	3,053
Intangible assets	4,024	3,824
	<u>48,782</u>	<u>39,364</u>
Current assets		
Inventories	73,600	57,311
Trade and other receivables	44,002	41,186
Tax recoverable	170	273
Cash and bank balances	18,251	20,202
	<u>136,023</u>	<u>118,972</u>
TOTAL ASSETS	<u>184,805</u>	<u>158,336</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,425)	(7,710)
Reserves	14,384	13,820
Retained profits	51,431	42,249
Total equity attributable to shareholders	<u>125,671</u>	<u>116,640</u>
Minority interests	7,631	6,544
Total equity	<u>133,302</u>	<u>123,184</u>
Non-current liabilities		
Borrowings	5,616	1,003
Deferred tax liabilities	720	453
	<u>6,336</u>	<u>1,456</u>
Current liabilities		
Trade and other payables	21,420	18,270
Short term borrowings	22,214	14,448
Provision for taxation	1,533	978
	<u>45,167</u>	<u>33,696</u>
Total liabilities	<u>51,503</u>	<u>35,152</u>
TOTAL EQUITY AND LIABILITIES	<u>184,805</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 FORTH QUARTER ENDED 31 DECEMBER 2008****CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2008**

	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2008 RM '000	2007 RM '000	2008 RM '000	2007 RM '000
Revenue	24,913	29,795	123,706	111,544
Operating expenses	(21,222)	(28,257)	(104,444)	(97,432)
Other operating income	517	3,536	1,426	4,806
Operating profit	4,208	5,074	20,688	18,918
Interest expense	(385)	(68)	(1,510)	(892)
Interest income	83	145	365	261
Share results of associates	(84)	457	393	130
Profit before tax	3,822	5,608	19,936	18,417
Tax expense	(879)	(757)	(5,928)	(4,461)
Profit for the period/year	2,943	4,851	14,008	13,956
Attributable to:				
Shareholders of the Company	2,674	5,251	12,826	14,253
Minority interests	269	(400)	1,182	(297)
Profit for the period/year	2,943	4,851	14,008	13,956
Basic earnings per share (sen)	2.18	4.36	10.42	11.58
Diluted earnings per share (sen)	-	-	-	-

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 FORTH QUARTER ENDED 31 DECEMBER 2008****CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2008**

	Cumulative quarter 12 months ended 31 December	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,936	18,417
Adjustments	2,543	929
Operating profit before working capital changes	22,479	19,346
Changes in working capital	(16,245)	(6,054)
Cash generated from operations	6,234	13,292
Interest paid	(1,517)	(893)
Tax paid	(5,051)	(3,793)
Net cash (used in)/generated from operating activities	(334)	8,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment	(2,317)	(1,849)
Net of purchase and disposal of treasury shares	(715)	(1,912)
Other investments	(1,701)	(942)
Net cash used in investing activities	(4,733)	(4,703)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,031)	(2,560)
Shares issued	1,055	2,400
Net changes in borrowings	5,760	5,862
Net cash generated from financing activities	2,784	5,702
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,283)	9,605
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	18,282	8,689
Effect of foreign exchange rates changes	(86)	38
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	15,913	18,332
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	18,251	20,202
Overdrafts	(2,338)	(1,870)
	15,913	18,332

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.



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2008**

	Non-distributable						Distributable			
	Attributable to shareholders of the Company									
(RM'000)	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
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	-	-	-	-	-	560	-	560	-	560
Purchase of treasury shares	-	-	(777)	-	-	-	-	(777)	-	(777)
Disposal of treasury shares	-	4	62	-	-	-	-	66	-	66
Changes in equity interest	-	-	-	-	-	-	-	-	292	292
Dividend	-	-	-	-	-	-	(3,644)	(3,644)	(387)	(4,031)
Net profit for the year	-	-	-	-	-	-	12,826	12,826	1,182	14,008
Balance as at 31 December 2008	68,281	13,167	(8,425)	378	892	(53)	51,431	125,671	7,631	133,302
Balance as at 1 January 2007	67,200	11,939	(4,931)	206	892	(262)	30,255	105,299	5,515	110,814
Effect of deferred taxation	-	-	-	172	-	-	-	172	-	172
Translation differences	-	-	-	-	-	(351)	-	(351)	(62)	(413)
Issue of shares pursuant to ESOS	1,081	367	-	-	-	-	-	1,448	-	1,448
Purchase of treasury shares	-	-	(5,034)	-	-	-	-	(5,034)	-	(5,034)
Disposal of treasury shares	-	857	2,255	-	-	-	-	3,112	-	3,112
Changes in equity interest	-	-	-	-	-	-	-	-	1,689	1,689
Dividend	-	-	-	-	-	-	(2,259)	(2,259)	(301)	(2,560)
Net profit for the year	-	-	-	-	-	-	14,253	14,253	(297)	13,956
Balance as at 31 December 2007	68,281	13,163	(7,710)	378	892	(613)	42,249	116,640	6,544	123,184

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 FORTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2008 save for share buy-back and resell of own shares.

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 year ended 31 December 2008, the Company repurchased 984,800 shares and resold 100,000 shares. The details of resold shares are as follows:-

	RM’000
Disposal value	66
Cost of shares	<u>62</u>
Gain on disposal	<u>4</u>

As at 31 December 2008, a total of 13,540,566 repurchase shares, representing 9.92% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.425 million.



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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 RM'000	Heat and steam engineering RM'000	Electronic RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	95,748	5,926	9,240	12,792	-	123,706
Inter-segment revenue	42,104	129	520	1,061	(43,814)	-
Total revenue	137,852	6,055	9,760	13,853	(43,814)	123,706
Segment results	18,567	779	494	848	-	20,688
Interest expense						(1,510)
Interest income						365
Share of results of associates						393
Profit before tax						19,936
Tax expense						(5,928)
Profit after tax						14,008
Minority interests						(1,182)
Net profit for financial year ended 31 December 2008						12,826

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 year ended 31 December 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 year ended 31 December 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 76,000 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 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 was completed on 09 January 2009.



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- iv. 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.
- v. On 15 October 2008, Unimech Worldwide (Shanghai) Sdn. Bhd. ("UWS"), a wholly-owned subsidiary of the Company had invested USD30,000 or equivalent to RM103,800 in Unimech (Shanghai) Co., Ltd. ("USC") by subscribing for 100% of the registered capital of USC. The capital injection of USD30,000 is a first progressive payment for the total registered capital of USD150,000.

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

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

A14 Related party transactions

	12 months ended
	31-Dec-08
	RM'000
Purchases from a company in which certain directors of the Company have interests	109
Sales to a company in which certain directors of the Company have interests	509



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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 RM24.913 million for the current quarter ended 31 December 2008, which was RM4.882 million lower as compared to the preceding year corresponding quarter ended 31 December 2007 of RM29.795 million. The lower revenue was due mainly to the slowdown in demand amidst the uncertainty of global economies.

The Group recorded a profit before tax of RM3.822 million for the current quarter which was RM1.786 million lower as compared to the preceding year corresponding quarter of RM5.608 million. A higher profit reported in preceding year was due mainly to the gain on disposal of other investments approximately of RM2.653 million in preceding year corresponding quarter ended 31 December 2007.

The Group reported revenue of RM123.706 million for the financial year ended 31 December 2008, representing an increase of 10.9% as compared to previous financial year ended 31 December 2007. The increase in 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 financial year ended 31 December 2008 improved by 8.4% as compared to last financial year ended 31 December 2007.

B2 Comparison with preceding quarter's results

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

	3 months ended 31-Dec-08 RM'000	3 months ended 30-Sept-08 RM'000	Variance	
			RM'000	%
Revenue	24,913	34,624	(9,711)	-28.0
Profit before taxation	3,822	5,578	(1,756)	-31.5

The revenue for current quarter ended 31 December 2008 decreased by 28.0% as compared to preceding quarter. A lower revenue was reported in current quarter as compared to preceding quarter's was due mainly to the slowdown in demand which in turn attributed to the slowdown of global economies. As a result of decrease in turnover, the profit before tax for current quarter decreased by 31.5%.

B3 Commentary on prospects

The Board of Directors expects the performance for the financial year ending 2009 to be challenging taking into consideration the global financial and economy uncertainty. The Board of Directors will continue to sustain the Group competitive edge while remained focused on operational efficiency. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall record positive performance for the financial year ending 31 December 2009.

B4 Profit forecast

Not applicable as no profit forecast was published.



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B5 Income tax expense

	Current quarter 3 months ended 31-Dec-08 RM'000	Cumulative quarter 12 months ended 31-Dec-08 RM'000
Current period provision	875	5,661
Deferred taxation	4	267
	879	5,928

The effective tax rate for the current quarter is lower than statutory tax rate due mainly to over provision of taxation in prior quarters. However, the effective tax rate for cumulative quarter are higher than the statutory tax rate which was 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.

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 financial year ended 31 December 2008, the purchase of quoted investments were amounted to RM1.760 million and RM5.741 million respectively. The disposal of quoted investments for the current quarter and financial year ended 31 December 2008 are as follows:

	Current quarter 3 months ended 31-Dec-08 RM'000	Cumulative quarter 12 months ended 31-Dec-08 RM'000
Disposal of quoted investment (proceeds)	1,359	1,650
Cost of purchase (at cost)	1,707	1,932
Loss on disposal	(348)	(282)

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.

B9 Group borrowings and debt securities

Total Group borrowings as at 31 December 2008 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	1,126
Unsecured borrowings	21,088
	22,214
Non-current	
Secured borrowings	5,616
Unsecured borrowings	-
	5,616
Total borrowings	27,830



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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.

B12 Dividend

The Board of Directors recommends the payment of a first and final dividend of 3.7 sen per share less income tax at 25%. The proposed dividend payment is amounting to RM3.414 million based on the issued and paid-up capital as at 31 December 2008 of 123,020,768 ordinary shares of RM0.50 each (excluding treasury shares held by the Company). The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

B13 Earnings per share

	Current quarter 3 months ended 31-Dec-08	Cumulative quarter 12 months ended 31-Dec-08
Profit for the period/year (RM'000)	2,943	14,008
Amount attributable to minority interests (RM'000)	(269)	(1,182)
Net profit attributable to shareholders (RM'000)	<u>2,674</u>	<u>12,826</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	122,929	123,117
Basic earnings per share (sen)	2.18	10.42

By order of the Board

Dato'Lim Cheah Chooi
Chairman

Dated this 27th February 2009