

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)  
AS AT 30 JUNE 2009**

	<b>As at 30-Jun-09 RM'000</b>	<b>As at 31-Dec-08 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,437	30,521
Property development costs	21	9
Investment properties	425	425
Prepaid lease payments	1,430	1,446
Investment in associates	8,550	8,315
Other investments	5,211	3,985
Intangible assets	5,811	4,177
	<u>53,885</u>	<u>48,878</u>
<b>Current assets</b>		
Inventories	72,239	73,289
Trade and other receivables	48,181	41,198
Tax recoverable	192	263
Cash and bank balances	16,633	18,732
	<u>137,245</u>	<u>133,482</u>
<b>TOTAL ASSETS</b>	<u>191,130</u>	<u>182,360</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,425)
Reserves	15,575	14,408
Retained earnings	58,300	51,936
<b>Total equity attributable to shareholders</b>	<u>133,631</u>	<u>126,200</u>
<b>Minority interests</b>	8,549	7,663
<b>Total equity</b>	<u>142,180</u>	<u>133,863</u>
<b>Non-current liabilities</b>		
Borrowings	6,096	5,827
Deferred tax liabilities	653	591
	<u>6,749</u>	<u>6,418</u>
<b>Current liabilities</b>		
Trade and other payables	20,815	16,920
Short term borrowings	19,736	24,153
Provision for taxation	1,650	1,006
	<u>42,201</u>	<u>42,079</u>
<b>Total liabilities</b>	<u>48,950</u>	<u>48,497</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>191,130</u>	<u>182,360</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009****CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)  
FOR SIX MONTHS ENDED 30 JUNE 2009**

	<b>Current quarter 3 months ended 30 June</b>		<b>Cumulative quarter 6 months ended 30 June</b>	
	<b>2009 RM '000</b>	<b>2008 RM '000</b>	<b>2009 RM '000</b>	<b>2008 RM '000</b>
Revenue	29,197	32,957	56,962	64,169
Operating expenses	(24,637)	(27,652)	(48,772)	(54,076)
Other operating income	1,536	450	1,872	770
<b>Operating profit</b>	<b>6,096</b>	<b>5,755</b>	<b>10,062</b>	<b>10,863</b>
Interest expense	(357)	(368)	(720)	(767)
Interest income	26	127	91	176
Share results of associates	120	52	(8)	264
<b>Profit before tax</b>	<b>5,885</b>	<b>5,566</b>	<b>9,425</b>	<b>10,536</b>
Tax expense	(1,578)	(1,749)	(2,476)	(3,115)
<b>Profit for the period</b>	<b>4,307</b>	<b>3,817</b>	<b>6,949</b>	<b>7,421</b>
<b>Attributable to:</b>				
Shareholders of the Company	3,900	3,520	6,364	6,807
Minority interests	407	297	585	614
<b>Profit for the period</b>	<b>4,307</b>	<b>3,817</b>	<b>6,949</b>	<b>7,421</b>
Basic earnings per share (sen)	3.17	2.86	5.17	5.52
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 2008 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009****CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
FOR SIX MONTHS ENDED 30 JUNE 2009**

	<b>Cumulative quarter 6 months ended 30 June</b>	
	<b>2009 RM'000</b>	<b>2008 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	9,425	10,536
Adjustments	1,315	1,916
Operating profit before working capital changes	10,740	12,452
Changes in working capital	2,154	(6,965)
Cash generated from operations	12,894	5,487
Interest paid	(722)	(767)
Tax paid	(1,757)	(1,649)
<b>Net cash generated from operating activities</b>	<b>10,415</b>	<b>3,071</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net of purchase and disposal of property, plant and equipment	(2,926)	(1,624)
Net of purchase and disposal of treasury shares	(100)	(671)
Other investments	(4,647)	(5,080)
<b>Net cash used in investing activities</b>	<b>(7,673)</b>	<b>(7,375)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(28)	-
Shares issued	160	937
Net changes in borrowings	(5,686)	897
<b>Net cash (used in) / from financing activities</b>	<b>(5,554)</b>	<b>1,834</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(2,812)</b>	<b>(2,470)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>15,740</b>	<b>18,282</b>
Effect of foreign exchange rates changes	413	120
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>13,341</b>	<b>15,932</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>		
Cash and bank balances	16,633	16,304
Overdrafts	(3,292)	(372)
	<b>13,341</b>	<b>15,932</b>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)  
FOR SIX MONTHS ENDED 30 JUNE 2009**

	Non-distributable						Distributable			Total equity
	Attributable to shareholders of the Company						Retained earnings	Total	Minority interests	
(RM'000)	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve				
<b>Balance as at 1 January 2008</b>	68,281	13,163	(7,710)	378	892	(613)	42,249	116,640	6,544	123,184
Foreign exchange fluctuation	-	-	-	-	-	631	-	631	-	631
Purchase of treasury shares	-	-	(671)	-	-	-	-	(671)	-	(671)
Changes in equity interest	-	-	-	-	-	-	-	-	869	869
Net profit for the period	-	-	-	-	-	-	6,807	6,807	614	7,421
<b>Balance as at 30 June 2008</b>	<b>68,281</b>	<b>13,163</b>	<b>(8,381)</b>	<b>378</b>	<b>892</b>	<b>18</b>	<b>49,056</b>	<b>123,407</b>	<b>8,027</b>	<b>131,434</b>
<b>Balance as at 1 January 2009</b>	68,281	13,168	(8,425)	254	892	94	51,936	126,200	7,663	133,863
Foreign exchange fluctuation	-	-	-	-	-	1,093	-	1,093	-	1,093
Purchase of treasury shares	-	-	(536)	-	-	-	-	(536)	-	(536)
Disposal of treasury shares	-	74	436	-	-	-	-	510	-	510
Changes in equity interest	-	-	-	-	-	-	-	-	329	329
Dividends	-	-	-	-	-	-	-	-	(28)	(28)
Net profit for the period	-	-	-	-	-	-	6,364	6,364	585	6,949
<b>Balance as at 30 June 2009</b>	<b>68,281</b>	<b>13,242</b>	<b>(8,525)</b>	<b>254</b>	<b>892</b>	<b>1,187</b>	<b>58,300</b>	<b>133,631</b>	<b>8,549</b>	<b>142,180</b>

The condensed consolidated statements of change in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**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 2008.

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 2008. 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 2008.

**A2 Auditors’ report on preceding annual financial statements**

The auditors’ report of the annual financial statements for the financial year ended 31 December 2008 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 June 2009 save for share buy-back and resell of own shares.

At the Annual General Meeting held on 27 May 2009, the Company’s shareholders approved the renewal of authority to repurchase its own shares. During financial period ended 30 June 2009, the Company repurchased 796,000 shares and resold 700,000 shares. The details of resold shares are as follows:-

	<b>RM’000</b>
Disposal value	510
Cost of shares	<u>436</u>
Gain on disposal	<u>74</u>

As at 30 June 2009, a total of 13,636,566 treasury 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 RM8.525 million.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**A7 Dividend paid**

A first and final gross dividend of 3.7 sen per share less income tax at 25% amounted to RM3.414 million in respect of the financial year ended 31 December 2008 was paid on 23 July 2009.

**A8 Segment information**

**By business segment**

	<b>Valves, instruments and fittings RM'000</b>	<b>Heat and steam engineering RM'000</b>	<b>Electronic RM'000</b>	<b>Pump RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	40,045	2,466	3,061	7,852	3,538	-	56,962
Inter-segment revenue	18,272	299	190	515	288	(19,564)	-
<b>Total revenue</b>	<b>58,317</b>	<b>2,765</b>	<b>3,251</b>	<b>8,367</b>	<b>3,826</b>	<b>(19,564)</b>	<b>56,962</b>
<b>Segment results</b>	<b>8,746</b>	<b>328</b>	<b>(317)</b>	<b>848</b>	<b>457</b>	<b>-</b>	<b>10,062</b>
Interest expense							(720)
Interest income							91
Share of results of associates							(8)
Profit before tax							9,425
Tax expense							(2,476)
Profit after tax							6,949
Minority interests							(585)
Net profit for financial period ended 30 June 2009							6,364

**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 2008.

**A10 Material post balance sheet events**

There were no material events subsequent to the end of the financial period ended 30 June 2009 as at the date of this report save for on 01 July 2009, Unimech Engineering (M) Sdn. Bhd. (“UME(M)”), a wholly owned subsidiary company of the Company had acquired 35,000 ordinary shares of RM1.00 each, representing the 35% of the issued and paid up share capital of Unimech Instruments & Control Sdn. Bhd. (“UIC”) for the total cash consideration of RM450,100. In consequent thereof, UIC becomes 90% owned subsidiary of UME(M).

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the financial period ended 30 June 2009 save for on 13 April 2009, the Company had acquired RMB550,000 of registered capital representing 5% of the equity interest in Arita Valve (Tianjin) Co. Ltd. (“AVT”) at a cash consideration of RMB600,000 (equivalent to RM319,149). In consequent thereof, the Company’s equity interest in AVT increased from 95% to 100%.

**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 2008.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**A13 Capital commitments**

As at 30 June 2009, the Group has no material capital commitments.

**A14 Related party transactions**

	<b>6 months ended 30-Jun-09 RM'000</b>
Purchases from a company in which certain directors of the Company have interests	88
Sales to a company in which certain directors of the Company have interests	232



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**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 RM56.962 million for the six months period ended 30 June 2009, which was RM7.207 million or 11.2% lower as compared to the preceding year corresponding quarter ended 30 June 2008 of RM64.169 million. The lower revenue was due mainly to the slowdown in demand amidst the uncertainty of global economies.

In line with the lower turnover, the Group's profit before taxation for the six months period ended 30 June 2009 of RM9.425 million was RM1.111 million or 10.5% lower than the RM10.536 million registered in the same period of 2008.

**B2 Comparison with preceding quarter's results**

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

	<b>3 months ended 30-Jun-09 RM'000</b>	<b>3 months ended 31-Mar-09 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	29,197	27,765	1,432	5.2
Profit before taxation	5,885	3,540	2,345	66.2

The revenue for current quarter ended 30 June 2009 increased by 5.2% as compared to preceding quarter. A higher revenue was reported in current quarter as compared to preceding quarter's was due mainly to higher sales in valves, fittings and related products. Profit before tax for current quarter increased by 66.2% was due mainly to the improvement in turnover coupled with the gain on disposal and write back of allowance for diminution in value of other investments amounted RM0.4 million and RM0.7 million respectively.

**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 Group will continue to expand its existing product range and improve the operation efficiency. Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall record a better performance for the financial year ending 31 December 2009.

**B4 Profit forecast**

Not applicable as no profit forecast was published.



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**
**B5 Income tax expense**

	<b>Current quarter 3 months ended 30-Jun-09 RM'000</b>	<b>Cumulative quarter 6 months ended 30-Jun-09 RM'000</b>
Current period provision	1,516	2,414
Deferred taxation	62	62
	1,578	2,476

The effective tax rate for current quarter and 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.

**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 June 2009, the purchase of quoted investments were amounted RM1.307 million and RM1.717 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 June 2009 are as follows:

	<b>Current quarter 3 months ended 30-Jun-09 RM'000</b>	<b>Cumulative quarter 6 months ended 30-Jun-09 RM'000</b>
Disposal of quoted investment (proceeds)	1,646	1,650
Cost of purchase (at cost)	1,232	1,237
Loss on disposal	414	413

**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 30 June 2009 are as follows:

	<b>Borrowings RM'000</b>
<b>Current</b>	
Secured borrowings	1,945
Unsecured borrowings	17,791
	19,736
<b>Non-current</b>	
Secured borrowings	6,096
Unsecured borrowings	-
	6,096
<b>Total borrowings</b>	25,832



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2009**

**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**

No interim dividend has been declared for the financial period ended 30 June 2009.

**B13 Earnings per share**

	<b>Current quarter 3 months ended 30-Jun-09</b>	<b>Cumulative quarter 6 months ended 30-Jun-09</b>
<b>Profit for the period (RM'000)</b>	4,307	6,949
Amount attributable to minority interests (RM'000)	(407)	(585)
<b>Net profit attributable to shareholders (RM'000)</b>	<u>3,900</u>	<u>6,364</u>
<b>Basic earnings per share</b>		
Weighted average number of ordinary shares in issue ('000)	122,984	123,171
Basic earnings per share (sen)	3.17	5.17

By order of the Board

Dato' Lim Cheah Chooi  
Chairman

**Dated this 26<sup>th</sup> August 2009**