

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

	As at 30-Sept-09 RM'000	As at 31-Dec-08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,737	30,521
Property development costs	-	9
Investment properties	425	425
Prepaid lease payments	1,429	1,446
Investment in associates	8,571	8,315
Other investments	4,306	3,985
Intangible assets	6,292	4,177
	<u>52,760</u>	<u>48,878</u>
Current assets		
Inventories	71,920	73,289
Trade and other receivables	49,537	41,198
Tax recoverable	343	263
Cash and bank balances	16,935	18,732
	<u>138,735</u>	<u>133,482</u>
TOTAL ASSETS	<u>191,495</u>	<u>182,360</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,425)
Reserves	15,921	14,408
Retained earnings	57,653	51,936
Total equity attributable to shareholders	<u>133,330</u>	<u>126,200</u>
Minority interests	8,727	7,663
Total equity	<u>142,057</u>	<u>133,863</u>
Non-current liabilities		
Borrowings	6,222	5,827
Deferred tax liabilities	656	591
	<u>6,878</u>	<u>6,418</u>
Current liabilities		
Trade and other payables	20,125	16,920
Short term borrowings	21,297	24,153
Provision for taxation	1,138	1,006
	<u>42,560</u>	<u>42,079</u>
Total liabilities	<u>49,438</u>	<u>48,497</u>
TOTAL EQUITY AND LIABILITIES	<u>191,495</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 THIRD QUARTER ENDED 30 SEPTEMBER 2009

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2009**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
Revenue	29,091	34,624	86,053	98,793
Operating expenses	(25,191)	(29,146)	(73,963)	(83,222)
Other operating income	387	139	2,259	909
Operating profit	4,287	5,617	14,349	16,480
Interest expense	(282)	(358)	(1,002)	(1,125)
Interest income	47	106	138	282
Share of results of associates	(23)	213	(31)	477
Profit before tax	4,029	5,578	13,454	16,114
Tax expense	(1,012)	(1,934)	(3,488)	(5,049)
Profit for the period	3,017	3,644	9,966	11,065
Attributable to:				
Shareholders of the Company	2,764	3,345	9,128	10,152
Minority interests	253	299	838	913
Profit for the period	3,017	3,644	9,966	11,065
Basic earnings per share (sen)	2.24	2.72	7.41	8.24
Diluted earnings per share (sen)	-	-	-	-

The condensed consolidated income statements 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2009**

	Cumulative quarter 9 months ended 30 September	
	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,455	16,114
Adjustments	1,891	2,360
Operating profit before working capital changes	15,346	18,474
Changes in working capital	505	(9,873)
Cash generated from operating activities	15,851	8,601
Interest paid	(1,008)	(1,134)
Tax paid	(3,431)	(3,366)
Net cash generated from operating activities	11,412	4,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment	(1,552)	(2,273)
Net of purchase and disposal of treasury shares	(100)	(777)
Other investments	(4,127)	(4,791)
Net cash used in investing activities	(5,779)	(7,841)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(3,915)	(3,877)
Shares issued	335	1,041
Net changes in borrowings	(5,931)	827
Net cash used in financing activities	(9,511)	(2,009)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,878)	(5,749)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	15,740	18,282
Effect of foreign exchange rates changes	864	377
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,726	12,910
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	16,935	14,973
Overdrafts	(4,209)	(2,063)
	12,726	12,910

The condensed consolidated cash flow statements 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009

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

(RM'000)	Non-distributable						Distributable			
	Attributable to shareholders of the Company						Retained earnings	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
Foreign exchange fluctuation	-	-	-	-	-	1,675	-	1,675	-	1,675
Purchase of treasury shares	-	-	(777)	-	-	-	-	(777)	-	(777)
Changes in equity interest	-	-	-	-	-	-	-	-	310	310
Dividends	-	-	-	-	-	-	(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 2009	68,281	13,168	(8,425)	254	892	94	51,936	126,200	7,663	133,863
Foreign exchange fluctuation	-	-	-	-	-	1,439	-	1,439	-	1,439
Purchase of treasury shares	-	-	(536)	-	-	-	-	(536)	-	(536)
Disposal of treasury shares	-	74	436	-	-	-	-	510	-	510
Changes in equity interest	-	-	-	-	-	-	-	-	730	730
Dividends	-	-	-	-	-	-	(3,411)	(3,411)	(504)	(3,915)
Net profit for the period	-	-	-	-	-	-	9,128	9,128	838	9,966
Balance as at 30 September 2009	68,281	13,242	(8,525)	254	892	1,533	57,653	133,330	8,727	142,057

The condensed consolidated statements of changes 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 2009, the Company repurchased 796,000 shares and resold 700,000 shares. The details of resold shares are as follows:-

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

As at 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009

A7 Dividend paid

A first and final gross dividend of 3.7 sen per share less income tax at 25% amounted to RM3.411 million in respect of the financial year ended 31 December 2008 was paid on 23 July 2009.

A8 Segment information

By business segment

	Valves, instruments and fittings RM'000	Heat and steam engineering RM'000	Electronic RM'000	Pump RM'00 0	Others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	60,901	3,623	5,056	11,046	5,427	-	86,053
Inter-segment revenue	27,258	344	209	834	516	(29,161)	-
Total revenue	88,159	3,967	5,265	11,880	5,943	(29,161)	86,053
Segment results	12,688	364	(438)	1,047	688	-	14,349
Interest expense							(1,002)
Interest income							138
Share of results of associates							(31)
Profit before tax							13,454
Tax expense							(3,488)
Profit after tax							9,966
Minority interests							(838)
Net profit for financial period ended 30 September 2009							9,128

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 September 2009 as at the date of this report save for on 21 October 2009, Arita Engineering Sdn. Bhd. ("AE"), a wholly owned subsidiary company of the Company had acquired 236 ordinary shares of USD100.00 each of PT. Arita Prima Indonesia ("API") from other shareholders for a total cash consideration of RP490,000,000 (equivalent to RM165,400) ("the Acquisition"). AE's equity interest in API increased from 82.26% to 85.49% thereof. Subsequent to the Acquisition, API increased its paid up capital from USD730,000 to USD1,139,000 and AE subscribed 3,441 ordinary shares of USD100.00 each for a cash consideration of USD344,100 (equivalent to RM1,187,000) ("the Share Subscription"). In consequent thereof, AE's ultimate equity interest in API changed from 85.49% to 85.00%.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2009 save for the followings:-

- i. 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%.



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- ii. 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 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).
- iii. On 09 September 2009, Unimech Capital Sdn. Bhd., a wholly owned subsidiary of the Company had entered into a Share Sale Agreement to acquire 2,400,000 ordinary shares of RM1.00 each in Bells Marketing Sdn Bhd (“BELLS”), representing 100% of the issued and paid up share capital of BELLS, for a total cash consideration of RM2,700,000.

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 2008.

A13 Capital commitments

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

A14 Related party transactions

	9 months ended 30-Sept-09 RM'000
Purchases from a company in which certain directors of the Company have interests	100
Sales to a company in which certain directors of the Company have interests	324

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RM86.053 million for the nine months period ended 30 September 2009, which was RM12.740 million or 12.9% lower as compared to the preceding year corresponding quarter ended 30 September 2008 of RM98.793 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 nine months period ended 30 September 2009 of RM13.454 million was RM2.660 million or 16.5% lower than the RM16.114 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:

	3 months ended 30-Sept-09 RM'000	3 months ended 30-Jun-09 RM'000	Variance	
			RM'000	%
Revenue	29,091	29,197	(106)	-0.4
Profit before taxation	4,029	5,885	(1,856)	-31.5

No significant fluctuation in revenue was reported in current quarter as compared to preceding quarter. Profit before taxation for current quarter decreased by 31.5% was due mainly to 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 in the preceding quarter.

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 satisfactory 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 THIRD QUARTER ENDED 30 SEPTEMBER 2009
B5 Income tax expense

	Current quarter 3 months ended 30-Sept-09 RM'000	Cumulative quarter 9 months ended 30-Sept-09 RM'000
Current period provision	1,009	3,423
Deferred taxation	<u>3</u>	<u>65</u>
	<u>1,012</u>	<u>3,488</u>

The effective tax rate for cumulative quarter is marginally 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 September 2009, the purchase of quoted investments were amounted RM0.125 million and RM1.842 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 September 2009 are as follows:

	Current quarter 3 months ended 30-Sept-09 RM'000	Cumulative quarter 9 months ended 30-Sept-09 RM'000
Disposal of quoted investment (proceeds)	631	2,281
Cost of purchase (at cost)	<u>496</u>	<u>1,733</u>
Loss on disposal	<u>135</u>	<u>548</u>

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 September 2009 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	2,502
Unsecured borrowings	<u>18,795</u>
	<u>21,297</u>
Non-current	
Secured borrowings	6,222
Unsecured borrowings	<u>-</u>
	<u>6,222</u>
Total borrowings	<u>27,519</u>



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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

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

B13 Earnings per share

	Current quarter 3 months ended 30-Sept-09	Cumulative quarter 9 months ended 30-Sept-09
Profit for the period (RM'000)	3,017	9,966
Amount attributable to minority interests (RM'000)	(253)	(838)
Net profit attributable to shareholders (RM'000)	<u>2,764</u>	<u>9,128</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	122,984	123,108
Basic earnings per share (sen)	2.25	7.41

By order of the Board

Dato' Lim Cheah Chooi
Chairman

Dated this 25th November 2009