

**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2009****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 DECEMBER 2009**

	As at 31-Dec-09 RM'000	As at 31-Dec-08 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	33,328	30,521
Property development costs	-	9
Investment properties	530	425
Prepaid lease payments	1,421	1,446
Investment in associates	8,812	8,315
Other investments	4,725	3,985
Intangible assets	7,477	4,177
	<u>56,293</u>	<u>48,878</u>
Current assets		
Inventories	74,009	73,289
Trade and other receivables	52,189	41,198
Tax recoverable	282	263
Cash and bank balances	17,964	18,732
	<u>144,444</u>	<u>133,482</u>
TOTAL ASSETS	<u>200,737</u>	<u>182,360</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,425)
Reserves	16,454	14,408
Retained earnings	61,868	51,936
Total equity attributable to shareholders	<u>138,078</u>	<u>126,200</u>
Minority interests	8,480	7,663
Total equity	<u>146,558</u>	<u>133,863</u>
Non-current liabilities		
Borrowings	6,011	5,827
Deferred tax liabilities	660	591
	<u>6,671</u>	<u>6,418</u>
Current liabilities		
Trade and other payables	22,664	16,920
Short term borrowings	22,945	24,153
Provision for taxation	1,899	1,006
	<u>47,508</u>	<u>42,079</u>
Total liabilities	<u>54,179</u>	<u>48,497</u>
TOTAL EQUITY AND LIABILITIES	<u>200,737</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 FORTH QUARTER ENDED 31 DECEMBER 2009****CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2009**

	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2009 RM '000	2008 RM '000	2009 RM '000	2008 RM '000
Revenue	33,793	24,797	119,846	123,590
Operating expenses	(28,714)	(21,255)	(102,677)	(104,477)
Other operating income	1,297	415	3,556	1,324
Operating profit	6,376	3,957	20,725	20,437
Interest expense	(447)	(228)	(1,449)	(1,307)
Interest income	54	-	192	236
Share of results of associates	378	(121)	347	356
Profit before tax	6,361	3,608	19,815	19,722
Tax expense	(1,790)	(278)	(5,278)	(5,327)
Profit for the period/year	4,571	3,330	14,537	14,395
Attributable to:				
Shareholders of the Company	4,215	3,154	13,343	13,306
Minority interests	356	176	1,194	1,089
Profit for the period/year	4,571	3,330	14,537	14,395
Basic earnings per share (sen)	3.44	1.94	10.85	10.18
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 FORTH QUARTER ENDED 31 DECEMBER 2009****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2009**

	Cumulative quarter 12 months ended 31 December	
	2009 RM'000	2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	19,815	19,722
Adjustments	1,862	6,254
Operating profit before working capital changes	21,677	25,976
Changes in working capital	(382)	(16,321)
Cash generated from operating activities	21,295	9,655
Interest paid	(1,455)	(1,307)
Tax paid	(4,491)	(5,247)
Net cash generated from operating activities	15,349	3,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment	(3,403)	(9,591)
Net of purchase and disposal of treasury shares	(100)	(710)
Other investments	(7,680)	(3,322)
Net cash used in investing activities	(11,183)	(13,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(4,104)	(4,069)
Shares issued	1,637	935
Net changes in borrowings	(7,102)	11,538
Net cash (used in)/from financing activities	(9,569)	8,404
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,403)	(2,118)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	16,196	18,332
Effect of foreign exchange rates changes	930	(19)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	11,723	16,195
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	17,964	18,732
Overdrafts	(6,241)	(2,537)
	11,723	16,195

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 FORTH QUARTER ENDED 31 DECEMBER 2009

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR TWELVE MONTHS ENDED 31 DECEMBER 2009

(RM'000)	Non-distributable						Distributable			
	Attributable to shareholders of the Company									
	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve	Retained earnings	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
Effect on deferred taxation	-	-	-	(99)	-	-	-	(99)	-	(99)
Foreign exchange fluctuation	-	-	-	-	-	707	-	707	(169)	538
Purchase of treasury shares	-	-	(777)	-	-	-	-	(777)	-	(777)
Disposal of treasury shares	-	5	62	-	-	-	-	67	-	67
Disposal of property, plant and equipment	-	-	-	(25)	-	-	25	-	-	-
Changes in equity interest	-	-	-	-	-	-	-	-	625	625
Dividends	-	-	-	-	-	-	(3,643)	(3,643)	(426)	(4,069)
Net profit for the year	-	-	-	-	-	-	13,305	13,305	1,089	14,394
Balance as at 31 December 2008	68,281	13,168	(8,425)	254	892	94	51,936	126,200	7,663	133,863
Balance as at 1 January 2009	68,281	13,168	(8,425)	254	892	94	51,936	126,200	7,663	133,863
Revaluation surplus	-	-	-	685	-	-	-	685	-	685
Effect on deferred taxation	-	-	-	(99)	-	-	-	(99)	-	(99)
Foreign exchange fluctuation	-	-	-	-	-	1,386	-	1,386	-	1,386
Purchase of treasury shares	-	-	(536)	-	-	-	-	(536)	-	(536)
Disposal of treasury shares	-	74	436	-	-	-	-	510	-	510
Changes in equity interest	-	-	-	-	-	-	-	-	316	316
Dividends	-	-	-	-	-	-	(3,411)	(3,411)	(693)	(4,104)
Net profit for the year	-	-	-	-	-	-	13,343	13,343	1,194	14,537
Balance as at 31 December 2009	68,281	13,242	(8,525)	840	892	1,480	61,868	138,078	8,480	146,558

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 FORTH QUARTER ENDED 31 DECEMBER 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 year-to-date.

A5 Changes in estimates

There were no changes in estimates that have material effect in the current quarter and financial year-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 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 year ended 31 December 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	436
Gain on disposal	<u>74</u>

As at 31 December 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 FORTH QUARTER ENDED 31 DECEMBER 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'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	87,813	4,917	7,031	15,159	4,926	-	119,846
Inter-segment revenue	37,186	375	123	1,300	3	(38,987)	-
Total revenue	124,999	5,292	7,154	16,459	4,929	(38,987)	119,846
Segment results	18,872	457	(350)	1,362	384	-	20,725
Interest expense							(1,449)
Interest income							192
Share of results of associates							347
Profit before tax							19,815
Tax expense							(5,278)
Profit after tax							14,537
Minority interests							(1,194)
Net profit for financial year ended 31 December 2009							13,343

A9 Valuation of property, plant and equipment

The Group had carried out a revaluation exercise for some of the properties during current quarter. The revaluation has been adopted in the accounts.

A10 Material post balance sheet events

There were no material events subsequent to the end of the financial year ended 31 December 2009 as at the date of this report save for the followings:-

- i. On 22 January 2010, Unimech Capital Sdn. Bhd., a wholly owned subsidiary of the Company had subscribed for 8,000 ordinary shares of RM1.00 each representing 80% of the total issued and paid-up capital of Unimech FPC Sdn. Bhd. ("UME FPC") for a total consideration of RM8,000 only.
- ii. On 25 January 2010, the Company had transferred its wholly-owned subsidiary, Unimech Polymer Engineering Sdn. Bhd. ("UPESB") (formerly known as Green Acre Garden Sdn. Bhd.) to its wholly-owned subsidiary company, Q-Flex Industries (M) Sdn. Bhd. ("Q-Flex") for a total cash consideration of RM2.00 only ("the Transfer").

Subsequent to the Transfer, UPESB increased its paid up capital from RM2 to RM200,000 where Q-Flex has subscribed 159,998 ordinary shares of RM1.00 each for a cash consideration of RM159,998. In consequent thereof, UPESB becomes 80% owned subsidiary company of Q-Flex.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial year ended 31 December 2009 save for the followings:-



INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2009

- 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%.
- 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.
- iv. 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). In consequent thereof, AE’s ultimate equity interest in API changed from 85.49% to 85.00%.

- v. On 09 November 2009, PT. Arita Prima Indonesia, a 85% owned subsidiary of Arita Engineering Sdn. Bhd. (“AESB”) which in turn is a wholly owned subsidiary of the Company had subscribed 70% of equity interest in a newly incorporated company known as PT. Arita Prima Kalbar (“APK”) in Pontianak, Indonesia for cash consideration of Rupiah 702,450,000 (equivalent to RM238,000).
- vi. On 28 December 2009, Unimech Engineering (M) Sdn. Bhd. (“UME(M)”), a wholly owned subsidiary of the Company had acquired 1,000,000 ordinary shares of RM1.00 each from Mr. Sim Kim Chooi and Mr. Tan Joo Cheng representing 100% of the total issued and paid-up capital in Unimech Marine & Sanitary Equipment Sdn. Bhd. (“UMSE”) for a total cash consideration of RM50,000 only (“the Acquisition”). Subsequent to the Acquisition, UMSE becomes a wholly-owned subsidiary of UME(M).
- vii. On 30 December 2009, Unimech Capital Sdn. Bhd. (“UC”), a wholly owned subsidiary of the Company had acquired 51,000 ordinary shares of RM1.00 each from Mr. Goh Leng Pheow and Mr. Lim Yeok Beng representing 51% of the total issued and paid-up capital in Icontronic Sdn. Bhd. (“ICON”) for a total cash consideration of RM102,000 only (“the Acquisition”). Subsequent to the Acquisition, ICON becomes 51% owned subsidiary of UC.

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

	31-Dec-09 RM’000
Property, plant and equipment	
Approved but not contracted for	6,570



INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2009

A14 Related party transactions

	12 months ended 31-Dec-09 RM'000
Purchases from a company in which certain directors of the Company have interests	119
Sales to a company in which certain directors of the Company have interests	432



INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 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 a revenue of RM33.793 million for the quarter ended 31 December 2009, which was 36.3% or RM8.996 million higher as compared to RM24.797 million of the preceding year corresponding quarter ended 31 December 2008. The higher revenue was due mainly to the improvement in the demand of valve, fitting and related products, as well as the better contribution from the Group's pump business, which was acquired in the end of 2008.

The Group recorded a profit before taxation of RM6.361 million for the current quarter, which was 76.3% or RM2.753 million higher than the RM3.608 million of the preceding year's same quarter. The higher profit was due mainly to the increase in revenue.

For the financial year ended 31 December 2009, the Group reported revenue of RM119.846 million, representing a decrease of 3% as compared to previous financial year ended 31 December 2008. The decrease in revenue was due principally to lower demand in valve, fitting and related products in particular in the first three quarters of 2009. The profit before taxation however improved by 0.5% was due mainly to the write back of allowance for diminution in value and gain on disposal of other investments.

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-09 RM'000	3 months ended 30-Sept-09 RM'000	Variance	
			RM'000	%
Revenue	33,793	29,091	4,702	16.2
Profit before taxation	6,361	4,029	2,332	57.9

The revenue for the current quarter ended 31 December 2009 increased by 16.2% as compared to preceding quarter. The better quarter-on-quarter sales growth was due mainly to higher demand in valve, fitting and related products. The profit before taxation in turn improved by 57.9%, which was also contributed by the write back of allowance for diminution in value and gain on disposal of other investments.

B3 Commentary on prospects

The Group saw improvement in the valves, instruments and fittings industry during the second half of 2009, with firmer demand in our target markets. The Group will remain focused to meet market demand for our valves, instruments and fittings. At the same time, we have put in place strategies to develop new markets for our products, including pumps, in order to enhance the Group's long term profitability.

Barring any unforeseen circumstances, the Board of Directors is of the view that the Group shall report a better performance for the financial year ending 31 December 2010.

B4 Profit forecast

Not applicable as no profit forecast was published.

**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2009****B5 Income tax expense**

	Current quarter 3 months ended 31-Dec-09 RM'000	Cumulative quarter 12 months ended 31-Dec-09 RM'000
Current period provision	1,786	5,209
Deferred taxation	4	69
	<u>1,790</u>	<u>5,278</u>

The effective tax rate for current quarter and cumulative quarter are 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 year under review.

B7 Purchase or disposal of quoted investments

During current quarter and cumulative quarter ended 31 December 2009, the purchase of quoted investments were amounted RM0.101 million and RM1.943 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 31 December 2009 are as follows:

	Current quarter 3 months ended 31-Dec-09 RM'000	Cumulative quarter 12 months ended 31-Dec-09 RM'000
Disposal of quoted investment (proceeds)	706	2,987
Cost of purchase (at cost)	659	2,392
Gain on disposal	<u>47</u>	<u>595</u>

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

There was no corporate proposal being carried out during the year under review.

B9 Group borrowings and debt securities

Total Group borrowings as at 31 December 2009 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	2,192
Unsecured borrowings	20,753
	<u>22,945</u>
Non-current	
Secured borrowings	6,011
Unsecured borrowings	-
	<u>6,011</u>
Total borrowings	<u>28,956</u>



INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 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

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 RM3.411 million based on the issued and paid-up capital as at 31 December 2009 of 122,924,768 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-09	Cumulative quarter 12 months ended 31-Dec-09
Profit for the period/year (RM'000)	4,571	14,537
Amount attributable to minority interests (RM'000)	(356)	(1,194)
Net profit attributable to shareholders (RM'000)	<u>4,215</u>	<u>13,343</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	122,925	123,032
Basic earnings per share (sen)	3.44	10.85

By order of the Board

Dato' Lim Cheah Chooi
Chairman

Dated this 25th February 2010