



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2010**

	As at 31-Mar-10 (Unaudited) RM'000	As at 31-Dec-09 (Audited and not restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	31,600	32,968
Investment properties	530	530
Prepaid lease payments	1,381	1,674
Investment in associates	8,480	8,255
Available for sale investments	5,512	-
Other investments	-	5,151
Other intangible assets	8,854	8,834
	<u>56,357</u>	<u>57,412</u>
Current assets		
Inventories	75,111	74,419
Trade and other receivables	56,646	49,695
Tax recoverable	325	475
Cash and bank balances	19,395	17,750
	<u>151,477</u>	<u>142,339</u>
TOTAL ASSETS	<u>207,834</u>	<u>199,751</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,525)
Reserves	14,730	16,479
Retained earnings	66,044	61,952
Total equity attributable to equity holders of the Company	<u>140,530</u>	<u>138,187</u>
Minority interests	10,209	9,765
Total equity	<u>150,739</u>	<u>147,952</u>
Non-current liabilities		
Borrowings	5,628	6,112
Deferred tax liabilities	633	616
	<u>6,261</u>	<u>6,728</u>
Current liabilities		
Trade and other payables	26,856	21,044
Short term borrowings	22,723	23,171
Provision for taxation	1,255	856
	<u>50,834</u>	<u>45,071</u>
Total liabilities	<u>57,096</u>	<u>51,799</u>
TOTAL EQUITY AND LIABILITIES	<u>207,834</u>	<u>199,751</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)**

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue	33,619	27,765	33,619	27,765
Operating expenses	(29,408)	(24,135)	(29,408)	(24,135)
Other operating income	585	336	585	336
Operating profit	4,796	3,966	4,796	3,966
Interest expense	(398)	(363)	(398)	(363)
Interest income	92	65	92	65
Share of results of associates	18	(128)	18	(128)
Profit before tax	4,508	3,540	4,508	3,540
Tax expense	(1,153)	(898)	(1,153)	(898)
Profit for the period	3,355	2,642	3,355	2,642
Profit attributable to:				
Equity holders of the Company	2,916	2,464	2,916	2,464
Minority interests	439	178	439	178
Profit for the period	3,355	2,642	3,355	2,642
Earnings per share (EPS) attributable to equity holders of the Company (sen):				
Basic EPS	2.16	2.00	2.16	2.00
Diluted EPS	-	-	-	-

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Profit for the period	3,355	2,642	3,355	2,642
Other comprehensive (loss) / income:				
Currency translation differences arising from consolidation	(1,212)	669	(1,212)	669
Available for sale investments' fair value movements	602	-	602	-
Total comprehensive income for the period	2,745	3,311	2,745	3,311
Total comprehensive income attributable to:				
Equity holders of the Company	2,343	3,133	2,343	3,133
Minority interests	402	178	402	178
	2,745	3,311	2,745	3,311

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)**

	Cumulative quarter 3 months ended 31 March	
	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,508	3,540
Adjustments	724	1,404
Operating profit before working capital changes	5,231	4,944
Changes in working capital	(2,579)	2,417
Cash generated from operating activities	2,652	7,361
Interest paid	(395)	(363)
Tax paid	(575)	(915)
Net cash generated from operating activities	1,682	6,083
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment	899	(817)
Net of purchase and disposal of treasury shares	-	(100)
Net of purchase and disposal of other investments	226	(4,869)
Net cash from/(used in) investing activities	1,125	(5,786)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	82	112
Net changes in borrowings	(1,033)	(4,444)
Net cash used in financing activities	(1,130)	(4,332)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,677	(4,035)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	11,455	15,740
Effect of foreign exchange rates changes	(4)	461
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	13,129	12,166
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	19,395	16,558
Overdrafts	(6,266)	(4,392)
	13,129	12,166

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THREE MONTHS ENDED 31 MARCH 2010 (UNAUDITED)**

(RM'000)	----- Non-distributable -----						----- Distributable -----				
	----- Attributable to shareholders of the Company -----										
	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve	Available for sale reserve	Retained earnings	Total	Minority interests	Total equity
Balance as at 1 January 2009	68,281	13,168	(8,425)	254	892	94	-	51,936	126,200	7,663	133,863
Purchase of treasury shares	-	-	(536)	-	-	-	-	-	(536)	-	(536)
Disposal of treasury shares	-	74	436	-	-	-	-	-	510	-	510
Changes in equity interest	-	-	-	-	-	-	-	-	-	105	105
Total comprehensive income for the period	-	-	-	-	-	669	-	2,464	3,133	178	3,311
Balance as at 31 March 2009	68,281	13,242	(8,525)	254	892	763	-	54,400	129,307	7,946	137,253
Balance as at 1 January 2010	68,281	13,242	(8,525)	875	892	1,470	-	61,952	138,187	9,765	147,952
Effect arising from adoption of FRS 139	-	-	-	-	-	-	(1,176)	1,176	-	-	-
Balance as at 1 January 2010, restated	68,281	13,242	(8,525)	875	892	1,470	(1,176)	63,128	138,187	9,765	147,952
Changes in equity interest	-	-	-	-	-	-	-	-	-	42	42
Total comprehensive income for the period	-	-	-	-	-	(1,175)	602	2,916	2,343	402	2,745
Balance as at 31 March 2010	68,281	13,242	(8,525)	875	892	295	(574)	66,044	140,530	10,209	150,739

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010**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 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

A2 Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2009, except for the adoption of the following new Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations with effect from 1 January 2010:

FRS 8	:	Operating Segments
FRS 7	:	Financial Instruments: Disclosures
FRS 101	:	Presentation of Financial Statement (revised)
FRS 123	:	Borrowing Costs
FRS 139	:	Financial Instruments: Recognition and Measurement
Amendments to FRS 7	:	Financial Instruments: Disclosures
Amendments to FRS 127	:	Consolidated and Separate Financial Statements
Amendments to FRS 132	:	Financial Instruments: Presentation
Amendments to FRS 139	:	Financial Instruments: Recognition and Measurement
IC Interpretation 9	:	Reassessment of Embedded Derivatives
IC Interpretation 10	:	Interim Financial Reporting and Impairment
IC Interpretation 11	:	FRS 2 Group and Treasury Share Transactions

The adoption of the above FRSs, Amendments to FRSs and Interpretations does not have significant changes in the accounting policies and presentation of the financial statements of the Group, other than for the application of FRS 8, FRS 101 and FRS 139 as follows:

(a) FRS 8 Operating Segments.

FRS 8 replaces FRS 114²⁰⁰⁴ Segment Reporting. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. As the Group’s chief operating decision maker, the Group’s Board of Directors, relies on internal reports which are similar to those currently disclosed externally, no further segmental information disclosures will be necessary. This standard does not have any impact on the financial position and results of the Group.

(b) Amendments to FRS 101 Presentation of Financial Statements

The amendment to FRS 101 requires changes in the format of the financial statements including the amounts directly attributable to shareholders in the primary statements, but does not affect the measurement of reported profit or equity. The Group has elected to show other comprehensive income in a separate statement from the income statement and hence, all owner changes in equity are presented in the consolidated statement of changes in equity, whereas non-owner changes in equity are shown in the consolidated statement of comprehensive income. This standard does not have any impact on the financial position and results of the Group.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

(b) FRS 139 Financial Instruments: Recognition and Measurement

Prior to 1 January 2010, financial assets available for sale (“AFS”) were accounted for at cost less impairment losses. Under FRS 139, AFS financial assets are measured at fair value initially and subsequently with unrealised gains and losses recognised directly in equity.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparative as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 January 2010.

	As previously stated RM'000	Effect of FRS 139 RM'000	As restated RM'000
<i>Assets</i>			
Other investments	5,151	(5,151)	-
AFS investments	-	5,151	5,151
<i>Equity</i>			
Retained earnings	61,952	1,176	63,128
AFS reserve	-	(1,176)	(1,176)

A3 Auditors’ report on preceding annual financial statements

The auditors’ report of the annual financial statements for the financial year ended 31 December 2009 was not subject to any qualification.

A4 Seasonal or cyclical factors

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

A5 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.

A6 Changes in estimates

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

A7 Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during financial period ended 31 March 2010.

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 31 March 2010, the Company did not repurchase and resell any own shares.

As at 31 March 2010, 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 FIRST QUARTER ENDED 31 MARCH 2010

A8 Dividend paid

No dividend had been paid for the financial period under review.

A9 Segment information

By business segment

	Valves, instruments and fittings RM'000	Heat and steam engineering RM'000	Electronic RM'000	Pumps RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	24,346	902	2,222	4,667	1,482	-	33,619
Inter-segment revenue	8,753	14	223	334	1	(9,325)	-
Total revenue	33,099	916	2,445	5,001	1,483	(9,325)	33,619
Segment results	4,088	(60)	5	446	317	-	4,796
Interest expense							(398)
Interest income							92
Share of results of associates							18
Profit before tax							4,508
Tax expense							(1,153)
Profit after tax							3,355
Minority interests							(439)
Profit for financial period ended 31 March 2010							2,916

A10 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 2009.

A11 Material post balance sheet events

There were no material events subsequent to the end of the financial period ended 31 March 2010 as at the date of this report.

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 31 March 2010 save for the following:-

- 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.



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- iii. On 25 March 2010, Unimech Capital Sdn. Bhd., a wholly owned subsidiary of the Company had subscribed for 60,000 ordinary shares of RM1.00 each representing 60% of the total issued and paid up capital of Tri Axis Technology (M) Sdn. Bhd. (“TAT”) for a total consideration of RM60,000 only.

A13 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 2009.

A14 Capital commitments

	31-Mar-10 RM'000
Property, plant and equipment	
Approved but not contracted for	7,092

A15 Related party transactions

	3 months ended 31-Mar-10 RM'000
Purchases from a company in which certain directors of the Company have interests	23
Sales to a company in which certain directors of the Company have interests	128



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010

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

For the first quarter ended 31 March 2010, the Group recorded revenue of RM33.619 million, representing an increase of 21.1% over prior year corresponding quarter's revenue of RM27.765 million. Higher revenue reported was due mainly to the improvement in the demand of valves, instruments, fittings and related products.

The increase in revenue correspondingly increased the profit before tax by 27.3% to RM4.508 million from RM3.540 million reported in prior year's corresponding quarter.

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-Mar-10 RM'000	3 months ended 31-Dec-09 RM'000	Variance	
			RM'000	%
Revenue	33,619	34,038	(419)	(1.2)
Profit before tax	4,508	5,421	(913)	(16.8)

The revenue for the current quarter ended 31 March 2010 was decreased marginally by 1.2% as compared to preceding quarter. Nevertheless, the profit before tax was higher in preceding quarter was due mainly to the gain on disposal of other investments and write back of allowance for diminution in value of other investments recognised in the preceding quarter.

B3 Commentary on prospects

The outlook for the Malaysia and world economies is expected to be better in financial year ending 2010. 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.

The Group saw improvement in the valves, instruments and fittings industry with firmer demand in our target markets. The Group will remain focused to meet market demand for our valves, instruments and fittings. We have also put in place strategies to develop new markets for our products, including pumps, in order to enhance the Group's long term profitability.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current quarter 3 months ended 31-Mar-10 RM'000	Cumulative quarter 3 months ended 31-Mar-10 RM'000
Current period provision	1,136	1,136
Deferred tax	17	17
	<u>1,153</u>	<u>1,153</u>

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2010
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 31 March 2010, the purchase of quoted investments were amounted RM0.005 million. The disposal of quoted investments for the current quarter and cumulative quarter ended 31 March 2010 are as follows:

	Current quarter 3 months ended 31-Mar-10 RM'000	Cumulative quarter 3 months ended 31-Mar-10 RM'000
Disposal of quoted investment (proceeds)	332	332
Cost of purchase (at cost)	<u>248</u>	<u>248</u>
Gain on disposal	<u>84</u>	<u>84</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 31 March 2010 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	2,815
Unsecured borrowings	<u>19,908</u>
	<u>22,723</u>
Non-current	
Secured borrowings	5,628
Unsecured borrowings	<u>-</u>
	<u>5,628</u>
Total borrowings	<u>28,351</u>

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.



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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-Mar-10	Cumulative quarter 3 months ended 31-Mar-10
Profit for the period (RM'000)	3,355	3,355
Amount attributable to minority interests (RM'000)	(439)	(439)
Profit attributable to Equity holders of the Company (RM'000)	<u>2,916</u>	<u>2,916</u>
Basic EPS		
Weighted average number of ordinary shares in issue ('000)	134,925	134,925
Basic EPS (sen)	2.16	2.16

By order of the Board

Dato' Lim Cheah Chooi
Executive Chairman

Dated this 26th May 2010