



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	As at 30-Jun-10 (Unaudited) RM'000	As at 31-Dec-09 (Audited and not restated) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	40,272	32,968
Investment properties	530	530
Prepaid lease payments	1,373	1,674
Investment in associates	8,702	8,255
Available for sale investments	7,182	-
Other investments	-	5,151
Intangible assets	8,838	8,834
	<u>66,897</u>	<u>57,412</u>
Current assets		
Inventories	80,104	74,419
Trade and other receivables	56,827	49,695
Tax recoverable	362	475
Cash and bank balances	17,742	17,750
	<u>155,035</u>	<u>142,339</u>
TOTAL ASSETS	<u>221,932</u>	<u>199,751</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,525)
Reserves	13,894	16,479
Retained earnings	71,010	61,952
Total equity attributable to equity holders of the Company	<u>144,660</u>	<u>138,187</u>
Minority interests	10,324	9,765
Total equity	<u>154,984</u>	<u>147,952</u>
Non-current liabilities		
Borrowings	11,536	6,112
Deferred tax liabilities	688	616
	<u>12,224</u>	<u>6,728</u>
Current liabilities		
Trade and other payables	23,948	21,044
Short term borrowings	29,203	23,171
Provision for taxation	1,573	856
	<u>54,724</u>	<u>45,071</u>
Total liabilities	<u>66,948</u>	<u>51,799</u>
TOTAL EQUITY AND LIABILITIES	<u>221,932</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 SECOND QUARTER ENDED 30 JUNE 2010

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Revenue	38,652	29,197	72,271	56,962
Operating expenses	(31,755)	(24,637)	(61,163)	(48,772)
Other operating income	596	1,536	1,181	1,872
Operating profit	7,493	6,096	12,289	10,062
Interest expense	(504)	(357)	(902)	(720)
Interest income	19	26	111	91
Share of results of associates	130	120	148	(8)
Profit before tax	7,138	5,885	11,646	9,425
Tax expense	(1,789)	(1,578)	(2,942)	(2,476)
Profit for the period	5,349	4,307	8,704	6,949
Profit attributable to:				
Equity holders of the Company	4,966	3,900	7,882	6,364
Minority interests	383	407	822	585
Profit for the period	5,349	4,307	8,704	6,949
Earnings per share (EPS) attributable to equity holders of the Company (sen):				
Basic EPS	3.68	3.17	5.84	5.17
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 SECOND QUARTER ENDED 30 JUNE 2010

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2010 RM '000	2009 RM '000	2010 RM '000	2009 RM '000
Profit for the period	5,349	4,307	8,704	6,949
Other comprehensive (loss) / income:				
Currency translation differences arising from consolidation	(83)	424	(1,295)	1,093
Available for sale investments' fair value movements	(739)	-	(137)	-
Total comprehensive income for the period	4,527	4,731	7,272	8,042
Total comprehensive income attributable to:				
Equity holders of the Company	4,130	4,324	6,473	7,457
Minority interests	397	407	799	585
	4,527	4,731	7,272	8,042

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 SECOND QUARTER ENDED 30 JUNE 2010****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2010 (UNAUDITED)**

	Cumulative quarter 6 months ended 30 June	
	2010 RM'000	2009 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,646	9,425
Adjustments	1,801	1,315
Operating profit before working capital changes	13,447	10,740
Changes in working capital	(10,694)	2,154
Cash generated from operating activities	2,753	12,894
Interest paid	(898)	(722)
Tax paid	(2,016)	(1,757)
Net cash generated (used in)/from operating activities	(161)	10,415
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment	(1,837)	(2,926)
Net of purchase and disposal of treasury shares	-	(100)
Net of purchase and disposal of other investments	(1,897)	(4,647)
Net cash used in investing activities	(3,734)	(7,673)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to minority interests	(330)	(28)
Proceeds from shares issued to minority interests	82	160
Net changes in borrowings	3,177	(5,686)
Net cash from/(used in) financing activities	2,929	(5,554)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(966)	(2,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	11,455	16,196
Effect of foreign exchange rates changes	(53)	(43)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	10,436	13,341
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	17,742	16,633
Overdrafts	(7,306)	(3,292)
	10,436	13,341

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 SECOND QUARTER ENDED 30 JUNE 2010

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR SIX MONTHS ENDED 30 JUNE 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	-	-	-	-	-	-	-	-	-	329	329
Dividends	-	-	-	-	-	-	-	-	-	(28)	(28)
Total comprehensive income for the period	-	-	-	-	-	1,093	-	6,364	7,457	585	8,042
Balance as at 30 June 2009	68,281	13,242	(8,525)	254	892	1,187	-	58,300	133,631	8,549	142,180
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	-	-	-	-	-	-	-	-	-	90	90
Dividends	-	-	-	-	-	-	-	-	-	(330)	(330)
Total comprehensive income for the period	-	-	-	-	-	(1,272)	(137)	7,882	6,473	799	7,272
Balance as at 30 June 2010	68,281	13,242	(8,525)	875	892	198	(1,313)	71,010	144,660	10,324	154,984

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 SECOND QUARTER ENDED 30 JUNE 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 SECOND QUARTER ENDED 30 JUNE 2010
(c) 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 30 June 2010.

At the Annual General Meeting held on 22 June 2010, the Company’s shareholders approved the renewal of authority to repurchase its own shares. During financial period ended 30 June 2010, the Company did not repurchase and resell of any own shares.

As at 30 June 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 SECOND QUARTER ENDED 30 JUNE 2010

A8 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 2009 was paid on 23 July 2010.

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	52,870	2,041	4,465	9,370	3,525	-	72,271
Inter-segment revenue	21,583	54	660	694	-	(22,991)	-
Total revenue	74,453	2,095	5,125	10,064	3,525	(22,991)	72,271
Segment results	10,492	88	104	1,392	213	-	12,289
Interest expense							(902)
Interest income							111
Share of results of associates							148
Profit before tax							11,646
Tax expense							(2,942)
Profit after tax							8,704
Minority interests							(822)
Profit for financial period ended 30 June 2010							<u>7,882</u>

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 was no material events subsequent to the end of the financial period ended 30 June 2010 as at the date of this report save for the following:-

- i. On 6 Aug 2010, Unimech Worldwide (Shanghai) Sdn. Bhd. (“UWS”), a wholly owned subsidiary of the Company had subscribed 85% of the registered capital in a newly incorporated company known as Arita Engineering (Chengdu) Pte. Ltd. (“AEC”) for cash consideration of USD127,500 (equivalent to RM406,036.50).
- ii. On 16 Aug 2010, Unimech Capital Sdn. Bhd. (“UCSB”) and PT. Arita Prima Indonesia (“API”) had acquired 60% and 40% of the issued and paid up capital of Arita System Sdn. Bhd. (“ASSB”) (formerly known as UIC Pneumatic & Automation Sdn. Bhd.) from Unimech Engineering (JB) Sdn. Bhd. (“UME(JB)”), Unimech Instruments & Control Sdn. Bhd. (“UIC”) and TTS Valve Technologies Sdn Bhd (“TTS”) for cash consideration of RM53,215.80 and RM35,477.20 respectively.

UCSB is a wholly owned subsidiary of the Company and API is 85% subsidiary company owned by Arita Engineering Sdn. Bhd. (“AESB”) which in turn wholly owned by the Company. UME(JB) and UIC are the subsidiary companies of UGB Group whereas TTS is an associate company of UGB Group.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

A12 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 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.

- 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.
- iv. On 28 June 2010, M.E.T. Motion Holdings Sdn. Bhd. ("METMH"), a 51% owned subsidiary of the Company and Multiplex Control & Engineering Services Pte. Ltd. ("MCES"), a wholly owned subsidiary of the Company had subscribed for 70,000 and 30,000 ordinary shares of SGD1.00 each representing 70% and 30% of the total issued and paid-up capital of a newly incorporated company known as M.E.T. Resources Pte. Ltd. ("METR") for total consideration of SGD70,000 and SGD30,000 respectively.

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

As at 30 June 2010, the Group has no material capital commitments.

A15 Related party transactions

	6 months ended 30-Jun-10 RM'000
Purchases from a company in which certain directors of the Company have interests	46
Sales to a company in which certain directors of the Company have interests	274



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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

The Group reported revenue of RM38.652 million and RM72.271 million in current quarter and six months period ended 30 June 2010, representing increase of 32.4% and 26.9% respectively as compared to the preceding year corresponding quarter and six months period ended 30 June 2009. The increase of revenue was due principally to the increase in demand in valves, fittings and related products.

In tandem with the increase in revenue, the profit before tax for current quarter and six months period ended 30 June 2010 improved by 21.3% and 23.6% respectively, as compared to preceding year corresponding quarter and six months period ended 30 June 2009.

B2 Comparison with preceding quarter's results

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

	3 months ended 30-Jun-10 RM'000	3 months ended 31-Mar-10 RM'000	Variance	
			RM'000	%
Revenue	38,652	33,619	5,033	15.0
Profit before tax	7,138	4,508	2,630	58.3

The revenue for the current quarter ended 30 June 2010 was increased by 15.0% as compared to preceding quarter. A higher revenue was reported in current quarter as compared to preceding quarter's was due mainly to the improvement in sales of valves, fittings and related products. Profit before tax for current quarter increased by 58.3% was due mainly to the increase in revenue coupled with improvement in gross profit margin.

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 30-Jun-10 RM'000	Cumulative quarter 6 months ended 30-Jun-10 RM'000
Current period provision	1,734	2,870
Deferred tax	55	72
	1,789	2,942

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 30 June 2010, the purchase of quoted investments were amounted RM5.648 million and RM5.653 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 June 2010 are as follows:

	Current quarter 3 months ended 30-Jun-10 RM'000	Cumulative quarter 6 months ended 30-Jun-10 RM'000
Disposal of quoted investment (proceeds)	3,849	4,181
Cost of purchase (at cost)	<u>3,581</u>	<u>3,829</u>
Gain on disposal	<u>268</u>	<u>352</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 June 2010 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	3,631
Unsecured borrowings	<u>25,572</u>
	<u>29,203</u>
Non-current	
Secured borrowings	11,536
Unsecured borrowings	<u>-</u>
	<u>11,536</u>
Total borrowings	<u>40,739</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.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

B12 Dividend

No interim dividend has been declared for the financial period ended 30 June 2010.

B13 Earnings per share

	Current quarter 3 months ended 30-Jun-10	Cumulative quarter 6 months ended 30-Jun-10
Profit for the period (RM'000)	5,349	8,704
Profit attributable to minority interests (RM'000)	(383)	(822)
Profit attributable to equity holders of the Company (RM'000)	<u>4,966</u>	<u>7,882</u>
Basic EPS		
Weighted average number of ordinary shares in issue ('000)	134,925	134,925
Basic EPS (sen)	3.68	5.84

By order of the Board

Dato' Lim Cheah Chooi
Executive Chairman

Dated this 26th August 2010