



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2011**

	<b>As at 31-Mar-11 (Unaudited) RM'000</b>	<b>As at 31-Dec-10 (Audited) RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	48,731	47,185
Investment properties	530	530
Investment in associate companies	8,861	8,807
Investment securities	6,336	5,734
Intangible assets	8,928	8,921
	<u>73,386</u>	<u>71,177</u>
<b>Current assets</b>		
Inventories	88,794	90,776
Trade and other receivables	69,724	64,963
Tax recoverable	397	328
Cash and bank equivalents	18,029	21,132
	<u>176,944</u>	<u>177,199</u>
<b>TOTAL ASSETS</b>	<u>250,330</u>	<u>248,376</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,525)
Reserves	15,380	15,340
Retained earnings	78,671	74,657
<b>Total equity attributable to owners of the parent</b>	<u>153,807</u>	<u>149,753</u>
<b>Non-controlling interests</b>	11,256	10,788
<b>Total equity</b>	<u>165,063</u>	<u>160,541</u>
<b>Non-current liabilities</b>		
Borrowings	15,302	13,996
Deferred tax liabilities	763	746
	<u>16,065</u>	<u>14,742</u>
<b>Current liabilities</b>		
Trade and other payables	31,774	35,739
Short term borrowings	35,186	35,809
Tax payable	2,242	1,545
	<u>69,202</u>	<u>73,093</u>
<b>Total liabilities</b>	<u>85,267</u>	<u>87,835</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>250,330</u>	<u>248,376</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011****CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)**

	<b>Current quarter 3 months ended 31 March</b>		<b>Cumulative quarter 3 months ended 31 March</b>	
	<b>2011 RM '000</b>	<b>2010 RM '000</b>	<b>2011 RM '000</b>	<b>2010 RM '000</b>
<b>Revenue</b>	49,408	33,619	49,408	33,619
Operating expenses	(43,781)	(29,408)	(43,781)	(29,408)
Other operating income	1,347	585	1,347	585
<b>Operating profit</b>	<b>6,974</b>	<b>4,796</b>	<b>6,974</b>	<b>4,796</b>
Interest expense	(892)	(398)	(892)	(398)
Interest income	75	92	75	92
Share of results of associate companies	54	18	54	18
<b>Profit before tax</b>	<b>6,211</b>	<b>4,508</b>	<b>6,211</b>	<b>4,508</b>
Tax expense	(1,736)	(1,153)	(1,736)	(1,153)
<b>Profit for the period</b>	<b>4,475</b>	<b>3,355</b>	<b>4,475</b>	<b>3,355</b>
<b>Profit attributable to:</b>				
Owners of the parent	4,014	2,916	4,014	2,916
Non-controlling interests	461	439	461	439
<b>Profit for the period</b>	<b>4,475</b>	<b>3,355</b>	<b>4,475</b>	<b>3,355</b>
<b>Earnings per share (EPS) attributable to owners of the parent (sen):</b>				
Basic EPS	3.27	2.16	3.27	2.16
Diluted EPS	-	-	-	-

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)**

	<b>Current quarter 3 months ended 31 March</b>		<b>Cumulative quarter 3 months ended 31 March</b>	
	<b>2011 RM '000</b>	<b>2010 RM '000</b>	<b>2011 RM '000</b>	<b>2010 RM '000</b>
Profit for the period	4,475	3,355	4,475	3,355
<b>Other comprehensive (loss) / income, net of tax:</b>				
Currency translation differences arising from consolidation	114	(1,212)	114	(1,212)
Fair value movements on available for sale investments	(63)	602	(63)	602
<b>Total comprehensive income for the period</b>	<b>4,526</b>	<b>2,745</b>	<b>4,526</b>	<b>2,745</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	4,054	2,343	4,054	2,343
Non-controlling interests	472	402	472	402
	<b>4,526</b>	<b>2,745</b>	<b>4,526</b>	<b>2,745</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)**

	<b>Cumulative quarter 3 months ended 31 March</b>	
	<b>2011 RM'000</b>	<b>2010 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	6,211	4,508
Adjustments	1,700	724
Operating profit before working capital changes	7,911	5,232
Changes in working capital	(6,638)	(2,579)
Cash generated from operating activities	1,273	2,653
Interest paid	(894)	(395)
Tax paid	(1,128)	(575)
<b>Net cash (used in)/generated from operating activities</b>	<b>(749)</b>	<b>1,683</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net of purchase and disposal of property, plant and equipment	(1,736)	899
Net of purchase and disposal of other investments	(568)	226
<b>Net cash (used in)/from investing activities</b>	<b>(2,304)</b>	<b>1,125</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to non-controlling interests	(133)	(180)
Proceeds from shares issued to non-controlling interests	180	82
Net changes in borrowings	1,439	(1,033)
<b>Net cash generated from/(used in) financing activities</b>	<b>1,486</b>	<b>(1,131)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,567)</b>	<b>1,677</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>13,625</b>	<b>11,455</b>
Effect of foreign exchange rates changes	35	(3)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>12,093</b>	<b>13,129</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>		
Cash and bank balances	18,029	19,395
Overdrafts	(5,936)	(6,266)
	<b>12,093</b>	<b>13,129</b>

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THREE MONTHS ENDED 31 MARCH 2011 (UNAUDITED)**

	----- Non-distributable -----						Distributable				
	----- Attributable to owners of the parent -----										
(RM'000)	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve	Fair value adjustment reserve	Retained earnings	Total	Non-controlling interests	Total equity
<b>Balance as at 1 January 2010</b>	68,281	13,242	(8,525)	875	892	1,470	-	61,952	138,187	9,765	147,952
Changes in equity interest	-	-	-	-	-	-	-	-	-	222	222
Dividends paid	-	-	-	-	-	-	-	-	-	(180)	(180)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(1,175)	602	2,916	2,343	402	2,745
<b>Balance as at 31 March 2010</b>	<b>68,281</b>	<b>13,242</b>	<b>(8,525)</b>	<b>875</b>	<b>892</b>	<b>295</b>	<b>602</b>	<b>64,868</b>	<b>140,530</b>	<b>10,209</b>	<b>150,739</b>
<b>Balance as at 1 January 2011</b>	68,281	13,242	(8,525)	887	892	42	277	74,657	149,753	10,788	160,541
Changes in equity interest	-	-	-	-	-	-	-	-	-	129	129
Dividends paid	-	-	-	-	-	-	-	-	-	(133)	(133)
Total comprehensive income/(loss) for the period	-	-	-	-	-	103	(63)	4,014	4,054	472	4,526
<b>Balance as at 31 March 2011</b>	<b>68,281</b>	<b>13,242</b>	<b>(8,525)</b>	<b>887</b>	<b>892</b>	<b>145</b>	<b>214</b>	<b>78,671</b>	<b>153,807</b>	<b>11,256</b>	<b>165,063</b>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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 2010. 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 2010.

**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 2010, except for the adoption of the following Revised Financial Reporting Standards (“FRSs”), Amendments to FRSs and Interpretations with effect from 1 January 2011:

FRS 1 (Revised)	:	First-time Adoption of Financial Reporting Standards
FRS 3 (Revised)	:	Business Combinations
FRS 127 (Revised)	:	Consolidated and Separated Financial Statements
Amendments to FRS 1 (Revised)	:	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adoptees
Amendments to FRS 1	:	Additional Exemptions for First-time Adopters
Amendments to FRS 2	:	Share-based Payment
Amendments to FRS 2	:	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	:	Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 132	:	Financial Instruments: Presentation
IC Interpretation 4	:	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	:	Service Concession Arrangements
IC Interpretation 16	:	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	:	Distributions of Non-cash Assets to Owners
IC Interpretation 18	:	Transfers of Assets from Customers
Amendments to IC Interpretation 9	:	Reassessments of Embedded Derivatives

The adoption of the above Revised FRSs, Amendments to FRSs and Interpretations does not have significant changes in the accounting policies and presentation of the financial statements of the Group upon their initial application.

**A3 Auditors’ report on preceding annual financial statements**

The auditors’ report of the annual financial statements for the financial year ended 31 December 2010 was not subject to any qualification.

**A4 Seasonal or cyclical factors**

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



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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 2011.

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 the financial period ended 31 March 2011, the Company did not repurchase and resell of any own shares.

As at 31 March 2011, 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.

**A8 Dividend paid**

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

**A9 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>Pumps RM'000</b>	<b>All others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	39,472	1,116	2,241	4,218	2,361	-	49,408
Inter-segment revenue	10,889	32	171	428	1	(11,521)	-
<b>Total revenue</b>	<b>50,361</b>	<b>1,148</b>	<b>2,412</b>	<b>4,646</b>	<b>2,362</b>	<b>(11,521)</b>	<b>49,408</b>
<b>Segment results</b>	<b>6,810</b>	<b>62</b>	<b>(261)</b>	<b>496</b>	<b>98</b>	<b>-</b>	<b>7,205</b>
Unallocated expenses							(231)
Interest expense							(892)
Interest income							75
Share of results of associate companies							54
Profit before tax							6,211
Tax expense							(1,736)
Profit after tax							4,475
Non-controlling interests							(461)
Profit attributable to owners of the parent for financial period ended 31 March 2011							<u>4,014</u>



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**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 2010.

**A11 Material post balance sheet events**

There was no material events subsequent to the end of the financial period ended 31 March 2011 as at the date of this report save for on 1 April 2011, PT. Arita Prima Indonesia (“API”), a 85% owned subsidiary of Arita Engineering Sdn. Bhd. (“AESB”) which in turn is a wholly owned subsidiary of the Company had acquired 30% of equity interest in a PT. Arita Prima Gemilang (“APG”) from non-controlling interest for a cash consideration of Rp 85,700,000 only. In consequent thereof, APG becomes wholly owned subsidiary of API.

**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 2011 save for the following:-

- i. On 31 January 2011, Unimech Venture Sdn. Bhd. (“UVSB”), a wholly owned subsidiary of the Company had subscribed for 9,698 ordinary shares of THB100.00 each representing 97.0% of the total issued and paid-up capital of Unimech Holdings (Thailand) Co. Ltd. (“UHT”) for a total consideration of THB969,800 only.
- ii. On 9 March 2011, Unimech Capital Sdn. Bhd. (“UCSB”), a wholly owned subsidiary of the Company had subscribed for 4,900 ordinary shares of RM1.00 each representing 49% of the total issued and paid-up capital of Unimech Bersatu Malaysia Sdn. Bhd. (“UBM”) for a cash consideration of RM4,900 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 2010.

**A14 Capital commitments**

As at 31 March 2011, the Group has no material capital commitments.

**A15 Related party transactions**

	<b>3 months ended 31-Mar-11 RM'000</b>
Purchase of goods from a company in which certain directors of the Company have interests	24
Sale of goods to a company in which certain directors of the Company have interests	131





**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**NOTES TO THE INTERIM FINANCIAL REPORT**

**- ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**

**B1 Review of performance for current quarter and financial period-to-date**

For the first quarter ended 31 March 2011, the Group recorded revenue of RM49.408 million, representing an increase of 47.0% over prior year corresponding quarter's revenue of RM33.619 million. The increase of the revenue was due principally to the increase in demand in valves, fittings and related products. The increase in revenue, correspondingly increased the profit before tax by 37.8% to RM6.211 million from RM4.508 million reported in prior year's corresponding quarter.

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

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

	<b>3 months ended 31-Mar-11 RM'000</b>	<b>3 months ended 31-Dec-10 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	49,408	43,111	6,297	14.6
Profit before tax	6,211	6,675	(464)	(7.0)

The revenue for current quarter ended 31 March 2011 increased by 14.6% as compared to preceding quarter's. A higher revenue was reported in current year quarter as compared to preceding quarter's was mainly due to higher demand in valves, fittings and related products. Nevertheless, the profit before tax decreased by 7.0% was due mainly to the decrease in gross profit margin and higher expenses incurred during current quarter.

**B3 Commentary on prospects**

The Group anticipates a further growth in financial year ending 2011. Moving forward, the Group will continue to focus to meet market demand for our core business in order to enhance the Group's long term profitability. The Group will also step up efforts in improving the efficiency in operations to achieve the competitive edge in the market.

Barring any unforeseen circumstances, the Board of Directors is optimistic that the Group shall report a better performance and growth in the financial year ending 31 December 2011.

**B4 Profit forecast**

Not applicable as no profit forecast was published.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**
**B5 Income tax expense**

	<b>Current quarter 3 months ended 31-Mar-11 RM'000</b>	<b>Cumulative quarter 3 months ended 31-Mar-11 RM'000</b>
Current period provision	1,719	1,719
Deferred tax	17	17
	1,736	1,736

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 period under review.

**B7 Quoted investments**

- (a) During current quarter and cumulative quarter ended 31 March 2011, the purchase of quoted investments were amounted RM6.176 million. The disposals of quoted investments for the current quarter and cumulative quarter ended 31 March 2011 are as follows:

	<b>Current quarter 3 months ended 31-Mar-11 RM'000</b>	<b>Cumulative quarter 3 months ended 31-Mar-11 RM'000</b>
Total proceeds from disposals	5,557	5,557
Fair value gain recognised in income statement	226	226
Reclassification adjustment to income statement	91	91

- (b) The total investments in quoted investments as at 31 March 2011 are as follows:-

	<b>Quoted investments RM'000</b>
At cost	6,570
At carrying amount	6,336
At fair value	6,336

**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.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011****B9 Group borrowings and debt securities**

Total Group borrowings as at 31 March 2011 are as follows:

	<b>Borrowings RM'000</b>
<b>Current</b>	
Secured borrowings	4,188
Unsecured borrowings	30,998
	<u>35,186</u>
<b>Non-current</b>	
Secured borrowings	15,302
Unsecured borrowings	-
	<u>15,302</u>
<b>Total borrowings</b>	<u>50,488</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.

**B12 Dividend**

The Board of Directors had proposed a first and final single tier dividend of 3.6 sen per share in respect of the financial year ended 31 December 2010. The proposed dividend payment is amounting to RM4.425 million based on the issued and paid-up capital as at 31 December 2010 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 ("EPS")**

	<b>Current quarter 3 months ended 31-March-11</b>	<b>Cumulative quarter 3 months ended 31-March-11</b>
<b>Profit for the period (RM'000)</b>	4,475	4,475
Profit attributable to non-controlling interests (RM'000)	(461)	(461)
<b>Profit attributable to owners of the parent (RM'000)</b>	<u>4,014</u>	<u>4,014</u>
<b>Basic EPS</b>		
Weighted average number of ordinary shares in issue ('000)	122,925	122,925
Basic EPS (sen)	3.27	3.27



**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

**B14 Breakdown of Realised and Unrealised Profits/Losses**

	<b>As at 31 March 2011 (RM'000)</b>	<b>As at 31 December 2010 (RM'000)</b>
<b>Total retained earnings/(accumulated loss) of the Company and its subsidiaries:</b>		
- Realised	101,670	97,822
- Unrealised	(1,801)	(1,927)
<b>Total retained earnings/(accumulated loss) from associate companies:</b>		
- Realised	1,535	1,481
- Unrealised	(628)	(628)
	<u>100,776</u>	<u>96,748</u>
Less: Consolidation Adjustments	(22,105)	(22,091)
<b>Total group retained earnings as per consolidated accounts</b>	<u><u>78,671</u></u>	<u><u>74,657</u></u>

By order of the Board

Dato' Lim Cheah Chooi  
Executive Chairman

**Dated this 24<sup>th</sup> May 2011**