

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011****CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011**

	As at 30-Jun-11 (Unaudited) RM'000	As at 31-Dec-10 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,736	47,185
Investment properties	-	530
Investment in associate companies	9,518	8,807
Investment securities	5,458	5,734
Intangible assets	9,236	8,921
	<u>74,948</u>	<u>71,177</u>
Current assets		
Inventories	95,564	90,776
Trade and other receivables	78,345	64,963
Tax recoverable	350	328
Cash and cash equivalents	14,556	21,132
	<u>188,815</u>	<u>177,199</u>
TOTAL ASSETS	<u>263,763</u>	<u>248,376</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,525)	(8,525)
Reserves	15,809	15,340
Retained earnings	84,113	74,657
Total equity attributable to owners of the parent	<u>159,678</u>	<u>149,753</u>
Non-controlling interests	11,771	10,788
Total equity	<u>171,449</u>	<u>160,541</u>
Non-current liabilities		
Borrowings	15,849	13,996
Deferred tax liabilities	787	746
	<u>16,636</u>	<u>14,742</u>
Current liabilities		
Trade and other payables	32,563	35,739
Short term borrowings	40,041	35,809
Tax payable	3,074	1,545
	<u>75,678</u>	<u>73,093</u>
Total liabilities	<u>92,314</u>	<u>87,835</u>
TOTAL EQUITY AND LIABILITIES	<u>263,763</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 SECOND QUARTER ENDED 30 JUNE 2011

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2011 RM '000	2010 RM '000	2011 RM '000	2010 RM '000
Revenue	47,288	38,652	96,696	72,271
Operating expenses	(39,069)	(31,755)	(82,850)	(61,163)
Other operating income	1,060	596	2,407	1,181
Operating profit	9,279	7,493	16,253	12,289
Interest expense	(893)	(504)	(1,785)	(902)
Interest income	64	19	139	111
Share of results of associate companies	(101)	130	(47)	148
Profit before tax	8,349	7,138	14,560	11,646
Tax expense	(2,007)	(1,789)	(3,743)	(2,942)
Profit for the period	6,342	5,349	10,817	8,704
Profit attributable to:				
Owners of the parent	5,442	4,966	9,456	7,882
Non-controlling interests	900	383	1,361	822
Profit for the period	6,342	5,349	10,817	8,704
Earnings per share (EPS) attributable to owners of the parent (sen):				
Basic EPS	4.42	3.68	7.69	5.84
Diluted EPS	-	-	-	-

The condensed consolidated income 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 SECOND QUARTER ENDED 30 JUNE 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2011 RM '000	2010 RM '000	2011 RM '000	2010 RM '000
Profit for the period	6,342	5,349	10,817	8,704
Other comprehensive (loss) / income, net of tax:				
Currency translation differences arising from consolidation	432	(83)	546	(1,295)
Fair value movements on available for sale investments	-	(739)	(63)	(137)
Total comprehensive income for the period	6,774	4,527	11,300	7,272
Total comprehensive income attributable to:				
Owners of the parent	5,871	4,130	9,925	6,473
Non-controlling interests	903	397	1,375	799
	6,774	4,527	11,300	7,272

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 SECOND QUARTER ENDED 30 JUNE 2011

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2011 (UNAUDITED)**

	Cumulative quarter 6 months ended 30 June	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	14,560	11,646
Adjustments	3,224	1,801
Operating profit before working capital changes	17,784	13,447
Changes in working capital	(21,632)	(10,694)
Cash (used in)/generated from operating activities	(3,848)	2,753
Interest paid	(1,790)	(898)
Tax paid	(2,249)	(2,016)
Net cash used in operating activities	(7,887)	(161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment and investment properties	(2,830)	(1,837)
Net of purchase and disposal of other investments	(742)	(1,897)
Net cash used in investing activities	(3,572)	(3,734)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(386)	(330)
Proceeds from shares issued to non-controlling interests	318	82
Net changes in borrowings	5,434	3,177
Net cash generated from financing activities	5,366	2,929
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,093)	(966)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	13,625	11,455
Effect of foreign exchange rates changes	228	(53)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	7,760	10,436
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	14,556	17,742
Overdrafts	(6,796)	(7,306)
	7,760	10,436

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 SECOND QUARTER ENDED 30 JUNE 2011

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR SIX MONTHS ENDED 30 JUNE 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
Balance as at 1 January 2010	68,281	13,242	(8,525)	875	892	1,470	-	61,952	138,187	9,765	147,952
Changes in equity interest	-	-	-	-	-	-	-	-	-	90	90
Dividends paid	-	-	-	-	-	-	-	-	-	(330)	(330)
Total comprehensive income/(loss) 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	(137)	69,834	144,660	10,324	154,984
Balance as at 1 January 2011	68,281	13,242	(8,525)	887	892	42	277	74,657	149,753	10,788	160,541
Changes in equity interest	-	-	-	-	-	-	-	-	-	(6)	(6)
Dividends paid	-	-	-	-	-	-	-	-	-	(386)	(386)
Total comprehensive income/(loss) for the period	-	-	-	-	-	532	(63)	9,456	9,925	1,375	11,300
Balance as at 30 June 2011	68,281	13,242	(8,525)	887	892	574	214	84,113	159,678	11,771	171,449

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 SECOND QUARTER ENDED 30 JUNE 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 Main Market 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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2011.

At the Annual General Meeting held on 22 June 2011, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the financial period ended 30 June 2011, the Company did not repurchase and resell of any own shares.

As at 30 June 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

A first and final single tier dividend of 3.6 sen per share amounted RM4.425 million in respect of the financial year ended 31 December 2010 was paid on 25 July 2011.

A9 Segment information

By business segment

	Valves, instruments and fittings RM'000	Heat and steam engineering RM'000	Electronic RM'000	Pumps RM'000	All others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	76,596	2,905	3,471	8,440	5,284	-	96,696
Inter-segment revenue	23,750	72	265	809	-	(24,896)	-
Total revenue	100,346	2,977	3,736	9,249	5,284	(24,896)	96,696
Segment results	14,918	361	(150)	915	753	-	16,797
Unallocated expenses							(544)
Interest expense							(1,785)
Interest income							139
Share of results of associate companies							(47)
Profit before tax							14,560
Tax expense							(3,743)
Profit after tax							10,817
Non-controlling interests							(1,361)
Profit attributable to owners of the parent for financial period ended 30 June 2011							<u>9,456</u>



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 30 June 2011 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 30 June 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 (equivalent to RM99,910).
- 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.
- iii. 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 (equivalent to RM30,000). In consequent thereof, APG becomes wholly owned subsidiary of API.
- iv. On 26 May 2011, Multiplex Control & Engineering Services Pte. Ltd (“MCES”), a wholly-owned subsidiary of the Company had invested RMB700,000 (equivalent to RM329,848) into a newly incorporated company known as Arita New Valve (Huangshan) Co. Ltd. (“ANV”) (“the Investment”). The investment of RMB700,000 is equivalent to 35% of the first tranche of registered capital to be subscribed by the shareholders of ANV. The remaining registered capital is expected to be fully subscribed within the next six months from the date of the first investment.

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

	30-Jun-11 RM'000
Property, plant and equipment	
Approved but not contracted for	9,411



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

A15 Related party transactions

	6 months ended 30-Jun-11 RM'000
Purchase of goods from a company in which the directors of the Company have interests	64
Sale of goods to a company in which the directors of the Company have interests	201

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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

The Group reported revenue of RM47.288 million and RM96.696 million in current quarter and six months period ended 30 June 2011, representing increase of 22.3% and 33.8% respectively as compared to the preceding year corresponding quarter and six months period ended 30 June 2010. 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 2011 improved by 17.0% and 25.0% respectively, as compared to preceding year corresponding quarter and six months period ended 30 June 2010.

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-11 RM'000	3 months ended 31-Mar-11 RM'000	Variance	
			RM'000	%
Revenue	47,288	49,408	(2,120)	(4.3)
Profit before tax	8,349	6,211	2,138	34.4

The revenue for current quarter ended 30 June 2011 decreased marginally by 4.3% as compared to preceding quarter. A lower revenue was reported in current year quarter as compared to preceding quarter's was due mainly to higher demand in the first quarter of the year. Nevertheless, the profit before tax increased by 34.4% was due mainly to the improvement in gross profit margin.

B3 Commentary on prospects

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 market.

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

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current quarter 3 months ended 30-Jun-11 RM'000	Cumulative quarter 6 months ended 30-Jun-11 RM'000
Current period provision	1,983	3,702
Deferred tax	24	41
	2,007	3,743

The effective tax rate for current quarter is lower than the statutory tax rate due mainly to lower effective tax rate in some of overseas subsidiary companies.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

B6 Sale of unquoted investments and properties

The disposal of investment properties for the current quarter and cumulative quarter ended 30 June 2011 are as follows:

	Current Quarter 3 months ended 30-Jun-11 RM'000	Cumulative quarter 6 months ended 30-Jun-11 RM'000
Total proceeds from disposals	765	765
Book value	530	530
Gain on disposal	235	235

B7 Quoted investments

- (a) During current quarter and cumulative quarter ended 30 June 2011, the purchase of quoted investments were amounted RM1.914 million and RM8.090 million respectively. The disposals of quoted investments for the current quarter and cumulative quarter ended 30 June 2011 are as follows:

	Current quarter 3 months ended 30-Jun-11 RM'000	Cumulative quarter 6 months ended 30-Jun-11 RM'000
Total proceeds from disposals	2,472	8,029
Fair value (loss)/gain recognised in income statements	(2)	224
Reclassification adjustment to income statements	5	96

- (b) The total investments in quoted investments as at 30 June 2011 are as follows:-

	Quoted investments RM'000
At cost	6,337
At carrying amount	5,458
At fair value	5,458

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 SECOND QUARTER ENDED 30 JUNE 2011

B9 Group borrowings and debt securities

Total Group borrowings as at 30 June 2011 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	4,515
Unsecured borrowings	35,526
	<u>40,041</u>
Non-current	
Secured borrowings	15,849
Unsecured borrowings	-
	<u>15,849</u>
Total borrowings	<u><u>55,890</u></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

No interim dividend has been declared for the financial period ended 30 June 2011.

B13 Earnings per share ("EPS")

	Current quarter 3 months ended 30-Jun-11	Cumulative quarter 6 months ended 30-Jun-11
Profit for the period (RM'000)	6,342	10,817
Profit attributable to non-controlling interests (RM'000)	(900)	(1,361)
Profit attributable to owners of the parent (RM'000)	<u>5,442</u>	<u>9,456</u>
Basic EPS		
Weighted average number of ordinary shares in issue ('000)	122,925	122,925
Basic EPS (sen)	4.42	7.69



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2011

B14 Breakdown of Realised and Unrealised Profits/Losses

	As at 30 June 2011 RM'000	As at 31 March 2011 RM'000
Total retained earnings/(accumulated loss) of the Company and its subsidiaries:		
- Realised	107,232	101,670
- Unrealised	(1,930)	(1,801)
Total retained earnings/(accumulated loss) from associate companies:		
- Realised	1,434	1,535
- Unrealised	(628)	(628)
	<hr/>	<hr/>
	106,108	100,776
Less: Consolidation Adjustments	(21,995)	(22,105)
	<hr/>	<hr/>
Total group retained earnings as per consolidated accounts	84,113	78,671

By order of the Board

Dato' Lim Cheah Chooi
Executive Chairman

Dated this 25th August 2011