



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011**

	As at 30-Sept-11 (Unaudited) RM'000	As at 31-Dec-10 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,828	47,185
Investment properties	-	530
Investment in associate companies	10,082	8,807
Investment securities	4,858	5,734
Intangible assets	9,372	8,921
	<u>77,140</u>	<u>71,177</u>
Current assets		
Inventories	104,116	90,776
Trade and other receivables	67,383	64,963
Tax recoverable	369	328
Cash and cash equivalents	19,996	21,132
	<u>191,864</u>	<u>177,199</u>
TOTAL ASSETS	<u>269,004</u>	<u>248,376</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	66,781	68,281
Treasury shares	(6,650)	(8,525)
Reserves	16,845	15,340
Retained earnings	84,648	74,657
Total equity attributable to owners of the parent	<u>161,624</u>	<u>149,753</u>
Non-controlling interests	11,976	10,788
Total equity	<u>173,600</u>	<u>160,541</u>
Non-current liabilities		
Borrowings	16,354	13,996
Deferred tax liabilities	811	746
	<u>17,165</u>	<u>14,742</u>
Current liabilities		
Trade and other payables	33,121	35,739
Short term borrowings	42,342	35,809
Tax payable	2,776	1,545
	<u>78,239</u>	<u>73,093</u>
Total liabilities	<u>95,404</u>	<u>87,835</u>
TOTAL EQUITY AND LIABILITIES	<u>269,004</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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2011 RM '000	2010 RM '000	2011 RM '000	2010 RM '000
Revenue	45,301	42,860	141,997	115,131
Operating expenses	(37,347)	(37,575)	(120,197)	(98,783)
Other operating income	557	962	2,964	2,143
Operating profit	8,511	6,247	24,764	18,536
Interest expense	(1,771)	(508)	(3,556)	(1,410)
Interest income	53	57	192	168
Share of results of associate companies	577	100	530	248
Profit before tax	7,370	5,896	21,930	17,542
Tax expense	(1,899)	(1,683)	(5,642)	(4,625)
Profit for the period	5,471	4,213	16,288	12,917
Profit attributable to:				
Owners of the parent	4,960	3,651	14,416	11,533
Non-controlling interests	511	562	1,872	1,384
Profit for the period	5,471	4,213	16,288	12,917
Earnings per share (EPS) attributable to owners of the parent (sen):				
Basic EPS	4.04	2.71	11.73	8.55
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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2011 RM '000	2010 RM '000	2011 RM '000	2010 RM '000
Profit for the period	5,471	4,213	16,288	12,917
Other comprehensive (loss) / income, net of tax:				
Currency translation differences arising from consolidation	1,563	(780)	2,109	(2,075)
Fair value movements on available for sale investments	(90)	421	(153)	284
Total comprehensive income for the period	6,944	3,854	18,244	11,126
Total comprehensive income attributable to:				
Owners of the parent	6,371	3,336	16,296	9,809
Non-controlling interests	573	518	1,948	1,317
	6,944	3,854	18,244	11,126

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 THIRD QUARTER ENDED 30 SEPTEMBER 2011****CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2011 (UNAUDITED)**

	Cumulative quarter 9 months ended 30 September	
	2011 RM'000	2010 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	21,930	17,542
Adjustments	5,570	2,284
Operating profit before working capital changes	27,500	19,826
Changes in working capital	(17,722)	(14,800)
Cash generated from operating activities	9,778	5,026
Interest paid	(3,622)	(1,400)
Tax paid	(4,470)	(3,704)
Net cash generated from/(used in) operating activities	1,686	(78)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net of purchase and disposal of property, plant and equipment and investment properties	(5,670)	(3,284)
Net of purchase and disposal of other investments	14	391
Net cash used in investing activities	(5,656)	(2,893)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(5,228)	(4,116)
Proceeds from shares issued to non-controlling interests	365	271
Net changes in borrowings	5,536	8,372
Net cash (used in)/generated from financing activities	673	4,527
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(3,297)	1,556
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	13,625	11,455
Effect of foreign exchange rates changes	496	(259)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	10,824	12,752
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	19,996	20,116
Overdrafts	(9,172)	(7,364)
	10,824	12,752

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 THIRD QUARTER ENDED 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER 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	-	-	-	-	-	-	-	-	-	364	364
Dividends paid	-	-	-	-	-	-	-	(3,411)	(3,411)	(705)	(4,116)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(2,008)	284	11,533	9,809	1,317	11,126
Balance as at 30 September 2010	68,281	13,242	(8,525)	875	892	(538)	284	70,074	144,585	10,741	155,326
Balance as at 1 January 2011	68,281	13,242	(8,525)	887	892	42	277	74,657	149,753	10,788	160,541
Cancellation of treasury shares	(1,500)	(375)	1,875	-	-	-	-	-	-	-	-
Changes in equity interest	-	-	-	-	-	-	-	-	-	43	43
Dividends paid	-	-	-	-	-	-	-	(4,425)	(4,425)	(803)	(5,228)
Total comprehensive income/(loss) for the period	-	-	-	-	-	2,033	(153)	14,416	16,296	1,948	18,244
Balance as at 30 September 2011	66,781	12,867	(6,650)	887	892	2,075	124	84,648	161,624	11,976	173,600

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 THIRD QUARTER ENDED 30 SEPTEMBER 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.



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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, repurchases, resale and repayments of debt and equity securities during financial period ended 30 September 2011 save for the cancellation of treasury shares. On 29 September 2011, the Company had cancelled 3,000,000 of treasury shares (“the Cancellation”). Subsequent to the Cancellation, the issued and paid up capital of the Company reduced to 133,561,334 ordinary shares (including treasury shares held by the Company) of RM0.50 each and RM67.781 million respectively.

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 September 2011, the Company did not repurchase and resell of any own shares.

As at 30 September 2011, a total of 10,636,566 treasury shares, representing 7.96% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM6.650 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	111,951	4,352	5,260	13,215	7,219	-	141,997
Inter-segment revenue	37,362	100	366	1,174	-	(39,002)	-
Total revenue	149,313	4,452	5,626	14,389	7,219	(39,002)	141,997
Segment results	22,719	510	(102)	1,593	813	-	25,533
Unallocated expenses							(769)
Interest expense							(3,556)
Interest income							192
Share of results of associate companies							530
Profit before tax							21,930
Tax expense							(5,642)
Profit after tax							16,288
Non-controlling interests							(1,872)
Profit attributable to owners of the parent for financial period ended 30 September 2011							14,416

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 September 2011 as at the date of this report save for the following:-

- i. On 17 October 2011, Unimech Holdings (Thailand) Co. Ltd. (“UH(T)”), a 97% owned subsidiary of Unimech Venture Sdn. Bhd. (“UVSB”) which is a wholly owned subsidiary of the Company had acquired 40,600 shares and 28,000 shares in TM Unimech Co. Ltd. (“TMU”) from Unimech Engineering (M) Sdn. Bhd. (“UME(M)”) and Unimech Engineering (JB) Sdn. Bhd. (“UME(JB)”) for cash consideration of THB4,060,000 (equivalent to RM394,818) and THB2,800,000 (equivalent to RM268,596) respectively (“the Restructuring”). Both UME(M) and UME(JB) are wholly owned subsidiary companies of the Company.

After the Restructuring, TMU ceases to be an associate company of UME(M) and UME (JB) respectively.

On the same day, UH(T) had also acquired 29,400 shares from Mr. Song Kierd Teerarojunawong, 14,000 shares from Ms. Rassamee Teerarojunawong, 800 shares from Cut Right Tools (Thai) Co. Ltd., 20 shares from Ms. Wan Pin Reawtong and 10 shares from Ms. Ranjuna Jindawong for cash consideration of THB2,940,000, THB1,400,000, THB80,000, THB2,000 and THB1,000 respectively (“the Acquisition”). The total cash consideration for the Acquisition is THB4,423,000 (equivalent to RM457,338).

Upon completion of the Restructuring and the Acquisition, TMU become a 80.59% owned subsidiary of UH(T).

Subsequent to the Acquisition, TMU increased its paid up capital from THB14,000,000 to THB100,000,000 and UH(T) subscribed for 842,660 ordinary shares of THB100.00 each for a cash consideration of THB84,266,000 (equivalent to RM8,713,104) (“the Share Subscription”). In consequent thereof and ultimately, UH(T)’s equity interest in TMU increased from 80.59% to 95.55%.

- ii. On 2 November 2011, Q-Flex Industries (M) Sdn. Bhd. (“Q-Flex”) had transferred its 80% owned subsidiary company, Unimech Polymer Engineering Sdn. Bhd. (“UPESB”) to its related company, Unimech Capital Sdn. Bhd. (“UCSB”) for a cash consideration of RM160,000. Both Q-Flex and UCSB are wholly owned subsidiary companies of the Company.

A12 Changes in the composition of the Group

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



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- 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.
- v. On 13 September 2011, Unimech Engineering (KL) Sdn. Bhd. (“UME(KL)”), a wholly-owned subsidiary of the Company had disposed off 40,000 shares of USD1.00 each representing 40% equity interest in Ningbo Haike Metal Products Co. Ltd. (“NHMP”) to Mr. Cheng Fu Hai (“CFH”) for a cash consideration of RMB1,500,000 (equivalent to RM714,750).

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

A15 Related party transactions

	9 months ended 30-Sept-11 RM'000
Purchase of goods from a company in which the director of the Company have interests	68
Sale of goods to a company in which the director of the Company have interests	327



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 RM45.301 million and RM141.997 million in current quarter and nine months period ended 30 September 2011, representing increase of 5.7% and 23.3% respectively as compared to the preceding year corresponding quarter and nine months period ended 30 September 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 nine months period ended 30 September 2011 improved by 25.0% respectively as compared to preceding year corresponding quarter and nine months period ended 30 September 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-Sept-11 RM'000	3 months ended 30-Jun-11 RM'000	Variance	
			RM'000	%
Revenue	45,301	47,288	(1,987)	(4.2)
Profit before tax	7,370	8,349	(979)	(11.7)

The revenue for current quarter ended 30 September 2011 decreased by 4.2% as compared to preceding quarter. A lower revenue was reported in current year quarter as compared to preceding quarter's was mainly due to lower demand in the current quarter. In tandem with the decrease in revenue, the profit before tax decreased by 11.7%.

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 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.



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B5 Income tax expense

	Current quarter 3 months ended 30-Sept-11 RM'000	Cumulative quarter 9 months ended 30-Sept-11 RM'000
Current period provision	1,875	5,577
Deferred tax	24	65
	1,899	5,642

The effective tax rate for current quarter and cumulative quarter are marginally higher than the statutory tax rate which were 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

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

	Current quarter 3 months ended 30-Sept-11 RM'000	Cumulative quarter 9 months ended 30-Sept-11 RM'000
Total proceeds from disposals	-	765
Book value	-	530
Gain on disposal	-	235

B7 Quoted investments

(a) During current quarter and cumulative quarter ended 30 September 2011, the purchase of quoted investments were amounted RM1.112 million and RM9.202 million respectively. The disposals of quoted investments for current quarter and cumulative quarter ended 30 September 2011 are as follows:

	Current quarter 3 months ended 30-Sept-11 RM'000	Cumulative quarter 9 months ended 30-Sept-11 RM'000
Total proceeds from disposals	794	8,823
Fair value (loss)/gain recognised in income statements	1	225
Reclassification adjustment to income statements	16	112

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

	Quoted investments RM'000
At cost	6,509
At carrying amount	4,858
At fair value	4,858



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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 Sept 2011 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	5,606
Unsecured borrowings	36,736
	<u>42,342</u>
Non-current	
Secured borrowings	16,354
Unsecured borrowings	-
	<u>16,354</u>
Total borrowings	<u>58,696</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 September 2011.

B13 Earnings per share ("EPS")

	Current quarter 3 months ended 30-Sept-11	Cumulative quarter 9 months ended 30-Sept-11
Profit for the period (RM'000)	5,471	16,288
Profit attributable to non-controlling interests (RM'000)	(511)	(1,872)
Profit attributable to owners of the parent (RM'000)	<u>4,960</u>	<u>14,416</u>
Basic EPS		
Weighted average number of ordinary shares in issue ('000)	122,925	122,925
Basic EPS (sen)	4.04	11.73



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B14 Breakdown of Realised and Unrealised Profits/Losses

	As at 30 Sept 2011 (RM'000)	As at 30 June 2011 (RM'000)
Total retained earnings/(accumulated loss) of the Company and its subsidiaries:		
- Realised	107,582	107,232
- Unrealised	(1,954)	(1,930)
Total retained earnings/(accumulated loss) from associate companies:		
- Realised	2,010	1,434
- Unrealised	(628)	(628)
	<u>107,010</u>	<u>106,108</u>
Less: Consolidation Adjustments	(22,362)	(21,995)
Total group retained earnings as per consolidated accounts	<u><u>84,648</u></u>	<u><u>84,113</u></u>

By order of the Board

Dato' Lim Cheah Chooi
Executive Chairman

Dated this 24th November 2011