



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013**

	As at 30-Sept-13 (Unaudited) RM'000	As at 31-Dec-12 (Audited) RM'000	As at 1-Jan-12 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	70,556	63,805	57,441
Investment in associates	10,461	11,103	9,734
Investment securities	3,902	4,318	5,446
Intangible assets	8,126	7,631	8,912
Deferred tax assets	2,378	615	-
	<u>95,423</u>	<u>87,472</u>	<u>81,533</u>
Current assets			
Inventories	138,578	129,651	113,570
Trade and other receivables	101,057	88,229	75,993
Tax recoverable	827	716	432
Cash and bank balance	33,101	21,969	20,693
	<u>273,563</u>	<u>240,565</u>	<u>210,688</u>
TOTAL ASSETS	<u>368,986</u>	<u>328,037</u>	<u>292,221</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	66,781	66,781	66,781
Treasury shares	(8,972)	(8,366)	(8,056)
Share premium	13,459	13,459	12,866
Reserves	22,475	(584)	2,583
Retained profits	114,447	106,544	90,689
Total equity attributable to owners of the parent	<u>208,190</u>	<u>177,834</u>	<u>164,863</u>
Non-controlling interests	16,259	15,213	12,983
Total equity	<u>224,449</u>	<u>193,047</u>	<u>177,846</u>
Non-current liabilities			
ICULS liabilities	7,741	-	-
Bank borrowings	17,854	21,327	20,396
Deferred tax liabilities	658	704	870
	<u>26,253</u>	<u>22,031</u>	<u>21,266</u>
Current liabilities			
Trade and other payables	35,341	36,776	40,988
Bank borrowings	80,721	71,602	49,115
Tax payable	2,222	4,581	3,006
	<u>118,284</u>	<u>112,959</u>	<u>93,109</u>
Total liabilities	<u>144,537</u>	<u>134,990</u>	<u>114,375</u>
TOTAL EQUITY AND LIABILITIES	<u>368,986</u>	<u>328,037</u>	<u>292,221</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2013 RM '000	2012 RM '000	2013 RM '000	2012 RM '000
Revenue	60,720	57,764	168,339	163,212
Operating expenses	(50,489)	(49,352)	(138,952)	(137,763)
Other income	612	1,389	1,652	2,413
Operating profit	10,843	9,801	31,039	27,862
Interest expense	(1,965)	(1,580)	(5,087)	(3,869)
Interest income	105	52	192	121
Share of results of associates	122	665	384	1,570
Profit before tax	9,105	8,938	26,528	25,684
Tax expense	(2,445)	(2,535)	(7,233)	(7,078)
Profit for the period	6,660	6,403	19,295	18,606
Profit attributable to:				
Owners of the parent	5,964	5,728	16,798	16,146
Non-controlling interests	696	675	2,497	2,460
Profit for the period	6,660	6,403	19,295	18,606
Earnings per share (EPS) attributable to owners of the parent (sen):				
Basic EPS	4.87	4.76	13.83	13.39
Diluted EPS	-	-	-	-

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2013 RM '000	2012 RM '000	2013 RM '000	2012 RM '000
Profit for the period	6,660	6,403	19,295	18,606
Other comprehensive income / (expenses), net of tax:				
Currency translation differences arising from consolidation	(2,577)	(758)	(880)	(905)
Fair value movements on available for sale investments	41	(136)	(75)	(115)
Total comprehensive income for the period	4,124	5,509	18,340	17,586
Total comprehensive income attributable to:				
Owners of the parent	3,445	4,900	15,843	15,229
Non-controlling interests	679	609	2,497	2,357
	4,124	5,509	18,340	17,586

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	Cumulative quarter 9 months ended 30 September	
	2013	2012
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	26,528	25,684
Adjustments for:		
Non-cash items and non-operating items	3,827	4,633
Operating profit before working capital changes	30,355	30,317
Inventories	(8,972)	(10,623)
Receivables and deposits	(12,828)	(19,636)
Payables	(1,435)	1,485
Cash generated from operating activities	7,120	1,543
Interest paid	(5,087)	(3,809)
Tax paid	(8,456)	(4,899)
Net cash used in operating activities	(6,423)	(7,165)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received	304	312
Interest received	192	121
Net of purchase and disposal of investment securities	416	517
Net of purchase and disposal of property, plant and equipment	(593)	(432)
Additional investment in subsidiary & associate	(85)	(666)
Additional of intangible assets	(495)	(524)
Purchase of treasury shares	(606)	(828)
Net cash used in investing activities	(867)	(1,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(8,074)	(6,800)
Payment for rights issue of ICULS expenses	(554)	-
Proceeds from right issue of ICULS	30,207	-
Proceeds from shares issued to non-controlling interests	60	123
Net changes in bank borrowings	2,716	9,043
Net cash generated from financing activities	24,355	2,366
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17,065	(6,229)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	9,430	9,429
Effect of foreign exchange rates changes	532	3,506
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	27,027	6,636
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	33,101	15,327
Overdrafts	(6,074)	(8,691)
	27,027	6,636

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR NINE MONTHS ENDED 30 SEPTEMBER 2013 (UNAUDITED)**

	----- Non-Distributable -----							Distributable		Total	Non-controlling interests	Total equity
	----- Attributable to owners of the parent -----							Retained earnings				
(RM'000)	Share capital	Share premium	Treasury shares	ICULS equity	Warrant reserve	Capital reserve	Exchange fluctuation reserve	Fair value adjustment reserve				
Balance as at 1 January 2012	68,781	12,866	(8,056)	-	-	892	1,535	156	90,689	164,863	12,983	177,846
Purchase of treasury shares	-	-	(828)	-	-	-	-	-	-	(828)	-	(828)
Changes in equity interest	-	-	-	-	-	-	-	-	-	-	(125)	(125)
Dividends paid	-	-	-	-	-	-	-	-	(6,022)	(6,022)	(778)	(6,800)
Total comprehensive income for the period	-	-	-	-	-	-	(905)	(115)	16,249	15,229	2,357	17,586
Balance as at 30 September 2012	66,781	12,866	(8,884)	-	-	892	630	41	100,916	173,242	14,437	187,679
Balance as at 1 January 2013	66,781	13,459	(8,366)	-	-	892	(1,740)	264	106,544	177,834	15,213	193,047
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(1,091)	(1,091)	(743)	(1,834)
Issuance of ICULS and Warrants	-	-	-	24,014	20,946	(20,946)	-	-	(554)	23,460	-	23,460
Purchase of treasury shares	-	-	(606)	-	-	-	-	-	-	(606)	-	(606)
Changes in equity interest	-	-	-	-	-	-	-	-	-	-	116	116
Dividends paid	-	-	-	-	-	-	-	-	(7,250)	(7,250)	(824)	(8,074)
Total comprehensive income for the period	-	-	-	-	-	-	(880)	(75)	16,798	15,843	2,497	18,340
Balance as at 30 September 2013	66,781	13,459	(8,972)	24,014	20,946	(20,054)	(2,620)	189	114,447	208,190	16,259	224,449

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013
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 Malaysian 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 2012. 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 2012.

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 2012 save for the following Malaysian Financial Reporting Standards (“MFRS”) which take effect from period on 1 July 2012 and 1 January 2013.

MFRS	Description	Effective dates for financial periods beginning on or after
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
MFRS 119 (2011)	Employee Benefits	1 January 2013
MFRS 127 (2011)	Separate Financial Statements	1 January 2013
MFRS 128 (2011)	Investments in Associates and Joint Ventures	1 January 2013
MFRS 3	Business Combinations (IFRS 3 issued by IASB in March 2004)	1 January 2013
MFRS 127	Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
IC Interpretation 20	Stripping Costs in the Production of A Surface Mine	1 January 2013
Amendments to MFRS 1	Government Loans	1 January 2013
Amendments to MFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRSs 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to MFRSs contained in the document entitled “Annual Improvements 2009 – 2011 Cycle”		1 January 2013

The adoption of the above standards and interpretations do not have material impact to the financial statements of the Group upon their initial application.



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

A3 Auditors' report on preceding annual financial statements

The auditors' report of the annual financial statements for the financial year ended 31 December 2012 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

On 25 September 2013, the Company issued RM30,207,176 nominal value of 5-year 5.00% irredeemable convertible unsecured loan stock at 100% of its nominal value of RM1.00 each ("ICULS") and 60,414,352 Warrants.

At the Annual General Meeting held on 20 June 2013, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the period ended 30 September 2013, the Company repurchased 517,700 own shares.

As at 30 September 2013, a total of 12,731,366 treasury shares, representing 9.53% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.972 million.

A8 Dividend paid

A first and final single tier dividend of 6.0 sen per share amounted RM7.250 million in respect of the financial year ended 31 December 2013 was paid on 25 July 2013.

**INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013****A9 Segment information****By business segment**

	Valves, instruments and fittings RM'000	Electronic RM'000	Pumps RM'000	All others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	138,373	5,038	16,539	8,389	-	168,339
Inter-segment revenue	35,863	209	1,990	-	(38,062)	-
Total revenue	174,236	5,247	18,529	8,389	(38,062)	168,339
Segment results	29,203	366	1,832	811	-	32,212
Unallocated expenses						(1,173)
Interest expense						(5,087)
Interest income						192
Share of results of associates						384
Profit before tax						26,528
Tax expense						(7,233)
Profit after tax						19,295
Non-controlling interests						(2,497)
Profit attributable to owners of the parent for financial period ended 30 September 2013						16,798

A10 Material post balance sheet events

There was no material events subsequent to the end of the financial period ended 30 September 2013 as at the date of this report save for the followings:-

- On 23 October 2013, Unimech Venture Sdn. Bhd., a wholly-owned subsidiary company of the Company had incorporated a wholly owned subsidiary company, namely Unimech Vietnam Company Limited in Ho Chi Minh City, Vietnam with a charter capital of USD200,000 (equivalent to RM632,000).
- On 30 October 2013, Unimech Worldwide (Shanghai) Sdn. Bhd. ("UWS"), a wholly-owned subsidiary company of the Company had subscribed 6,000 ordinary shares of HKD1.00 each representing 60% of the total share capital in Sumitech Engineering Solutions Limited ("SESL") for a cash consideration of HKD6,000 only (equivalent to RM2,444). In consequent thereof, SESL becomes a 60%-owned subsidiary of UWS. The remaining 40% of the total share capital is owned by Mr. Chung Fun Seng.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 September 2013 save for the followings:-

- On 3 January 2013, PT. Arita Prima Indonesia Tbk ("API"), a 85% owned subsidiary of Arita Engineering Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company had acquired 30% of the remaining equity interest in PT. Arita Prima Kalbar ("APK") from Mr. Harianto Sarjana Tehnik for a cash consideration of IDR1,140,000,000 (equivalent to RM400,000). In consequent thereof, APK becomes a wholly owned subsidiary of API.

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- ii. On 29 January 2013, Unimech Capital Sdn. Bhd., a wholly owned subsidiary of the Company had subscribed 70,000 ordinary shares of RM1.00 each, representing 35% of the total issued and paid-up capital of Puremech Coating Sdn. Bhd. (“PCSB”), at par for a cash consideration of RM70,000 only.

On the same day, TCE Casting Sdn. Bhd., a 51% owned subsidiary of Unimech Engineering (K.L.) Sdn. Bhd. which in turn is a wholly owned subsidiary of the Company had also subscribed 70,000 ordinary shares of RM1.00 each, representing 35% of the total issued and paid-up capital of PCSB, at par for a cash consideration of RM70,000 only.

In consequent thereof, PCBS is effectively 52.85% indirectly owned by the Company.

- iii. On 6 February 2013, PT. Arita Prima Indonesia Tbk (“API”), a 85% owned subsidiary of Arita Engineering Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had disposed off 7,000 shares and 3,000 shares of IDR100,000 each representing 70% and 30% equity interest in PT. Arita Prima Teknindo (“APT”) to Kaya Selalu Holdings Sdn. Bhd. and Yibaifern Holdings Sdn. Bhd. for a cash consideration of IDR2,170,000,000 (equivalent to RM761,404) and IDR930,000,000 (equivalent to RM326,316) respectively (“the Disposal”).

Upon the Disposal, APT has ceased to be a subsidiary company of API.

- iv. On 6 February 2013, PT. Arita Prima Indonesia Tbk (“API”), a 85% owned subsidiary of Arita Engineering Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had disposed off 7,000 shares and 3,000 shares of IDR100,000 each representing 70% and 30% equity interest in PT. Arita Prima Gemilang (“APG”) to Kaya Selalu Holdings Sdn. Bhd. and Yibaifern Holdings Sdn. Bhd. for a cash consideration of IDR822,500,000 (equivalent to RM288,596) and IDR352,500,000 (equivalent to RM123,684) respectively (“the Disposal”).

Upon the Disposal, APG has ceased to be a subsidiary company of API.

- v. On 6 February 2013, PT. Arita Prima Indonesia Tbk (“API”), a 85% owned subsidiary of Arita Engineering Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had disposed off 7,000 shares of IDR100,000 each representing 70% equity interest in PT. Ragam Teknik (“RT”) to Kaya Selalu Holdings Sdn. Bhd. (“KSH”) for a cash consideration of IDR868,000,000 (equivalent to RM304,561) (“the Disposal”).

Upon the Disposal, RT has ceased to be a subsidiary company of API.

- vi. On 28 February 2013, Unimech Indonesia Holdings Sdn. Bhd. (“UIH”), a wholly owned subsidiary of the Company had subscribed 1,530 ordinary shares of IDR1,000,000 each representing 85% of the total issued and paid-up capital of PT. Arita Global (“AG”) for a cash consideration of IDR1,530,000,000 only (equivalent to RM493,548) (“the Subscription”). In consequent thereof, AG becomes an 85% owned subsidiary of UIH.

- vii. On 4 April 2013, the Company together with remaining shareholders of Premium Heights Sdn. Bhd. (“PHSB”) namely Peak Hua Housing Sdn Bhd, Gee Tiu Fong, Ong Mee Lee and Wan Leong Sin had entered into a Share Sale Agreement with David Chew Keat Soon to dispose off a total of 4,993,451 ordinary shares of RM1.00 each in the capital of PHSB representing 100% of the issued and paid up capital of PHSB for a total cash consideration RM16,000,000.

- viii. On 9 April 2013, PT. Arita Global (“AG”), a 85% owned subsidiary of Unimech Indonesia Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had subscribed for 349,995,800 ordinary shares of IDR100 each representing 77.8% of the total issued and paid-up capital of PT. Arita Prima Indonesia Tbk (“API”) for an amount of IDR34,999,580,000 (equivalent to RM11,666,527) only by way of capitalising the full amount owing by API to AG as at 31 March 2013.

- ix. On 19 August 2013, the Company had incorporated a 61.0% owned subsidiary namely Unimech Capital (Aust) Sdn. Bhd.. The remaining 39.0% equity interest is owned by Mr. Lau Chong Gee.



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A12 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 2012.

A13 Capital commitments

	30-Sept-13 RM'000
Property, plant and equipment	
Amount not contracted and not provided for	3,000
Contracted but not provided for	4,140
	<u>7,140</u>

A14 Related party transactions

	9 months ended 30-Sept-13 RM'000
Purchase of goods from a company in which the director of the Company has interests	45
Sale of goods to a company in which the director of the Company has interests	221



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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

Current quarter

The Group reported revenue of RM60.720 million for the current quarter ended 30 September 2013, which was RM2.956 million higher as compared to the preceding year corresponding quarter ended 30 September 2012 of RM57.764 million.

The Group recorded a profit before tax of RM9.105 million for the current quarter which was RM0.167 million or 1.9% higher as compared to the preceding year corresponding quarter of RM8.938 million.

Financial period-to-date

The Group reported revenue of RM168.339 million for the financial period ended 30 September 2013, representing an increase of 3.1% as compared to previous financial period ended 30 September 2012 of RM163.212 million. The increase in revenue was due principally to the increase in demand in valves, instruments, fittings and related products in Indonesia market.

In tandem with the increase in revenue, the profit before tax for financial period ended 30 September 2013 improved by 3.3% to RM26.528 million as compared to last financial period ended 30 September 2012 of RM25.684 million.

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-13 RM'000	3 months ended 30-Jun-13 RM'000	Variance	
			RM'000	%
Revenue	60,720	56,022	4,698	8.4
Profit before tax	9,105	9,779	(674)	(6.9)

The revenue for the current quarter ended 30 September 2013 was increased by 8.4% as compared to preceding quarter. A higher revenue was reported in current quarter as compared to preceding quarter was due mainly to the improvement in sales of valves, fittings and related products. Profit before tax for current quarter decreased by 6.9% was due mainly to higher expenses incurred during the period under review.

B3 Commentary on prospects for 2013

The global economy remains challenging as there is remain uncertainty in Eurozone which is the greatest threat to the world economy at the present. Although the global economic conditions are challenging, it is still expected to continue growing, albeit at a moderate pace. Barring a drastic change in the global economic conditions, the Group's core business is not expected to be significantly affected. The Group will continue with its competitive strategies of further developing its own brands to enhance its market positioning and concentrate on improving its operations efficiency to further enhance its competitiveness.

Taking into consideration the abovementioned factors and subject to the global economic conditions, the Board of Directors is cautiously optimistic that the Group will report a better financial performance and growth for the financial year ending 31 December 2013.

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B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current quarter 3 months ended 30-Sept-13 RM'000	Cumulative quarter 9 months ended 30-Sept-13 RM'000
Current period provision	2,441	7,279
Deferred tax	4	(46)
	<u>2,445</u>	<u>7,233</u>

The effective tax rate for current quarter and cumulative quarter are marginally higher than the statutory tax rate were due principally to losses of certain subsidiary companies cannot be used to offset against profit of other companies in the Group.

B6 Status of corporate proposals and status of utilisation of proceeds raised

a. There was no corporate proposal being carried out during the period under review save for the followings:

i. Proposed rights issue of irredeemable convertible unsecured loan stock with warrants

On 19 April 2013, the Group proposed a renounceable rights issue of up to RM33,390,333 nominal value of 5-year 5.00% irredeemable convertible unsecured loan stock at 100% of its nominal value of RM1.00 each ("ICULS") on the basis of one (1) RM1.00 nominal value of ICULS for every four (4) ordinary shares of RM0.50 in Unimech held on an entitlement date to be determined later together with up to 66,780,666 free new warrants ("Warrants") on the basis of two (2) Warrants for every one (1) ICULS subscribed for ("Proposed Rights Issue of ICULS with Warrants").

The Proposed Rights Issue of ICULS with Warrants are conditional upon approvals being obtained from the following:

- a. Securities Commission Malaysia ("SC"), for the issuance of the ICULS;
- b. Bursa Securities, for the listing of and quotation for the ICULS and Warrants to be issued as well as the new Unimech Shares to be issued upon conversion of the ICULS and the exercise of the Warrants on the Main Market of Bursa Securities;
- c. Bank Negara Malaysia ("BNM"), for the issuance of Warrants to non-resident shareholders;
- d. The shareholders of Unimech;
- e. The approval of any other relevant authorities or parties, if required.

The approvals from SC, Bursa Securities, BNM and shareholders have been obtained on 7 June 2013, 20 May 2013, 22 May 2013 and 20 June 2013 respectively.

The Proposed Rights Issue of ICULS with Warrants were completed on 25 September 2013 following the listing of and quotation for the 30,207,176 ICULS and 60,414,352 Warrants on Bursa Securities.

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ii. Proposed listing of a subsidiary on Indonesia Stock Exchange (“IDX”)

On 30 June 2013, the Group proposed to list its 85.0% indirectly owned subsidiary, PT. Arita Prima Indonesia Tbk (“API”) on IDX.

On 29 October 2013, the Proposed Listing has been completed following the listing of and quotation for 275 million API Shares on the official list of the IDX. The enlarged issued and paid-up share capital of API is IDR107.5 billion (equivalent to approximately RM30.42 million based on an exchange rate of IDR100: RM0.0283, being the middle rate at 12.00 p.m. on 29 October 2013 as published by Bank Negara Malaysia).

b. Status of utilisation of Proceeds

The status of utilisation of the gross proceeds from proposed rights issue of irredeemable convertible unsecured loan stock with warrants of RM30.207 million as at the date of this report is as follows:-

Purpose of utilisation	Estimated timeframe for utilisation from date of listing	Proposed utilisation RM'000	Actual utilisation RM'000	Deviation RM'000
i. Purchase of machineries & equipment	24 months	3,000	-	3,000
ii. Working capital	24 months	10,817	772	10,045
iii. Repayment of bank borrowings	12 months	15,740	15,740	-
iv. Estimated expenses in relation to the Rights Issue of ICULS with Warrants	1 month	650	650	-
Total		30,207	17,162	13,045

B7 Group borrowings and debt securities

Total Group borrowings as at 30 September 2013 are as follows:

	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Indonesia Rupiah RM'000	Thai Bath RM'000	Total RM'000
Current					
Secured borrowings	9,294	212	7,202	1,093	17,801
Unsecured borrowings	49,030	-	13,890	-	62,920
	<u>58,324</u>	<u>212</u>	<u>21,092</u>	<u>1,093</u>	<u>80,721</u>
Non-current					
Secured borrowings	11,406	1,306	5,142	-	17,854
Unsecured borrowings	-	-	-	-	-
	<u>11,406</u>	<u>1,306</u>	<u>5,142</u>	<u>-</u>	<u>17,854</u>
Total borrowings	<u>69,730</u>	<u>1,518</u>	<u>26,234</u>	<u>1,093</u>	<u>98,575</u>

B8 Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this report.



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B9 Changes in material litigation

The Group is not engaged in any material litigation as at the date of this report.

B10 Dividend

No interim dividend has been declared for the financial period ended 30 September 2013.

B11 Earnings per share (“EPS”)

	Current quarter 3 months ended 30-Sept-13	Cumulative quarter 9 months ended 30-Sept-13
Profit for the period (RM’000)	6,660	19,295
Profit attributable to non-controlling interests (RM’000)	(696)	(2,497)
Profit attributable to owners of the parent (RM’000)	<u>5,964</u>	<u>16,798</u>
<u>Basic EPS</u>		
Weighted average number of ordinary shares in issue (‘000)	120,830	120,909
Basic EPS (sen)	4.87	13.83

Diluted EPS

There is no dilution in the EPS of the Company for the current quarter and financial period to date as the average market price of the Company’s ordinary share was lower than the exercise price of the Warrants and the ICULS is only convertible in September 2016.

B12 Breakdown of Realised and Unrealised Profits/Losses

	As at 30-Sept-13 (Unaudited) RM’000	As at 31-Dec-12 (Audited) RM’000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	139,459	140,231
- Unrealised	(4,788)	(10,742)
Total retained profits from associate companies:		
- Realised	4,155	3,771
- Unrealised	-	-
	<u>138,826</u>	<u>133,260</u>
Less: Consolidation Adjustments	(24,379)	(26,716)
Total group retained profits as per consolidated accounts	<u>114,447</u>	<u>106,544</u>



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B13 Notes to Condensed Consolidated Income Statements

	Current quarter 3 months ended 30-Sept-13 RM'000	Cumulative quarter 9 months ended 30-Sept-13 RM'000
Profit before tax is arrived at after charging/(crediting):-		
Depreciation & amortisation	953	3,518
Dividend income	(64)	(304)
(Gain)/Loss on foreign exchange	(255)	39
Interest expense	1,965	5,087
Interest income	(105)	(192)
Rental income	(33)	(117)

By order of the Board

Dato' Lim Cheah Chooi
Chief Executive Officer

Dated this 27th November 2013