



**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2013**

	<b>As at 31-Dec-13 (Unaudited) RM'000</b>	<b>As at 31-Dec-12 (Audited) RM'000</b>	<b>As at 1-Jan-12 (Audited) RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	76,368	63,805	57,441
Investment in associates	11,114	11,103	9,734
Investment securities	2,703	4,318	5,446
Intangible assets	7,656	7,631	8,912
Deferred tax assets	2,387	615	-
	<u>100,228</u>	<u>87,472</u>	<u>81,533</u>
<b>Current assets</b>			
Inventories	137,488	129,651	113,570
Trade and other receivables	100,586	88,229	75,993
Tax recoverable	1,038	716	432
Cash and bank balance	45,045	21,969	20,693
	<u>284,157</u>	<u>240,565</u>	<u>210,688</u>
<b>TOTAL ASSETS</b>	<u>384,385</u>	<u>328,037</u>	<u>292,221</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	66,781	66,781	66,781
Treasury shares	(9,876)	(8,366)	(8,056)
Share premium	13,459	13,459	12,866
Reserves	21,380	(584)	2,583
Retained profits	120,388	106,544	90,689
<b>Total equity attributable to owners of the parent</b>	<u>212,132</u>	<u>177,834</u>	<u>164,863</u>
<b>Non-controlling interests</b>	28,783	15,213	12,983
<b>Total equity</b>	<u>240,915</u>	<u>193,047</u>	<u>177,846</u>
<b>Non-current liabilities</b>			
ICULS liabilities	7,741	-	-
Bank borrowings	30,035	21,327	20,396
Deferred tax liabilities	978	704	870
	<u>38,754</u>	<u>22,031</u>	<u>21,266</u>
<b>Current liabilities</b>			
Trade and other payables	29,781	36,776	40,988
Bank borrowings	73,296	71,602	49,115
Tax payable	1,639	4,581	3,006
	<u>104,716</u>	<u>112,959</u>	<u>93,109</u>
<b>Total liabilities</b>	<u>143,470</u>	<u>134,990</u>	<u>114,375</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>384,385</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 FORTH QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)**

	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2013 RM '000	2012 RM '000	2013 RM '000	2012 RM '000
<b>Revenue</b>	60,393	55,917	228,732	219,129
Operating expenses	(53,056)	(48,566)	(192,008)	(186,329)
Other income	696	2,886	2,348	5,299
<b>Operating profit</b>	8,033	10,237	39,072	38,099
Interest expense	(1,524)	(1,865)	(6,611)	(5,734)
Interest income	308	69	500	190
Share of results of associates	655	(142)	1,039	1,428
<b>Profit before tax</b>	7,472	8,299	34,000	33,983
Tax expense	(1,550)	(1,705)	(8,783)	(8,783)
<b>Profit for the period/year</b>	5,922	6,594	25,217	25,200
<b>Profit attributable to:</b>				
Owners of the parent	5,087	5,731	21,885	21,877
Non-controlling interests	835	863	3,332	3,323
<b>Profit for the period/year</b>	5,922	6,594	25,217	25,200
<b>Earnings per share (EPS) attributable to owners of the parent (sen):</b>				
Basic EPS	4.22	4.74	18.11	18.13
Diluted EPS	2.81	-	12.08	-

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 FORTH QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)**

	<b>Current quarter 3 months ended 31 December</b>		<b>Cumulative quarter 12 months ended 31 December</b>	
	<b>2013 RM '000</b>	<b>2012 RM '000</b>	<b>2013 RM '000</b>	<b>2012 RM '000</b>
Profit for the period/year	5,922	6,594	25,217	25,200
<b>Other comprehensive income / (expenses), net of tax:</b>				
Currency translation differences arising from consolidation	(1,089)	(2,370)	(1,969)	(3,275)
Fair value movements on available for sale investments	(6)	224	(81)	109
<b>Total comprehensive income for the period/year</b>	<b>4,827</b>	<b>4,448</b>	<b>23,167</b>	<b>22,304</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	3,992	3,482	19,815	18,711
Non-controlling interests	835	966	3,332	3,323
	<b>4,827</b>	<b>4,448</b>	<b>23,167</b>	<b>22,304</b>

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 FORTH QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENTS  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)**

	<b>Cumulative quarter 12 months ended 31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	34,000	33,983
Adjustments for:		
Non-cash items and non-operating items	4,872	18,660
Operating profit before working capital changes	38,872	52,643
Inventories	(7,837)	(24,306)
Receivables and deposits	(12,357)	(13,054)
Payables	(6,995)	(4,128)
Cash generated from operating activities	11,683	11,155
Interest paid	(6,364)	(5,734)
Tax paid	(10,179)	(8,272)
<b>Net cash used in operating activities</b>	<b>(4,860)</b>	<b>(2,851)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received	849	382
Interest received	500	253
Net of purchase and disposal of investment securities	1,615	298
Net of purchase and disposal of property, plant and equipment	(15,136)	(7,925)
Additional investment in subsidiary & associate	(81)	(509)
Additional of intangible assets	(25)	(59)
<b>Net cash used in investing activities</b>	<b>(12,278)</b>	<b>(7,560)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(8,146)	(6,706)
Net of repurchase and disposal of treasury shares	(1,510)	283
Payment for rights issue expenses	(650)	-
Proceeds from issuance of rights issue	30,207	-
Proceeds from shares issued to non-controlling interests	15,264	-
Net changes in bank borrowings	10,402	19,481
<b>Net cash generated from financing activities</b>	<b>45,567</b>	<b>13,058</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>28,429</b>	<b>2,647</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR</b>	<b>9,430</b>	<b>9,429</b>
Effect of foreign exchange rates changes	385	(2,646)
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	<b>38,244</b>	<b>9,430</b>
<b>CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>		
Cash and bank balances	45,045	21,969
Overdrafts	(6,801)	(12,539)
	<b>38,244</b>	<b>9,430</b>

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 FORTH QUARTER ENDED 31 DECEMBER 2013**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2013 (UNAUDITED)**

(RM'000)	----- Non-Distributable -----							----- Distributable -----					
	----- Attributable to owners of the parent -----							Exchange fluctuation reserve	Fair value adjustment reserve	Retained earnings	Total	Non- controlling interests	Total equity
	Share capital	Share premium	Treasury shares	ICULS equity	Warrant reserve	Capital reserve							
<b>Balance as at 1 January 2012</b>	68,781	12,866	(8,056)	-	-	892	1,535	155	90,689	164,862	12,983	177,845	
Purchase of treasury shares	-	-	(1,321)	-	-	-	-	-	-	(1,321)	-	(1,321)	
Disposal of treasury shares	-	593	1,011	-	-	-	-	-	-	1,604	-	1,604	
Changes in equity interest	-	-	-	-	-	-	-	-	-	-	(409)	(409)	
Dividends paid	-	-	-	-	-	-	-	-	(6,022)	(6,022)	(684)	(6,706)	
Total comprehensive income for the period	-	-	-	-	-	-	(3,275)	109	21,877	18,711	3,323	22,034	
<b>Balance as at 31 December 2012</b>	66,781	13,459	(8,366)	-	-	892	(1,740)	264	106,544	177,834	15,213	193,047	
<b>Balance as at 1 January 2013</b>	66,781	13,459	(8,366)	-	-	892	(1,740)	264	106,544	177,834	15,213	193,047	
Disposal of subsidiaries	-	-	-	-	-	-	-	-	(141)	(141)	(60)	(201)	
Issuance of ICULS and Warrants	-	-	-	24,014	20,946	(20,946)	-	-	(650)	23,364	-	23,364	
Purchase of treasury shares	-	-	(1,510)	-	-	-	-	-	-	(1,510)	-	(1,510)	
Changes in equity interest	-	-	-	-	-	-	-	-	-	-	11,194	11,194	
Dividends paid	-	-	-	-	-	-	-	-	(7,250)	(7,250)	(896)	(8,146)	
Total comprehensive income for the period	-	-	-	-	-	-	(1,969)	(81)	21,885	19,835	3,332	23,167	
<b>Balance as at 31 December 2013</b>	66,781	13,459	(9,876)	24,014	20,946	(20,054)	(3,709)	183	120,388	212,132	28,783	240,915	

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 FORTH QUARTER ENDED 31 DECEMBER 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.

<b>MFRS</b>	<b>Description</b>	<b>Effective dates for financial periods beginning on or after</b>
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 FORTH QUARTER ENDED 31 DECEMBER 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 year-to-date.

**A6 Changes in estimates**

There were no changes in estimates that have material effect in the current quarter and financial year-to-date results.

**A7 Debt and equity securities**

There were no issuances, resale and repayments of debt and equity securities during financial year ended 31 December 2013.

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 financial year ended 31 December 2013, the Company repurchased 1,106,300 own shares.

As at 31 December 2013, a total of 13,319,966 treasury shares, representing 9.97% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM9.876 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 FORTH QUARTER ENDED 31 DECEMBER 2013**
**A9 Segment information**
**By business segment**

	<b>Valves, instruments and fittings 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	187,083	6,650	22,645	12,354	-	228,732
Inter-segment revenue	56,741	272	2,719	62	(59,794)	-
<b>Total revenue</b>	<b>243,824</b>	<b>6,922</b>	<b>25,364</b>	<b>12,416</b>	<b>(59,794)</b>	<b>228,732</b>
<b>Segment results</b>	<b>38,557</b>	<b>400</b>	<b>1,774</b>	<b>114</b>	<b>-</b>	<b>40,845</b>
Unallocated expenses						(1,773)
Interest expense						(6,611)
Interest income						500
Share of results of associates						1,039
Profit before tax						34,000
Tax expense						(8,783)
Profit after tax						25,217
Non-controlling interests						(3,332)
Profit attributable to owners of the parent for financial year ended 31 December 2013						21,885

**A10 Material post balance sheet events**

There was no material events subsequent to the end of the financial year ended 31 December 2013 as at the date of this report save for the followings:-

- i. On 11 February 2014, PT Arita Prima Indonesia Tbk (“API”), a company listed on Indonesia Stock Exchange, which is a 68.05% indirect subsidiary company of the Company had subscribed 99 ordinary shares of IDR30,000,000 each representing 99% of the total issued and paid-up capital of PT Arita Biotech International (“ABI”) for a total cash consideration of IDR2,970,000,000 only (equivalent to RM822,690) . In consequent thereof, ABI became a 99%-owned subsidiary of API.
- ii. On 11 February 2014, PT Arita Prima Indonesia Tbk (“API”), a company listed on Indonesia Stock Exchange, which is a 68.05% indirect subsidiary company of the Company had subscribed 2,010 ordinary shares of IDR1,000,000 each representing 67% of the total issued and paid-up capital of PT EPC Technology System (“ETS”) for a total cash consideration of IDR2,010,000,000 only (equivalent to RM556,770) . In consequent thereof, ETS became a 67%-owned subsidiary of API.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group during the financial year ended 31 December 2013 save for the followings:-

- i. 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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- x. 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).
- xi. 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.
- xii. On 20 December 2013, Unimech Capital (AUST) Sdn. Bhd. (“UCA”), a 61% owned subsidiary company of the Company had incorporated a wholly-owned subsidiary company, namely Unimech (Asia Pacific) Pty Ltd. (“UAP”) in New South Wales, Australia with a cash consideration of AUD1,000 (equivalent to RM2,928).
- xiii. On 23 December 2013, Sumitech Engineering Solutions Limited (“SESL”), a 60%-owned subsidiary company of Unimech Worldwide (Shanghai) Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company had invested an amount of USD180,000 (equivalent to RM592,200) in a newly set up company namely Dongguan Sumitech Automation Technology Co., Ltd (“DSAT”) (“the Investment”). The Investment of USD180,000 is equivalent to 20% of the registered capital of DSAT. The remaining capital is expected to be subscribed by SESL within the next 12 months. DSAT is a 100% owned subsidiary company of SESL.
- xiv. On 31 December 2013, Unimech Capital Sdn. Bhd. (“UCSB”), a wholly owned subsidiary of the Company had acquired 2 ordinary shares of RM1.00 each representing 100% of the total issued and paid-up capital of Fajar Untung Sdn. Bhd. (“FUSB”) for a total cash consideration of RM2.00 only from Mr. Liew Kue Len and Mr. Sim Kim Cheng. In consequent thereof, FUSB became a wholly-owned subsidiary of UCSB.

**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**

	<b>31-Dec-13</b>
	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Amount not contracted and not provided for	3,000
Contracted but not provided for	4,140
	<u>7,140</u>

**A14 Related party transactions**

	<b>12 months</b>
	<b>ended</b>
	<b>31-Dec-13</b>
	<b>RM'000</b>
Purchase of goods from a company in which the director of the Company has interests	52
Sale of goods to a company in which the director of the Company has interests	274

**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013**
**NOTES TO THE INTERIM FINANCIAL REPORT**
**- ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS**
**B1 Review of performance for current quarter and financial year-to-date**
Current quarter

The Group reported revenue of RM60.393 million for the current quarter ended 31 December 2013, which was RM4.476 million higher as compared to the preceding year corresponding quarter ended 31 December 2012 of RM55.917 million.

The Group recorded a profit before tax of RM7.472 million for the current quarter which was RM0.827 million or 10% lower as compared to the preceding year corresponding quarter of RM8.299 million. A lower profit reported in current period was due mainly to higher expenses incurred during the period under review.

Financial year-to-date

The Group reported revenue of RM228.732 million for the financial year ended 31 December 2013, representing an increase of 4.4% as compared to previous financial year ended 31 December 2012 of RM219.129 million. The increase in revenue was contributed by the increase in demand of valves, instruments, fittings and related products and pumps. Nevertheless, the profit before tax for financial year ended 31 December 2013 improved marginally of RM0.017 million as compared to last financial year ended 31 December 2012 of RM33.983 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:

	<b>3 months ended 31-Dec-13 RM'000</b>	<b>3 months ended 30-Sept-13 RM'000</b>	<b>Variance</b>	
			<b>RM'000</b>	<b>%</b>
Revenue	60,393	60,720	(327)	(0.5)
Profit before tax	7,472	9,105	(1,633)	(17.9)

The revenue for the current quarter ended 31 December 2013 was marginally decreased by 0.5% as compared to preceding quarter. Nevertheless, the profit before tax for current quarter decreased by 17.9% was due mainly to higher expenses incurred during the period under review.

**B3 Commentary on prospects for 2014**

The global economy climate will likely remains challenging as there is remain uncertainty 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 satisfactory performance and growth for the financial year ending 31 December 2014.



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**B4 Profit forecast**

Not applicable as no profit forecast was published.

**B5 Income tax expense**

	<b>Current quarter 3 months ended 31-Dec-13 RM'000</b>	<b>Cumulative quarter 12 months ended 31-Dec-13 RM'000</b>
Current period/year provision	1,230	8,509
Deferred tax	320	274
	<u>1,550</u>	<u>8,783</u>

The effective tax rate for current quarter is lower than the statutory tax rate was due to overprovision in prior quarters and cumulative quarter is 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 year 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 Rights ICULS and the 60,414,352 Warrants arising from the Rights Issue of ICULS with Warrants on Bursa Securities at 9.00 a.m. on 25 September 2013.

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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:-

<b>Purpose of utilisation</b>	<b>Estimated timeframe for utilisation from date of listing</b>	<b>Proposed utilisation RM’000</b>	<b>Actual utilisation RM’000</b>	<b>Deviation RM’000</b>
i. Purchase of machineries & equipment	24 months	3,000	300	2,700
ii. Working capital	24 months	10,817	1,217	9,600
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	-
<b>Total</b>		<b>30,207</b>	<b>17,907</b>	<b>12,300</b>

**B7 Group borrowings and debt securities**

Total Group borrowings as at 31 December 2013 are as follows:

	<b>Ringgit Malaysia RM’000</b>	<b>Singapore Dollar RM’000</b>	<b>Indonesia Rupiah RM’000</b>	<b>Thai Bath RM’000</b>	<b>Total RM’000</b>
<b>Current</b>					
Secured borrowings	3,628	202	3,406	2,926	10,162
Unsecured borrowings	56,478	-	6,656	-	63,134
	<u>60,106</u>	<u>202</u>	<u>10,062</u>	<u>2,926</u>	<u>73,296</u>
<b>Non-current</b>					
Secured borrowings	16,720	1,228	12,087	-	30,035
Unsecured borrowings	-	-	-	-	-
	<u>16,720</u>	<u>1,228</u>	<u>12,087</u>	<u>-</u>	<u>30,035</u>
<b>Total borrowings</b>	<u>76,826</u>	<u>1,430</u>	<u>22,149</u>	<u>2,926</u>	<u>103,331</u>

**B8 Off balance sheet financial instruments**

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

**INTERIM FINANCIAL REPORT FOR THE FORTH QUARTER ENDED 31 DECEMBER 2013****B9 Changes in material litigation**

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

**B10 Dividend**

The Board of Directors proposed a first and final single tier dividend of 6 sen per share in respect of the financial year ended 31 December 2013. The proposed dividend payment is amounting to RM7.215 million based on the issued and paid-up capital as at 31 December 2013 of 120,241,368 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.

**B11 Earnings per share ("EPS")****Basic EPS**

The basic EPS had been calculated by dividing the Group's profit for the period/year attributable to owner of the parent by the weighted average number of shares in issue.

	<b>Current quarter 3 months ended 31-Dec-13</b>	<b>Cumulative quarter 12 months ended 31-Dec-13</b>
Profit for the period/year (RM'000)	5,922	25,217
Profit attributable to non-controlling interests (RM'000)	(835)	(3,332)
<b>Profit attributable to owners of the parent (RM'000)</b>	<u>5,087</u>	<u>21,885</u>
<b>Weighted average number of ordinary shares in issue ('000)</b>	<u>120,482</u>	<u>120,802</u>
<b>Basic EPS (sen)</b>	4.22	18.11

**Diluted EPS**

The diluted EPS had been calculated by dividing the Group's profit for the period/year attributable to owner of the parent by the weighted average number of shares that would have been in issue upon exercise of the options under the Warrants granted.

	<b>Current quarter 3 months ended 31-Dec-13</b>	<b>Cumulative quarter 12 months ended 31-Dec-13</b>
Profit for the period/year (RM'000)	5,922	25,217
Profit attributable to non-controlling interests (RM'000)	(835)	(3,332)
<b>Profit attributable to owners of the parent (RM'000)</b>	<u>5,087</u>	<u>21,885</u>
Weight average number of ordinary shares in issue ('000)	120,482	120,802
Effect of potential exercise of the Warrants ('000)	60,414	60,414
<b>Weighted average number of ordinary ('000)</b>	<u>180,896</u>	<u>181,216</u>
<b>Diluted EPS (sen)</b>	2.81	12.08



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**B12 Breakdown of Realised and Unrealised Profits/Losses**

	<b>As at 31-Dec-13 (Unaudited) RM'000</b>	<b>As at 31-Dec-12 (Audited) RM'000</b>
<b>Total retained profits/(accumulated losses) of the Company and its subsidiaries:</b>		
- Realised	145,482	140,231
- Unrealised	(6,386)	(10,742)
<b>Total retained profits from associate companies:</b>		
- Realised	4,811	3,771
- Unrealised	-	-
	<u>143,907</u>	<u>133,260</u>
Less: Consolidation Adjustments	(23,519)	(26,716)
<b>Total group retained profits as per consolidated accounts</b>	<u><u>120,388</u></u>	<u><u>106,544</u></u>

**B13 Notes to Condensed Consolidated Income Statements**

	<b>Current quarter 3 months ended 31-Dec-13 RM'000</b>	<b>Cumulative quarter 12 months ended 31-Dec-13 RM'000</b>
<b>Profit before tax is arrived at after charging/(crediting):-</b>		
Depreciation & amortisation	1,586	5,104
Dividend income	(56)	(360)
(Gain)/Loss on foreign exchange	993	1,035
Interest expense	1,524	6,611
Interest income	(308)	(308)
Rental income	(39)	(156)
	<u><u>(39)</u></u>	<u><u>(156)</u></u>

By order of the Board

Dato' Lim Cheah Chooi  
Chief Executive Officer

Dated this 27<sup>th</sup> February 2014