

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	As at 30-Jun-16 (Unaudited) RM'000	As at 31-Dec-15 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	106,277	109,219
Investment in associates	13,844	12,891
Investment securities	8,342	5,472
Intangible assets	7,854	7,822
Deferred tax assets	1,184	1,274
	<u>137,501</u>	<u>136,678</u>
Current assets		
Inventories	170,764	169,558
Trade and other receivables	108,353	122,874
Tax recoverable	195	374
Cash and bank balances	33,805	32,268
	<u>313,117</u>	<u>325,074</u>
TOTAL ASSETS	<u>450,618</u>	<u>461,752</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	64,281	64,281
Share premium	13,123	12,852
Treasury shares	(8,796)	(8,960)
Irredeemable Convertible Unsecured Loan Stock ("ICULS") equity	27,111	26,491
Other reserves	8,143	11,664
Retained earnings	140,103	132,178
Total equity attributable to owners of the parent	<u>243,965</u>	<u>238,506</u>
Non-controlling interests	<u>27,610</u>	<u>26,928</u>
Total equity	<u>271,575</u>	<u>265,434</u>
Non-current liabilities		
ICULS liability	3,870	4,644
Bank borrowings	16,634	19,807
Deferred tax liabilities	553	455
	<u>21,057</u>	<u>24,906</u>
Current liabilities		
Trade and other payables	48,378	58,622
Bank borrowings	108,068	111,378
Tax payable	1,540	1,412
	<u>157,986</u>	<u>171,412</u>
Total liabilities	<u>179,043</u>	<u>196,318</u>
TOTAL EQUITY AND LIABILITIES	<u>450,618</u>	<u>461,752</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2016 RM '000	2015 RM '000	2016 RM '000	2015 RM '000
Revenue	59,849	55,652	116,338	116,293
Operating expenses	(51,070)	(47,539)	(99,059)	(98,949)
Other income	107	355	513	757
Operating profit	8,886	8,468	17,792	18,101
Interest expense	(2,731)	(3,270)	(5,870)	(6,062)
Interest income	61	189	119	410
Share of results of associates	335	109	430	(24)
Profit before tax	6,551	5,496	12,471	12,425
Tax expense	(1,568)	(1,406)	(3,433)	(3,360)
Profit for the period	4,983	4,090	9,038	9,065
Profit attributable to:				
Owners of the parent	4,607	3,797	7,925	7,639
Non-controlling interests	376	293	1,113	1,426
Profit for the period	4,983	4,090	9,038	9,065
Earnings per share (“EPS”) attributable to owners of the parent (sen):				
Basic EPS	3.86	3.21	6.64	6.43
Diluted EPS	N/A	N/A	N/A	N/A

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2016 RM '000	2015 RM '000	2016 RM '000	2015 RM '000
Profit for the period	4,983	4,090	9,038	9,065
Other comprehensive income / (expenses), net of tax:				
Currency translation differences arising from consolidation	2,485	891	(3,260)	664
Fair value movements on available for sale investments	91	(7)	(261)	(170)
Total comprehensive income for the period	7,559	4,974	5,517	9,559
Total comprehensive income attributable to:				
Owners of the parent	7,183	4,681	4,404	8,133
Non-controlling interests	376	293	1,113	1,426
	7,559	4,974	5,517	9,559

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)**

	Cumulative quarter 6 months ended 30 June	
	2016 RM'000	2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,471	12,425
Adjustments for:		
Non-cash items and non-operating items	6,897	9,154
Operating profit before working capital changes	19,368	21,579
Inventories	(1,206)	(6,290)
Receivables	14,521	(3,955)
Payables	(10,244)	1,186
Cash generated from operating activities	22,439	12,520
Interest paid	(5,870)	(6,062)
Net of tax paid	(3,003)	(2,476)
Net cash from operating activities	13,566	3,982
CASH FLOWS FROM INVESTING ACTIVITIES		
Additional of intangible assets	(32)	(37)
Dividend received	5	410
Interest received	119	264
Net of purchase and disposal of investment securities	(2,941)	955
Net of purchase and disposal of property, plant and equipment	(2,760)	(5,270)
Net cash used in investing activities	(5,609)	(3,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interest	(485)	(264)
Net of repurchase and disposal of treasury shares	435	(1,412)
Net changes in bank borrowings	(3,494)	(6,061)
Net cash used in financing activities	(3,544)	(7,737)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,413	(7,433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	26,022	38,243
Effect of foreign exchange rates changes	1,375	697
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	31,810	31,507
CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	33,805	34,260
Overdrafts	(1,995)	(2,753)
	31,810	31,507

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2016 (UNAUDITED)

(RM'000)	----- Non-Distributable -----						----- Distributable -----					Total equity
	----- Attributable to owners of the parent -----						Exchange fluctuation reserve	Fair value reserve	Retained earnings	Total	Non-controlling interests	
	Share capital	Share premium	Treasury shares	ICULS equity	Warrant reserve	Capital reserve						
Balance as at 1 January 2015	64,281	12,454	(7,729)	25,253	20,946	(20,054)	810	335	127,978	224,274	26,915	251,189
Purchase of treasury shares	-	-	(1,412)	-	-	-	-	-	-	(1,412)	-	(1,412)
Transfer from ICULS liability	-	-	-	620	-	-	-	-	-	620	-	620
Changes in equity	-	-	-	-	-	-	-	-	-	-	(160)	(160)
Dividend paid	-	-	-	-	-	-	-	-	-	-	(264)	(264)
Total comprehensive income for the period	-	-	-	-	-	-	664	(170)	7,639	8,133	1,426	9,559
Balance as at 30 June 2015	64,281	12,454	(9,141)	25,873	20,946	(20,054)	1,474	165	135,617	231,615	27,917	259,532
Balance as at 1 January 2016	64,281	12,852	(8,960)	26,491	20,946	(20,054)	10,404	368	132,178	238,506	26,928	265,434
Purchase of treasury shares	-	-	(668)	-	-	-	-	-	-	(668)	-	(668)
Resold of treasury shares	-	271	832	-	-	-	-	-	-	1,103	-	1,103
Transfer from ICULS liability	-	-	-	620	-	-	-	-	-	620	-	620
Changes in equity	-	-	-	-	-	-	-	-	-	-	54	54
Dividend paid	-	-	-	-	-	-	-	-	-	-	(485)	(485)
Total comprehensive income for the period	-	-	-	-	-	-	(3,260)	(261)	7,925	4,404	1,113	5,517
Balance as at 30 June 2016	64,281	13,123	(8,796)	27,111	20,946	(20,054)	7,144	107	140,103	243,965	27,610	271,575

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016
**NOTES TO THE INTERIM FINANCIAL REPORT
- SELECTED EXPLANATORY NOTES UNDER MALAYSIAN FINANCIAL REPORTING STANDARD
("MFRS") 134 – INTERIM FINANCIAL REPORTING**
A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with MFRS 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 2015. 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 2015.

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 2015 save for the following new MFRSs and amendments to MFRSs are not yet effective for the Group.

MFRS	Description	Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 9	Financial Instruments (IMFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Join Venture	To be announced

The Group is intending to adopt the above standards and interpretations, if applicable when they become effective.

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

A3 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 2016
A4 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.

A5 Changes in estimates

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

A6 Debt and equity securities

There were no issuances and repayments of debt and equity securities during financial period ended 30 June 2016 save for shares buy back and resold of own shares.

At the Annual General Meeting held on 30 May 2016, the Company's shareholders approved the renewal of authority to repurchase its own shares. During the financial period ended 30 June 2016, the Company repurchased of 558,600 own shares and resold of 900,000 own shares. The details of resold shares are as follows:-

	RM'000
Disposal value	1,103
Cost of shares	(832)
Gain on disposal	<u>271</u>

As at 30 June 2016, a total of 9,365,466 treasury shares, representing 7.28% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.796 million.

A7 Dividend paid

A first and final single tier dividend of 3.5 sen per share amounted RM4.172 million in respect of the financial year ended 31 December 2015 was paid on 14 July 2016.

A8 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	87,465	5,102	13,523	10,248	-	116,338
Inter-segment revenue	28,491	1,533	1,665	91	(31,780)	-
Total revenue	<u>115,956</u>	<u>6,635</u>	<u>15,188</u>	<u>10,339</u>	<u>(31,780)</u>	<u>116,338</u>
Segment results	18,280	(1,093)	1,878	871	(1,200)	18,736
Unallocated expenses						(944)
Interest expense						(5,870)
Interest income						119
Share of results of associates						430
Profit before tax						<u>12,471</u>
Tax expense						(3,433)
Profit after tax						<u>9,038</u>
Non-controlling interests						(1,113)
Profit attributable to owners of the parent for financial period ended 30 June 2016						<u>7,925</u>



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

A9 Material post balance sheet events

There was no material events subsequent to the end of the financial period ended 30 June 2016 as at the date of this report save for the following:-

On 15 August 2016, Unimech Capital Sdn. Bhd., a wholly owned subsidiary company of the Company had acquired 186,200 ordinary shares of RM1.00 each, representing 49% of the total issued and paid up share capital of Uni Media Studio Sdn. Bhd. from Mr. Chan Chee Keong and Mr. Foong Chee Keong for a total cash consideration of RM123,000.

A10 Changes in the composition of the Group

There were no changes in the composition of the Group during the financial period ended 30 June 2016 save for the following:-

- i. On 09 May 2016, Unimech Capital Sdn. Bhd., a wholly-owned subsidiary company of the Company had acquired 45,000 ordinary shares of RM1.00 each, representing 9% of the total issued and paid up share capital of Icontronic Technology Sdn. Bhd. from Mr. Lim Yeok Beng for a total cash consideration of RM186,755.
- ii. On 09 May 2016, Unimech Capital Sdn. Bhd., a wholly-owned subsidiary company of the Company had acquired 9,000 ordinary shares of RM1.00 each, representing 9% of the total issued and paid up share capital in Icontronic Sdn. Bhd. from Mr. Lim Yeok Beng for a total cash consideration of RM134,673.
- iii. On 18 May 2016, Unimech Worldwide (Shanghai) Sdn Bhd., a wholly-owned subsidiary of the Company had disposed off 105,000 ordinary shares of USD1.00 each representing 70% equity interest in Senior Industries Resources Co. Ltd. to Ms. Shen Man for a total cash consideration of RMB1.00 (equivalent to RM0.62).
- iv. On 24 June 2016, Unimech Engineering (Korea) Ltd., a 51% owned subsidiary of Unimech Engineering (KL) Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company had been de-registered from Department of Registrar of Companies of Korea.

A11 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 2015.

A12 Capital commitments

No material capital commitment as at 30 June 2016.

A13 Related party transactions

	6 months ended 30-Jun-16 RM'000
Purchase of goods from a company in which the director of the Company has interests	4
Sale of goods to a company in which the director of the Company has interests	53

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016
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 RM59.849 million for the current quarter ended 30 June 2016 which was RM4.197 million or 7.5% higher as compared to the preceding year corresponding quarter ended 30 June 2015 of RM55.652 million. A higher revenue was reported in current quarter ended 30 June 2016 as compared to preceding year corresponding quarter was attributable to increase in demand in valves, instruments and fittings and pumps segments.

The Group recorded a profit before tax of RM6.551 million for the current quarter which was RM1.055 million or 19.2% higher as compared to the preceding year corresponding quarter of RM5.496 million. The increase in profit before tax was due mainly to the increase in revenue and lower finance costs incurred in the current quarter.

Financial period-to-date

There is no significant change in revenue and profit before tax as compared to prior year financial period. The Group reported revenue of RM116.338 million for the financial period ended 30 June 2016, representing an increase of RM0.045 million as compared to previous financial period ended 30 June 2015 of RM116.293 million.

The profit before tax for financial period ended 30 June 2016 increased marginally by RM0.046 million to RM12.471 million as compared to last financial period ended 30 June 2015 of RM12.425 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-Jun-16 RM'000	3 months ended 31-Mar-16 RM'000	Variance	
			RM'000	%
Revenue	59,849	56,489	3,360	5.9
Profit before tax	6,551	5,920	631	10.7

The revenue for the current quarter ended 30 June 2016 increased by 5.9% as compared to preceding quarter. The increase in revenue in current quarter as compared to preceding quarter was due mainly to the increase demand in current quarter on valves, instruments and fittings segment. Profit before tax increased by 10.7% as compared to preceding quarter ended 31 March 2016. A higher profit before tax reported in current quarter was due mainly to lower finance costs incurred coupled with higher share of results of associates.

B3 Commentary on prospects for 2016

The year 2016 will likely remains challenging as there is remain uncertainty which is the greatest threat to the world economy at the present with the fall in worldwide crude oil price, escalation of costs due to inflation, volatility of global steel price and fluctuation of exchange rates. Although the global economic conditions are expected to be still challenging, it is envisioned that the economy will continue to grow, albeit at a moderate pace. The Group's core business is not expected to be significantly adversely affected barring a drastic change in global economic conditions. The Group will continue with its competitive strategy of developing further on its own brands to enhance its market position. In addition, the Group will concentrate on improving the efficiency in operations to achieve the competitive edge in the market.

Taking into consideration the abovementioned factors and subject to the global economic conditions, the Board of Directors is of the view that the Group is optimistic of reporting a better performance and growth in the financial year ending 31 December 2016.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016
B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current quarter 3 months ended 30-Jun-16 RM'000	Cumulative quarter 6 months ended 30-Jun-16 RM'000
Current period provision	1,550	3,335
Deferred tax	18	98
	<u>1,568</u>	<u>3,433</u>

The effective tax rate for current quarter and the cumulative quarter are 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

There was no corporate proposal being carried out during the period under review.

B7 Group borrowings and debt securities

Total Group borrowings as at 30 June 2016 are as follows:

	Ringgit Malaysia RM'000	Singapore Dollar RM'000	Indonesia Rupiah RM'000	Thai Bath RM'000	Chinese Yuan RM'000	Total RM'000
Current						
Secured borrowings	8,115	304	552	-	336	9,307
Unsecured borrowings	56,166	-	39,547	3,048	-	98,761
	<u>64,281</u>	<u>304</u>	<u>40,099</u>	<u>3,048</u>	<u>336</u>	<u>108,068</u>
Non-current						
Secured borrowings	12,808	355	3,471	-	-	16,634
Unsecured borrowings	-	-	-	-	-	-
	<u>12,808</u>	<u>355</u>	<u>3,471</u>	<u>-</u>	<u>-</u>	<u>16,634</u>
Total borrowings	<u>77,089</u>	<u>659</u>	<u>43,570</u>	<u>3,048</u>	<u>336</u>	<u>124,702</u>

B8 Off balance sheet financial instruments

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

B9 Changes in material litigation

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016
B10 Dividend

The Board of Directors is proposed to declare a Dividend-In-Specie on the basis of one (1) treasury share for every twenty (20) existing ordinary shares of RM0.50 each held by the entitled shareholders of the Company whose names appears in Record of Depositors on an entitlement date to be determined later.

B11 Earnings per share (“EPS”)
Basic EPS

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

	Current quarter 3 months ended 30-Jun-16	Cumulative quarter 6 months ended 30-Jun-16
Profit for the period (RM’000)	4,983	9,038
Profit attributable to non-controlling interests (RM’000)	(376)	(1,113)
Profit attributable to owners of the parent (RM’000)	<u>4,607</u>	<u>7,925</u>
Weighted average number of ordinary shares in issue (’000)	<u>119,302</u>	<u>119,363</u>
Basic EPS (sen)	3.86	6.64

Diluted EPS

The diluted EPS is not calculated due to anti-dilutive effect as exercise price of the Warrants was higher than the market price of the ordinary shares as at 30 June 2016.

B12 Auditors’ report on preceding annual financial statements

The auditors’ report of the annual financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

B13 Notes to Condensed Consolidated Income Statements

	Current quarter 3 months ended 30-Jun-16 RM’000	Cumulative quarter 6 months ended 30-Jun-16 RM’000
Profit before tax is arrived at after charging/(crediting):-		
Allowance for diminution in investment securities	31	64
Bad debts recovered	-	(25)
Depreciation & amortization	1,737	3,756
Dividend income	(4)	(5)
(Gain)/Loss on disposal of property, plant & equipment	53	(27)
Interest expense	2,731	5,870
Interest income	(61)	(119)
Gain on disposal of investment securities	(20)	(126)
Gain on foreign exchange – realized	-	(41)
Property, plant and equipment written off	-	1
Rental income	<u>(22)</u>	<u>(48)</u>



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2016

B14 Breakdown of Realised and Unrealised Profits/Losses

	As at 30-Jun-16 (Unaudited) RM'000	As at 31-Dec-15 (Audited) RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	179,512	173,955
- Unrealised	(15,206)	(14,589)
Total retained profits from associate companies:		
- Realised	5,748	5,318
- Unrealised	-	-
	<hr/>	<hr/>
	170,054	164,684
Less: Consolidation Adjustments	(29,951)	(32,506)
	<hr/>	<hr/>
Total group retained profits as per consolidated accounts	<u>140,103</u>	<u>132,178</u>

By order of the Board

Sim Yee Fuan
Executive Director

Dated this 29th August 2016