

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 31 MARCH 2007**

	As at 31-Mar-07 RM'000	As at 31-Dec-06 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,391	21,475
Property development projects	2,287	2,180
Investment properties	1,204	1,204
Prepaid lease payments	1,355	1,465
Investment in associates	5,395	4,823
Other investments	2,214	3,214
Intangible assets	1,361	1,349
	<u>35,207</u>	<u>35,710</u>
Current Assets		
Inventories	53,481	51,877
Trade and other receivables	45,531	39,165
Tax recoverable	808	553
Cash and bank balances	12,882	14,203
	<u>112,702</u>	<u>105,798</u>
TOTAL ASSETS	<u>147,909</u>	<u>141,508</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	67,951	67,200
Reserves	5,731	7,843
Retained profits	33,019	30,255
Total equity attributable to shareholders	<u>106,701</u>	<u>105,298</u>
Minority interests	5,774	5,515
Total equity	<u>112,475</u>	<u>110,813</u>
Non-current liabilities		
Borrowings	1,362	1,461
Deferred tax liabilities	619	616
	<u>1,981</u>	<u>2,077</u>
Current liabilities		
Trade and other payables	19,453	16,541
Short term borrowings	12,465	11,469
Provision for taxation	1,535	608
	<u>33,453</u>	<u>28,618</u>
Total liabilities	<u>35,434</u>	<u>30,695</u>
TOTAL EQUITY AND LIABILITIES	<u>147,909</u>	<u>141,508</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2007**

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
Revenue	24,813	22,589	24,813	22,589
Operating expenses	(21,199)	(19,604)	(21,199)	(19,604)
Other operating income	311	460	311	460
Operating profit	3,925	3,445	3,925	3,445
Interest expense	(227)	(229)	(227)	(229)
Interest income	31	49	31	49
Share results of associates	151	(30)	151	(30)
Profit before tax	3,880	3,235	3,880	3,235
Tax expense	(1,060)	(804)	(1,060)	(804)
Profit for the period	2,820	2,431	2,820	2,431
Attributable to:				
Shareholders of the Company	2,764	2,268	2,764	2,268
Minority interests	56	163	56	163
Profit for the period	2,820	2,431	2,820	2,431
Basic earnings per share (sen)	2.07	1.69	2.07	1.69
Diluted earnings per share (sen)	2.07	1.69	2.07	1.69

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007****CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2007**

	Cumulative quarter 3 months ended 31 March	
	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	3,880	3,235
Adjustments	354	1,057
Operating profit before working capital changes	4,234	4,292
Changes in working capital	(3,463)	(2,240)
Cash generated from operations	771	2,052
Interests paid	(231)	(164)
Income tax paid	(373)	(260)
Net cash generated from operating activities	167	1,628
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase and disposal of property, plant and equipment	(1,788)	(691)
Other investments	382	(110)
Net cash used in investing activities	(1,406)	(801)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares issued	1,421	-
Share buy-back	(2,371)	-
Net change in borrowings	1,725	(2,101)
Net cash from financing activities	775	(2,101)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(464)	(1,274)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	8,689	7,040
Effect of foreign exchange rates changes	(10)	121
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	8,215	5,887
THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	12,882	11,751
Overdraft	(4,667)	(5,864)
	8,215	5,887

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR THREE MONTHS ENDED 31 MARCH 2007**

(in RM'000)	Non-distributable						Distributable					Total equity
	Attributable to shareholders of the Company											
	Share capital	Share premium	Treasury shares	Revaluation reserve	Capital reserve	Exchange fluctuation reserve	Reserve on consolidation	Retained profits	Total	Minority interests		
Balance as at 1 January 2006	67,200	11,939	-	367	892	(346)	23	21,736	101,811	5,114	106,925	
Effect of adopting FRS 3	-	-	-	-	-	-	(23)	23	-	-	-	
Effect of adopting FRS 140	-	-	-	(122)	-	-	-	122	-	-	-	
Restated balance as at 1 January 2006	67,200	11,939	-	245	892	(346)	-	21,881	101,811	5,114	106,925	
Translation differences	-	-	-	-	-	21	-	-	21	58	79	
Net profit for the period	-	-	-	-	-	-	-	2,268	2,268	163	2,431	
Balance as at 31 March 2006	67,200	11,939	-	245	892	(325)	-	24,149	104,100	5,335	109,435	
Balance as at 1 January 2007	67,200	11,939	(4,931)	206	892	(262)	-	30,255	105,299	5,515	110,814	
Issue of shares pursuant to ESOS	751	255	-	-	-	-	-	-	1,006	-	1,006	
Translation differences	-	-	-	-	-	3	-	-	3	-	3	
Purchase of treasury shares	-	-	(2,371)	-	-	-	-	-	(2,371)	-	(2,371)	
Change in equity interest	-	-	-	-	-	-	-	-	-	203	203	
Net profit for the period	-	-	-	-	-	-	-	2,764	2,764	56	2,820	
Balance as at 31 March 2007	67,951	12,194	(7,302)	206	892	(259)	-	33,019	106,701	5,774	112,475	

The condensed consolidated statements of change in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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 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 2006.

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2006. The explanatory notes attached to the interim financial statements provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2006.

A2 Auditors’ report on preceding annual financial statements

The auditors’ report of the annual financial statements for the financial year ended 31 December 2006 was not subject to any qualification.

A3 Seasonal or cyclical factors

The Group performance is not materially affected by seasonal or cyclical factors.

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, cancellations, repurchases, resale and repayments of debt and equity securities during financial period ended 31 March 2007 save for shares issued pursuant to the Employee Share Option Scheme (“ESOS”) and share buy-back of own shares. For financial period ended 31 March 2007, 1,502,000 ordinary shares of RM0.50 each were issued pursuant to the ESOS.

During current quarter, the Company repurchased 3,299,600 shares, of its own shares in the open market. The total shares repurchased as at 31 March 2007 are 13,364,066 shares representing 9.8% of the issued and paid up share capital of the Company. The shares repurchased are being held as treasury shares and carried at cost at RM7,302,041.

A7 Dividends paid

No dividend has been paid for the financial period under review.

**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007****A8 Segment information****By business segment**

	Valves, instruments and fittings RM'000	Rubber products RM'000	Heat and steam engineering RM'000	Others RM'000	Elimination RM'000	Total RM'000
Revenue from external customers	10,291	1,095	5,683	7,744	-	24,813
Inter-segment revenue	7,020	144	122	82	(7,368)	-
Total revenue	17,311	1,239	5,805	7,826	(7,368)	24,813
Segment results	2,771	128	817	209		3,925
Interest expense						(227)
Interest income						31
Share of results of associates						151
Profit before tax						3,880
Taxation						(1,060)
Profit after tax						2,820
Minority interests						(56)
Net profit for financial period ended 31 March 2007						2,764

A9 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 2006.

A10 Material post balance sheet events

There were no material events subsequent to the end of the financial period ended 31 March 2007 as at the date of this report.

A11 Changes in the composition of the Group

There were no changes in the composition of the Group during financial period ended 31 March 2007 save for the following:

- On 5 February 2007, UME(M), a wholly owned subsidiary of UGB, subscribed for 53,880 ordinary shares of RM1.00 each of Polypalm Wood Products Sdn. Bhd. ("Polypalm") for cash consideration of RM420,000. Subsequent to the subscription, Polypalm becomes a 44.9% associate company of UME(M).
- On 12 March 2007 and 26 February 2007, UME(M), a wholly owned subsidiary of UGB, acquired one share each respectively in Unimech Flow System Sdn Bhd (formerly known as Inorex Valve (M) Sdn Bhd ("UFS")), representing 100% of the total issued and paid up capital of UFS, for cash consideration of RM2.
- On 19 March 2007, the Company had entered into a Share Sale Agreement to acquire 51% of the issued and paid up share capital of Icontronic Technology Sdn Bhd for a total cash consideration of up to RM2.892 million ("Proposed Acquisition"). The Proposed Acquisition was completed on 17 May 2007.

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 2006.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

A13 Capital commitments

	31-Mar-07 RM'000
Property, plant and equipment	
Approved but not contracted for	1,000

A14 Related party transactions

	3 months ended 31-Mar-07 RM'000
Purchases from a company in which certain directors of the Company have interests	9
Sales to a company in which certain directors of the Company have interests	104



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

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

For the first quarter ended 31 March 2007, the Group recorded a revenue of RM24.813 million, representing an increase of 9.8% over the prior year corresponding quarter's revenue of RM22.589 million. The increase of the revenue was due principally to the increase in steel price, the main components used in valve products. The increase in revenue, correspondingly increase the profit before taxation by 19.9% to RM3.880 million, from RM3.235 million reported in prior year's corresponding quarter.

B2 Comparison with preceding quarter's results

The revenue and profit before taxation for the current quarter and preceding quarter is summarised as follows:

	3 months ended	3 months ended	Variance	
	31-Mar-07	31-Dec-06	RM'000	%
Revenue	24,813	27,296	(2,483)	-9.1
Profit before taxation	3,880	4,755	(875)	-18.4

The revenue and profit before tax for current quarter ended 31 March 2007 decrease by 9.1% and 18.4% respectively as compared to preceding quarters'. A lower revenue was reported in current quarter as compared to preceding quarter's was due mainly to the normal softer demand in the first quarter of the year. In line with lower revenue, profit before taxation decreases by 18.4%.

B3 Current year prospects

The Group continues to explore and pursue strategies to improve its valve, instruments and fitting businesses. The Group also continued its efforts to identify promising targets for partnership, joint ventures or acquisition in order to further improve the Group's profitability. Barring any unforeseen circumstances, the Board expects the Group to report an improvement performance in financial year ending 31 December 2007.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Income tax expense

	Current	Cumulative
	quarter	quarter
	3 months ended	3 months ended
	31-Mar-07	31-Mar-07
	RM '000	RM '000
Current year provision	1,057	1,057
Deferred taxation	3	3
	<u>1,060</u>	<u>1,060</u>

B6 Sale of unquoted investments and properties

There was no disposal of investments or properties during the financial period under review.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

B7 Purchase or disposal of quoted investments

There was no purchase of quoted investments for the current quarter and financial year to-date. The disposals of quoted investments are as follows:

	Current quarter 3 months ended 31-Mar-07 RM '000	Cumulative quarter 3 months ended 31-Mar-07 RM '000
Cost of purchase (at cost)	1,000	1,000
Disposal of quoted investment (proceeds)	<u>1,122</u>	<u>1,122</u>
Gain on disposal	<u>122</u>	<u>122</u>

B8 Status of corporate proposals and status of utilisation of proceeds raised

Save as disclosed below, there was no corporate proposal being carried out during the period under review.

The Company had on 27 April 2005 proposed the transfer of the listing of and quotation for the entire issued and paid up share capital of the Company from the Second Board to the Main Board of the Bursa Malaysia.

B9 Group borrowings and debt securities

Total Group borrowings as at 31 March 2007 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	2,718
Unsecured borrowings	<u>9,747</u>
	<u>12,464</u>
Non-current	
Secured borrowings	1,362
Unsecured borrowings	<u>-</u>
	<u>1,362</u>
Total borrowings	13,826

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

The Directors recommended a first and final dividend of 2.5 sen per share of RM0.50 each less income tax at 27% amounting to RM2.236 million in respect of the financial year ended 31 December 2006. The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.



INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2007

B13 Earnings per share

	Current quarter 3 months ended 31-Mar-07	Cumulative quarter 3 months ended 31-Mar-07
Profit for the period (RM'000)	2,820	2,820
Less: Amount attributable to minority interests (RM'000)	56	56
Net profit attributable to shareholders (RM'000)	<u>2,764</u>	<u>2,764</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	122,335	122,335
Basic earnings per share (sen)	2.26	2.26

By order of the Board

Dato'Lim Cheah Chooi
Chairman

Dated this 28 May 2007