

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2007**

| | As at 30-Jun-07 RM'000 | As at 31-Dec-06 RM'000 |
|--|---------------------------------------|---------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 21,471 | 21,475 |
| Property development projects | 2,128 | 2,180 |
| Investment properties | 1,204 | 1,204 |
| Prepaid lease payments | 1,445 | 1,465 |
| Investment in associates | 5,466 | 4,823 |
| Other investments | 1,934 | 3,214 |
| Intangible assets | 3,370 | 1,349 |
| | <u>37,018</u> | <u>35,710</u> |
| Current Assets | | |
| Inventories | 55,639 | 51,877 |
| Trade and other receivables | 47,182 | 39,165 |
| Tax recoverable | 373 | 553 |
| Cash and bank balances | 16,011 | 14,203 |
| | <u>119,205</u> | <u>105,798</u> |
| TOTAL ASSETS | <u>156,223</u> | <u>141,508</u> |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 68,281 | 67,200 |
| Reserves | 6,437 | 7,843 |
| Retained profits | 36,054 | 30,255 |
| Total equity attributable to shareholders | <u>110,772</u> | <u>105,298</u> |
| Minority interests | 6,535 | 5,515 |
| Total equity | <u>117,307</u> | <u>110,813</u> |
| Non-current liabilities | | |
| Borrowings | 1,313 | 1,461 |
| Deferred tax liabilities | 619 | 616 |
| | <u>1,932</u> | <u>2,077</u> |
| Current liabilities | | |
| Trade and other payables | 20,665 | 16,541 |
| Short term borrowings | 14,102 | 11,469 |
| Provision for taxation | 2,217 | 608 |
| | <u>36,984</u> | <u>28,618</u> |
| Total liabilities | <u>38,916</u> | <u>30,695</u> |
| TOTAL EQUITY AND LIABILITIES | <u>156,223</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 SECOND QUARTER ENDED 30 JUNE 2007

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2007**

| | Current quarter 3 months ended 30 June | | Cumulative quarter 6 months ended 30 June | |
|----------------------------------|--|-----------------|---|-----------------|
| | 2007 RM '000 | 2006 RM '000 | 2007 RM '000 | 2006 RM '000 |
| Revenue | 28,245 | 26,480 | 53,058 | 49,069 |
| Operating expenses | (23,395) | (23,269) | (44,594) | (42,873) |
| Other operating income | 487 | 43 | 798 | 503 |
| Operating profit | 5,337 | 3,254 | 9,262 | 6,699 |
| Interest expense | (288) | (214) | (515) | (443) |
| Interest income | 49 | 28 | 80 | 77 |
| Share results of associates | (194) | 89 | (43) | 59 |
| Profit before tax | 4,904 | 3,157 | 8,784 | 6,392 |
| Tax expense | (1,793) | (1,036) | (2,853) | (1,840) |
| Profit for the period | 3,111 | 2,121 | 5,931 | 4,552 |
| Attributable to: | | | | |
| Shareholders of the Company | 3,035 | 1,943 | 5,799 | 4,305 |
| Minority interests | 76 | 178 | 132 | 247 |
| Profit for the period | 3,111 | 2,121 | 5,931 | 4,552 |
| Basic earnings per share (sen) | 2.47 | 1.45 | 4.73 | 3.20 |
| Diluted earnings per share (sen) | 2.47 | 1.45 | 4.73 | 3.20 |

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 SECOND QUARTER ENDED 30 JUNE 2007****CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2007**

| | Cumulative quarter 6 months ended 30 June | |
|---|--|------------------------|
| | 2007 RM'000 | 2006 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 8784 | 6,392 |
| Adjustments | 1,574 | 1,342 |
| Operating profit before working capital changes | 10,358 | 7,734 |
| Changes in working capital | (4,801) | (4,654) |
| Cash generated from operations | 5,557 | 3,080 |
| Interests paid | (521) | (436) |
| Income tax paid | (996) | (507) |
| Net cash generated from operating activities | 4,040 | 2,137 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase and disposal of property, plant and equipment | (583) | (1,580) |
| Other investments | (2,080) | 26 |
| Net cash used in investing activities | (2,663) | (1,554) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend | (100) | (60) |
| Shares issued | 1,884 | 23 |
| Share buy-back | (2,134) | - |
| Net change in borrowings | 1,485 | 562 |
| Net cash from financing activities | 1,135 | 525 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | 2,512 | 1,108 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | 8,689 | 7,256 |
| Effect of foreign exchange rates changes | 19 | (26) |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | 11,220 | 8,338 |
| THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING: | | |
| Cash and bank balances | 16,011 | 13,535 |
| Overdraft | (4,791) | (5,197) |
| | 11,220 | 8,338 |

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 SECOND QUARTER ENDED 30 JUNE 2007

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 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 | - | - | - | - | - | 592 | - | - | 592 | 581 | 1,173 | |
| Dividend | - | - | - | - | - | - | - | (60) | (60) | - | (60) | |
| Net profit for the period | - | - | - | - | - | - | - | 4,305 | 4,305 | 247 | 4,552 | |
| Balance as at 30 June 2006 | 67,200 | 11,939 | - | 245 | 892 | 246 | - | 26,126 | 106,648 | 5,942 | 112,590 | |
| Balance as at 1 January 2007 | 67,200 | 11,939 | (4,931) | 206 | 892 | (262) | - | 30,255 | 105,298 | 5,515 | 110,813 | |
| Issue of shares pursuant to ESOS | 1,081 | 367 | - | - | - | - | - | - | 1,448 | - | 1,448 | |
| Translation differences | - | - | - | - | - | 107 | - | - | 107 | - | 107 | |
| Purchase of treasury shares | - | - | (2,687) | - | - | - | - | - | (2,687) | - | (2,687) | |
| Resale of treasury shares | - | 254 | 553 | - | - | - | - | - | 807 | - | 807 | |
| Change in equity interest | - | - | - | - | - | - | - | - | - | 987 | 987 | |
| Dividend | - | - | - | - | - | - | - | - | - | (99) | (99) | |
| Net profit for the period | - | - | - | - | - | - | - | 5,799 | 5,799 | 132 | 5,931 | |
| Balance as at 30 June 2007 | 68,281 | 12,560 | (7,065) | 206 | 892 | (155) | - | 36,054 | 110,772 | 6,535 | 117,307 | |

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 SECOND QUARTER ENDED 30 JUNE 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 30 June 2007 save for shares issued pursuant to the Employee Share Option Scheme (“ESOS”), share buy-back and resell of own shares. During financial period ended 30 June 2007, 2,162,000 ordinary shares of RM0.50 each were issued pursuant to the ESOS.

At the Annual General Meeting held on 20 June 2007, the Company’s shareholders approved the renewal of authority to repurchase its own shares. During financial period ended 30 June 2007, the Company repurchased 3,724,100 shares and resold 1,005,000 shares in the open market. The detail of resold shares are as follows:

| | RM’000 |
|------------------|---------------|
| Disposal value | 807 |
| Cost of shares | 553 |
| Gain on disposal | <u>254</u> |

As at 30 June 2007, a total of 12,783,566 repurchase shares, representing 9.4% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM7.065 million.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

A7 Dividends paid

A first and final dividend of 2.5 sen per RM0.50 share less income tax at 27% amounting to RM2.259 million in respect of the financial year ended 31 December 2006 was paid on 25 July 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 | 43,231 | 1,895 | 2,626 | 7,155 | - | 53,058 |
| Inter-segment revenue | 16,573 | 299 | 53 | 23 | (16,948) | - |
| Total revenue | 59,804 | 2,194 | 2,679 | 7,178 | (16,948) | 53,058 |
| Segment results | 9,020 | 211 | 214 | (183) | - | 9,262 |
| Interest expense | | | | | | (515) |
| Interest income | | | | | | 80 |
| Share of results of associates | | | | | | (43) |
| Profit before tax | | | | | | 8,784 |
| Taxation | | | | | | (2,853) |
| Profit after tax | | | | | | 5,931 |
| Minority interests | | | | | | (132) |
| Net profit for financial period ended 30 June 2007 | | | | | | 5,799 |

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 30 June 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 30 June 2007 save for the following:

- i. On 5 February 2007, Unimech Engineering (M) Sdn Bhd (“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).
- ii. 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.
- iii. 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.



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- iv. On 10 April 2007, Unimech Worldwide (Shanghai) Sdn Bhd (“UWS”), a 80% owned subsidiary of UGB, acquired USD15,000 of registered capital representing 10% equity interest in Senior Industries Resources Co. Ltd. (“SIR”) at cash consideration of RMB100,000. In consequent thereof, UWS’s equity interest in SIR increases from 60% to 70%.

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.

A13 Capital commitments

| | 30-Jun-07 RM’000 |
|--------------------------------------|-----------------------------------|
| Property, plant and equipment | |
| Approved but not contracted for | 2,200 |

A14 Related party transactions

| | 6 months ended 30-Jun-07 RM’000 |
|---|--|
| Purchases from a company in which certain directors of the Company have interests | 24 |
| Sales to a company in which certain directors of the Company have interests | 207 |



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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 year to-date

For the financial period ended 30 June 2007, the Group recorded a revenue of RM53.058 million, representing an increase of 8.1% over prior year corresponding period's revenue of RM49.069 million. The increase of the revenue was due principally to the increase in demand and selling prices in valve and fitting products. The increase in revenue and higher selling prices correspondingly increase the profit before taxation by 37.4% to RM8.784 million, from RM6.392 million reported in prior year's corresponding period.

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 | |
|------------------------|-----------------------|-----------------------|-----------------|----------|
| | 30-Jun-07 | 31-Mar-07 | RM'000 | % |
| Revenue | 28,245 | 24,813 | 3,432 | 13.8 |
| Profit before taxation | 4,904 | 3,880 | 1,024 | 26.4 |

The revenue and profit before tax for current quarter ended 30 June 2007 increase by 13.8% and 26.4% respectively as compared to preceding quarters'. A higher 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 higher revenue coupled with increase in selling price, profit before taxation improves by 26.4%.

B3 Current year prospects

The Group continues to explore and pursue strategies to improve its valve, instrument 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 chart a double digit growth 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 | 6 months ended |
| | 30-Jun-07 | 30-Jun-07 |
| | RM'000 | RM'000 |
| Current year provision | 1,793 | 2,850 |
| Deferred taxation | - | 3 |
| | <u>1,793</u> | <u>2,853</u> |

B6 Sale of unquoted investments and properties

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



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B7 Purchase or disposal of quoted investments

During current quarter ended 30 June 2007, the purchase of quoted investments is amounted to RM0.720 million. The disposal of quoted investments for the current quarter and financial year to-date are as follows:

| | Current quarter 3 months ended 30-Jun-07 RM'000 | Cumulative quarter 6 months ended 30-Jun-07 RM'000 |
|--|--|---|
| Disposal of quoted investment (proceeds) | 1,068 | 2,190 |
| Cost of purchase (at cost) | 1,000 | 2,000 |
| Gain on disposal | <u>68</u> | <u>190</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 (“the Proposed Transfer”). The Proposed Transfer was approved by the Securities Commission on 4 June 2007 and the Company’s listing has transferred to Main Board on 27 June 2007.

B9 Group borrowings and debt securities

Total Group borrowings as at 30 June 2007 are as follows:

| | Borrowings RM'000 |
|-------------------------|------------------------------|
| Current | |
| Secured borrowings | 2,898 |
| Unsecured borrowings | 11,204 |
| | <u>14,102</u> |
| Non-current | |
| Secured borrowings | 1,313 |
| Unsecured borrowings | - |
| | <u>1,313</u> |
| Total borrowings | 15,415 |

B10 Off balance sheet financial instruments

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

B11 Changes in material litigation

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

B12 Dividend

No interim dividend has been declared for the financial period ended 30 June 2007.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2007

B13 Earnings per share

| | Current quarter 3 months ended 30-Jun-07 | Cumulative quarter 6 months ended 30-Jun-07 |
|--|---|--|
| Profit for the period (RM'000) | 3,111 | 5,931 |
| Less: Amount attributable to minority interests (RM'000) | (76) | (132) |
| Net profit attributable to shareholders (RM'000) | <u>3,035</u> | <u>5,799</u> |
| Basic earnings per share | | |
| Weighted average number of ordinary shares in issue ('000) | 123,023 | 122,678 |
| Basic earnings per share (sen) | 2.47 | 4.73 |

By order of the Board

Dato'Lim Cheah Chooi
Chairman

Dated this 29 August 2007