

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

	As at 30-Sep-07 RM'000	As at 31-Dec-06 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	21,916	21,475
Property development projects	2,333	2,180
Investment properties	1,204	1,204
Prepaid lease payments	1,442	1,465
Investment in associates	5,183	4,823
Other investments	2,509	3,214
Intangible assets	3,369	1,349
	<u>37,956</u>	<u>35,710</u>
Current Assets		
Inventories	56,161	51,877
Trade and other receivables	43,888	39,165
Tax recoverable	383	553
Cash and bank balances	14,554	14,203
	<u>115,342</u>	<u>105,798</u>
TOTAL ASSETS	<u>153,342</u>	<u>141,508</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	67,200
Reserves	5,847	7,843
Retained profits	36,998	30,255
Total equity attributable to shareholders	<u>111,126</u>	<u>105,298</u>
Minority interests	6,483	5,515
Total equity	<u>117,609</u>	<u>110,813</u>
Non-current liabilities		
Borrowings	1,088	1,461
Deferred tax liabilities	619	616
	<u>1,707</u>	<u>2,077</u>
Current liabilities		
Trade and other payables	19,919	16,541
Short term borrowings	12,194	11,469
Provision for taxation	1,913	608
	<u>34,026</u>	<u>28,618</u>
Total liabilities	<u>35,773</u>	<u>30,695</u>
TOTAL EQUITY AND LIABILITIES	<u>153,342</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 THIRD QUARTER ENDED 30 SEPTEMBER 2007****CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2007**

	Current quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
Revenue	28,691	24,320	81,749	73,389
Operating expenses	(24,581)	(21,141)	(69,175)	(64,014)
Other operating income	472	189	1,270	692
Operating profit	4,582	3,368	13,844	10,067
Interest expense	(309)	(197)	(824)	(640)
Interest income	36	98	116	175
Share results of associates	(284)	117	(327)	176
Profit before tax	4,025	3,386	12,809	9,778
Tax expense	(851)	(1,158)	(3,704)	(2,998)
Profit for the period	3,174	2,228	9,105	6,780
Attributable to:				
Shareholders of the Company	3,203	2,137	9,002	6,442
Minority interests	(29)	91	103	338
Profit for the period	3,174	2,228	9,105	6,780
Basic earnings per share (sen)	2.60	1.61	7.32	4.81
Diluted earnings per share (sen)	2.60	1.61	7.32	4.81

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 THIRD QUARTER ENDED 30 SEPTEMBER 2007****CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 2007**

	Cumulative quarter 9 months ended 30 September	
	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,809	9,778
Adjustments	2,301	1,910
Operating profit before working capital changes	15,110	11,688
Changes in working capital	(3,167)	(4,709)
Cash generated from operations	11,943	6,979
Interests paid	(823)	(463)
Income tax paid	(2,167)	(648)
Net cash generated from operating activities	8,953	5,868
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase and disposal of property, plant and equipment	(1,801)	(1,913)
Other investments	(2,569)	978
Net cash used in investing activities	(4,370)	(935)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend	(2,385)	(2,657)
Shares issued	1,901	-
Share buy-back	(2,802)	-
Net change in borrowings	2,398	(1,744)
Net cash from financing activities	(888)	(4,401)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	3,695	532
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	9,111	7,040
Effect of foreign exchange rates changes	34	283
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	12,840	7,855
THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	14,554	12,596
Overdraft	(1,714)	(4,741)
	12,840	7,855

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.



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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR NINE MONTHS ENDED 30 SEPTEMBER 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 September 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	110,814	
Issue of shares pursuant to ESOS	1,081	367	-	-	-	-	-	-	1,448	-	1,448	
Translation differences	-	-	-	-	-	184	-	-	184	-	184	
Purchase of treasury shares	-	-	(3,355)	-	-	-	-	-	(3,355)	-	(3,355)	
Resale of treasury shares	-	254	553	-	-	-	-	-	807	-	807	
Change in equity interest	-	-	-	-	-	-	-	-	-	964	964	
Dividend	-	-	-	-	-	-	-	(2,259)	(2,259)	(99)	(2,358)	
Net profit for the period	-	-	-	-	-	-	-	9,002	9,002	103	9,105	
Balance as at 30 September 2007	68,281	12,560	(7,733)	206	892	(78)	-	36,998	111,126	6,483	117,609	

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 THIRD QUARTER ENDED 30 SEPTEMBER 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 September 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 September 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 September 2007, the Company repurchased 14,630,466 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	<u>553</u>
Gain on disposal	<u>254</u>

As at 30 September 2007, a total of 13,625,466 repurchase shares, representing 9.98% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM7.733 million.



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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	63,658	3,004	3,724	11,363	-	81,749
Inter-segment revenue	24,045	468	86	25	(24,624)	-
Total revenue	87,703	3,472	3,810	11,388	(24,624)	81,749
Segment results	13,596	376	318	(446)	-	13,844
Interest expense						(824)
Interest income						116
Share of results of associates						(327)
Profit before tax						12,809
Taxation						(3,704)
Profit after tax						9,105
Minority interests						(103)
Net profit for financial period ended 30 September 2007						9,002

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 September 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 September 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%.
- v. On 24 July 2007, the Company increased its equity interest in Suzhou Skyline Machinery Technology Co., Ltd. (“Skyline”) from 51% to 76% following the additional capital injection of USD387,000 in Skyline.
- vi. On 17 September 2007, the Company acquired two ordinary shares of Unimech Capital Sdn Bhd (“UCSB”) representing 100% of the total issued and paid up capital 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 2006.

A13 Capital commitments

	30-Sep-07 RM’000
Property, plant and equipment	
Approved but not contracted for	1,600

A14 Related party transactions

	9 months ended 30-Sep-07 RM’000
Purchases from a company in which certain directors of the Company have interests	39
Sales to a company in which certain directors of the Company have interests	311



INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 financial period ended 30 September 2007, the Group recorded a revenue of RM81.749 million, representing an increase of 11.4% over prior year corresponding period's revenue of RM73.389 million. The increase of the revenue was due principally to the increase in demand in valve and fitting products. The increase in revenue and higher selling prices correspondingly increase the profit before taxation by 31.0% to RM12.809 million, from RM9.778 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-Sep-07	30-Jun-07	RM'000	%
Revenue	28,691	28,245	446	1.6
Profit before taxation	4,025	4,904	(879)	-17.9

The revenue for current quarter ended 30 September 2007 increased marginally by 1.6%. Nevertheless, profit before taxation decreased by 17.9% which was due mainly to lower profit reported by certain subsidiary companies in Indonesia and China in current quarter as compared to preceding quarter.

B3 Current year prospects

The Group explores and pursues strategies to improve its valve, instrument and fitting businesses. The Group also continues 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 achieve another record year 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	9 months ended
	30-Sep-07	30-Sep-07
	RM'000	RM'000
Current year provision	851	3,701
Deferred taxation	-	3
	<u>851</u>	<u>3,704</u>

A lower taxation in current quarter was mainly due to the higher provision of taxation in previous quarter.

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 and cumulative quarter ended 30 September 2007, the purchase of quoted investments were amounted to RM0.710 million and RM1.430 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 September 2007 are as follows:

	Current quarter 3 months ended 30-Sep-07 RM'000	Cumulative quarter 9 months ended 30-Sep-07 RM'000
Disposal of quoted investment (proceeds)	238	2,428
Cost of purchase (at cost)	135	2,135
Gain on disposal	<u>103</u>	<u>293</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.

- i. 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.
- ii. UCSB, a wholly owned subsidiary of the Company, had on 12 October 2007 entered into a Share Sale Agreement ("SSA") to acquire 40% of the issued and paid up capital of TTS Valve Technologies Sdn Bhd for a total cash consideration of RM1,077,000 ("the Proposed Acquisition"). The Proposed Acquisition is expected to be completed within 3 months from the date of the SSA.

B9 Group borrowings and debt securities

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

	Borrowings RM'000
Current	
Secured borrowings	2,529
Unsecured borrowings	9,665
	<u>12,194</u>
Non-current	
Secured borrowings	1,088
Unsecured borrowings	-
	<u>1,088</u>
Total borrowings	13,282

B10 Off balance sheet financial instruments

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



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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 September 2007.

B13 Earnings per share

	Current quarter 3 months ended 30-Sep-07	Cumulative quarter 9 months ended 30-Sep-07
Profit for the period (RM'000)	3,174	9,105
Amount attributable to minority interests (RM'000)	29	(103)
Net profit attributable to shareholders (RM'000)	<u>3,203</u>	<u>9,002</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	123,361	122,907
Basic earnings per share (sen)	2.60	7.32

By order of the Board

Dato' Lim Cheah Chooi
Chairman

Dated this 28 November 2007