

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

	<b>As at 31-Dec-07 RM'000</b>	<b>As at 31-Dec-06 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	21,443	21,475
Property development projects	2,686	2,180
Investment properties	425	1,204
Prepaid lease payments	1,390	1,465
Investment in associates	6,498	4,823
Other investments	3,181	3,214
Intangible assets	3,453	1,349
	<u>39,076</u>	<u>35,710</u>
<b>Current Assets</b>		
Inventories	57,622	51,877
Trade and other receivables	44,181	39,165
Tax recoverable	433	553
Cash and bank balances	20,061	14,203
	<u>122,297</u>	<u>105,798</u>
<b>TOTAL ASSETS</b>	<u>161,373</u>	<u>141,508</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	68,281	67,200
Reserves	5,920	7,844
Retained profits	41,793	30,255
<b>Total equity attributable to shareholders</b>	<u>115,994</u>	<u>105,299</u>
<b>Minority interests</b>	7,472	5,514
<b>Total equity</b>	<u>123,466</u>	<u>110,813</u>
<b>Non-current liabilities</b>		
Borrowings	1,224	1,461
Deferred tax liabilities	648	616
	<u>1,872</u>	<u>2,077</u>
<b>Current liabilities</b>		
Trade and other payables	21,013	16,541
Short term borrowings	12,924	11,469
Provision for taxation	2,098	608
	<u>36,035</u>	<u>28,618</u>
<b>Total liabilities</b>	<u>37,907</u>	<u>30,695</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>161,373</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 FOURTH QUARTER ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2007**

	Current quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2007 RM '000	2006 RM '000	2007 RM '000	2006 RM '000
<b>Revenue</b>	28,835	26,263	110,584	99,652
Operating expenses	(25,729)	(22,823)	(94,904)	(86,837)
Other operating income	2,963	1,208	4,233	1,900
<b>Operating profit</b>	6,069	4,648	19,913	14,715
Interest expense	(307)	(322)	(1,131)	(962)
Interest income	138	150	254	325
Share results of associates	397	33	70	209
<b>Profit before tax</b>	6,297	4,509	19,106	14,287
Tax expense	(1,280)	(938)	(4,984)	(3,936)
<b>Profit for the period</b>	5,017	3,571	14,122	10,351
<b>Attributable to:</b>				
Shareholders of the Company	4,795	3,368	13,797	9,810
Minority interests	222	203	325	541
<b>Profit for the period</b>	5,017	3,571	14,122	10,351
Basic earnings per share (sen)	3.87	2.65	11.21	7.43
Diluted earnings per share (sen)	3.87	2.65	11.21	7.43

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 FOURTH QUARTER ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2007**

	<b>Cumulative quarter 12 months ended 31 December</b>	
	<b>2007</b>	<b>2006</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	19,106	14,287
Adjustments	-	3,828
Operating profit before working capital changes	19,106	18,115
Changes in working capital	(3,668)	(1,842)
Cash generated from operations	15,438	16,273
Interests paid	(1,131)	(962)
Income tax paid	(3,477)	(3,703)
<b>Net cash generated from operating activities</b>	<b>10,830</b>	<b>11,608</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase and disposal of property, plant and equipment	(1,310)	(3,314)
Other investments	(342)	3,347
<b>Net cash used in investing activities</b>	<b>(1,652)</b>	<b>33</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend	(2,187)	(2,014)
Shares issued	1,632	-
Share buy-back	(1,922)	(4,931)
Net change in borrowings	2,957	(3,099)
<b>Net cash from financing activities</b>	<b>480</b>	<b>(10,044)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,658</b>	<b>1,597</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>8,689</b>	<b>7,033</b>
Effect of foreign exchange rates changes	(46)	59
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>18,301</b>	<b>8,689</b>
<b>THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:</b>		
Cash and bank balances	20,061	14,203
Overdraft	(1,760)	(5,514)
	<b>18,301</b>	<b>8,689</b>

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 FOURTH QUARTER ENDED 31 DECEMBER 2007**

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

(RM'000)	----- Non-distributable -----						----- Distributable -----				
	----- 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	Total equity
<b>Balance as at 1 January 2007</b>	67,200	11,939	(4,931)	206	892	(262)	-	30,255	105,299	5,514	110,813
Issue of shares pursuant to ESOS	1,081	367	-	-	-	-	-	-	1,448	-	1,448
Translation differences	-	-	-	-	-	(369)	-	-	(369)	-	(369)
Purchase of treasury shares	-	-	(5,035)	-	-	-	-	-	(5,035)	-	(5,035)
Resale of treasury shares	-	857	2,256	-	-	-	-	-	3,113	-	3,113
Change in equity interest	-	-	-	-	-	-	-	-	-	1,732	1,732
Dividend	-	-	-	-	-	-	-	(2,259)	(2,259)	(99)	(2,358)
Net profit for the period	-	-	-	-	-	-	-	13,797	13,797	325	1,4122
<b>Balance as at 31 December 2007</b>	<b>68,281</b>	<b>13,163</b>	<b>(7,710)</b>	<b>206</b>	<b>892</b>	<b>(631)</b>	<b>-</b>	<b>41,793</b>	<b>115,994</b>	<b>7,472</b>	<b>123,466</b>



**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)  
FOR TWELVE MONTHS ENDED 31 DECEMBER 2007 (continued)**

(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		
<b>Balance as at 1 January 2006</b>	67,200	11,939	-	367	892	(346)	23	21,736	101,811	5,114	106,925	
Effect of adopting FRS 3	-	-	-	-	-	-	(23)	116	93	-	93	
<b>Restated balance as at 1 January 2006</b>	67,200	11,939	-	367	892	(346)	-	21,852	101,904	5,114	107,018	
Effect of deferred taxation	-	-	-	(161)	-	-	-	-	(161)	-	(161)	
Translation differences	-	-	-	-	-	84	-	-	84	-	84	
Purchase of treasury shares	-	-	(4,931)	-	-	-	-	-	(4,931)	-	(4,931)	
Disposal of subsidiary	-	-	-	-	-	-	-	528	528	-	528	
Changes in equity interest	-	-	-	-	-	-	-	-	-	(62)	(62)	
Dividend	-	-	-	-	-	-	-	(1,935)	(1,935)	(79)	(2,014)	
Net profit for the period	-	-	-	-	-	-	-	9,810	9,810	541	10,351	
<b>Balance as at 31 December 2006</b>	67,200	11,939	(4,931)	206	892	(262)	-	30,255	105,299	5,514	110,813	

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 FOURTH QUARTER ENDED 31 DECEMBER 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 December 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 31 December 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 31 December 2007, the Company repurchased 6,596,300 shares and resold 4,005,000 shares. The detail of resold shares are as follows:

	<b>RM’000</b>
Disposal value	3,113
Cost of shares	<u>2,256</u>
Gain on disposal	<u>857</u>

As at 31 December 2007, a total of 12,655,766 repurchase shares, representing 9.27% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM7.710 million.



**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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**

	<b>Valves, instruments and fittings RM'000</b>	<b>Rubber products RM'000</b>	<b>Heat and steam engineering RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
Revenue from external customers	87,522	3,925	4,923	14,214	-	110,584
Inter-segment revenue	30,179	751	108	37	(31,075)	-
<b>Total revenue</b>	<b>117,701</b>	<b>4,676</b>	<b>5,031</b>	<b>14,251</b>	<b>(31,075)</b>	<b>110,584</b>
<b>Segment results</b>	<b>20,395</b>	<b>462</b>	<b>1</b>	<b>(945)</b>	<b>-</b>	<b>19,913</b>
Interest expense						(1,131)
Interest income						254
Share of results of associates						70
Profit before tax						19,106
Taxation						(4,984)
Profit after tax						14,122
Minority interests						(325)
Net profit for financial period ended 31 December 2007						13,797

**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 December 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 December 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.
- iv. On 10 April 2007, Unimech Worldwide (Shanghai) Sdn Bhd (“UWS”), a 80% owned subsidiary of UGB,



**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

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.
- vii. On 19 October 2007, the Company transferred RMB550,000 registered capital, representing 5% of the total registered capital in Arita Valve (Tianjin) Co. Ltd (“AVT”) for cash consideration of RMB550,000 (“the Transfer”) to Mr. Zhang Zhixin. Subsequent to the Transfer, UGB’s equity interest in AVT reduced from 100% to 95%.
- viii. On 12 November 2007, Unimech Engineering (JB) Sdn Bhd (“UME(JB)”) and Unimech Instruments & Control Sdn Bhd (“UIC”) subscribed for 60,000 and 20,000 ordinary shares of RM1.00 each in UIC Pneumatics & Automation Sdn Bhd (“UICPA”) respectively (“the Subscription”). The Subscriptions were made by way of cash consideration.

UME(JB) is a wholly owned subsidiary of UGB and UIC is a 55% owned subsidiary of UME(M).

**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**

	<b>31-Dec-07</b>
	<b>RM’000</b>
<b>Property, plant and equipment</b>	
Approved but not contracted for	1,100

**A14 Related party transactions**

	<b>12 months ended</b>
	<b>31-Dec-07</b>
	<b>RM’000</b>
Purchases from a company in which certain directors of the Company have interests	95
Sales to a company in which certain directors of the Company have interests	404



**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 year ended 31 December 2007, the Group recorded revenue of RM110.584 million, representing an increase of 11.0% over prior financial year end's revenue of RM99.652 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 coupled with the gain on disposal of investments increase the profit before taxation by 33.7% to RM19.106 million, from RM14.287 million reported in prior financial year end.

**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-Dec-07	30-Sep-07	RM'000	%
Revenue	28,835	28,691	144	0.5
Profit before taxation	6,297	4,025	2,272	56.4

The revenue for current quarter ended 31 December 2007 increased marginally by 0.5%. Nevertheless, profit before taxation improved substantially by 56.4% or RM2.272 million which was due mainly to the gain on the disposal of investments.

**B3 Current year prospects**

The Group explores and pursues strategies to expand its valve, instrument and fitting businesses. The Group continues its efforts to identify promising targets in particular business complement to Group's existing businesses 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 a satisfactory performance for financial year ending 31 December 2008.

**B4 Profit forecast**

Not applicable as no profit forecast was published.

**B5 Income tax expense**

	Current	Cumulative
	quarter	quarter
	3 months ended	12 months ended
	31-Dec-07	31-Dec-07
	RM'000	RM'000
Current year provision	1,251	4,952
Deferred taxation	29	32
	<u>1,280</u>	<u>4,984</u>

A lower taxation in current quarter was mainly due to the non-taxable on the gain of disposal of investments.

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**B6 Sale of unquoted investments and properties**

There was no disposal of investments or properties during the financial period under review save for the disposal of investment properties as follows:

	<b>RM'000</b>
Disposal value	1,135
Investment properties – book value	779
Gain on disposal	356

**B7 Purchase or disposal of quoted investments (to amend)**

During current quarter and cumulative quarter ended 31 December 2007, the purchase of quoted investments were amounted to RM1.954 million and RM3.384 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 31 December 2007 are as follows:

	<b>Current quarter 3 months ended 31-Dec-07 RM'000</b>	<b>Cumulative quarter 12 months ended 31-Dec-07 RM'000</b>
Disposal of quoted investment (proceeds)	3,626	6,054
Cost of purchase (at cost)	1,188	3,323
Gain on disposal	<u>2,438</u>	<u>2,731</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 31 December 2007 are as follows:

	<b>Borrowings RM'000</b>
<b>Current</b>	
Secured borrowings	2,237
Unsecured borrowings	10,687
	<u>12,924</u>
<b>Non-current</b>	
Secured borrowings	1,224
Unsecured borrowings	-
	<u>1,224</u>
<b>Total borrowings</b>	14,148



**INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2007**

**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 recommend the payment of a first and final dividend of 4.0 sen per share less income tax at 26%. The proposed dividend payment is amounted to RM3.668 million based on the issued and paid-up capital as at 31 December 2007 (excluding treasury shares held by the Company) of 123,905,568 ordinary shares of RM0.50 each. The proposed dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

**B13 Earnings per share**

	<b>Current quarter 3 months ended 31-Dec-07</b>	<b>Cumulative quarter 12 months ended 31-Dec-07</b>
<b>Profit for the period (RM'000)</b>	5,017	14,122
Amount attributable to minority interests (RM'000)	222	325
<b>Net profit attributable to shareholders (RM'000)</b>	<u>4,795</u>	<u>13,797</u>
<b>Basic earnings per share</b>		
Weighted average number of ordinary shares in issue ('000)	123,888	123,114
Basic earnings per share (sen)	3.87	11.21

By order of the Board

Dato' Lim Cheah Chooi  
Chairman

**Dated this 29 February 2008**