

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008****CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS AT 30 JUNE 2008**

	As at 30-Jun-08 RM'000	As at 31-Dec-07 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,081	21,580
Property development projects	711	2,704
Investment properties	425	425
Prepaid lease payments	1,434	1,428
Investment in associates	7,975	6,350
Other investments	7,024	3,053
Intangible assets	3,939	3,824
	<u>49,589</u>	<u>39,364</u>
Current Assets		
Inventories	60,866	57,311
Trade and other receivables	46,381	41,186
Tax recoverable	375	273
Cash and bank balances	16,304	20,202
	<u>123,926</u>	<u>118,972</u>
TOTAL ASSETS	<u>173,515</u>	<u>158,336</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,281	68,281
Treasury shares	(8,381)	(7,710)
Reserves	14,451	13,820
Retained profits	49,056	42,249
Total equity attributable to shareholders	<u>123,407</u>	<u>116,640</u>
Minority interests	8,027	6,544
Total equity	<u>131,434</u>	<u>123,184</u>
Non-current liabilities		
Borrowings	4,928	1,003
Deferred tax liabilities	655	453
	<u>5,583</u>	<u>1,456</u>
Current liabilities		
Trade and other payables	19,740	18,270
Short term borrowings	14,358	14,448
Provision for taxation	2,400	978
	<u>36,498</u>	<u>33,696</u>
Total liabilities	<u>42,081</u>	<u>35,152</u>
TOTAL EQUITY AND LIABILITIES	<u>173,515</u>	<u>158,336</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

**CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2008**

	Current quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2008 RM '000	2007 RM '000	2008 RM '000	2007 RM '000
Revenue	32,957	28,245	64,169	53,058
Operating expenses	(27,652)	(23,395)	(54,076)	(44,594)
Other operating income	450	487	770	798
Operating profit	5,755	5,337	10,863	9,262
Interest expense	(368)	(288)	(767)	(515)
Interest income	127	49	176	80
Share results of associates	52	(194)	264	(43)
Profit before tax	5,566	4,904	10,536	8,784
Tax expense	(1,749)	(1,793)	(3,115)	(2,853)
Profit for the period	3,817	3,111	7,421	5,931
Attributable to:				
Shareholders of the Company	3,520	3,035	6,807	5,799
Minority interests	297	76	614	132
Profit for the period	3,817	3,111	7,421	5,931
Basic earnings per share (sen)	2.86	2.47	5.52	4.73
Diluted earnings per share (sen)	2.86	2.47	5.52	4.73

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2008**

	Cumulative quarter 6 months ended 30 June	
	2008 RM'000	2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,536	8,784
Adjustments	1,916	1,574
Operating profit before working capital changes	12,452	10,358
Changes in working capital	(6,965)	(4,801)
Cash generated from operations	5,487	5,557
Interest paid	(767)	(521)
Tax paid	(1,649)	(996)
Net cash generated from operating activities	3,071	4,040
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase and disposal of property, plant and equipment	(1,624)	(583)
Other investments	(5,080)	(2,080)
Net cash used in investing activities	(6,704)	(2,663)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(100)
Net of purchase and disposal of treasury shares	266	(250)
Net change in borrowings	897	1,485
Net cash from financing activities	1,163	1,135
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,470)	2,512
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	18,282	8,689
Effect of foreign exchange rates changes	120	19
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	15,932	11,220
THE CASH AND CASH EQUIVALENTS COMPRISED THE FOLLOWING:		
Cash and bank balances	16,304	16,011
Overdrafts	(372)	(4,791)
	15,932	11,220

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
FOR SIX MONTHS ENDED 30 JUNE 2008**

(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
Balance as at 1 January 2008	68,281	13,163	(7,710)	378	892	(613)	-	42,249	116,640	6,544	123,184
Translation differences	-	-	-	-	-	631	-	-	631	-	631
Purchase of treasury shares	-	-	(671)	-	-	-	-	-	(671)	-	(671)
Changes in equity interest	-	-	-	-	-	-	-	-	-	869	869
Net profit for the period	-	-	-	-	-	-	-	6,807	6,807	614	7,421
Balance as at 30 June 2008	68,281	13,163	(8,381)	378	892	18	-	49,056	123,407	8,027	131,434
Balance as at 1 January 2007	67,200	11,939	(4,931)	206	892	(262)	-	30,255	105,299	5,515	110,814
Translation differences	-	-	-	-	-	106	-	-	106	-	106
Issue of shares pursuant to ESOS	1,081	367	-	-	-	-	-	-	1,448	-	1,448
Purchase of treasury shares	-	-	(2,687)	-	-	-	-	-	(2,687)	-	(2,687)
Disposal 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	(156)	-	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 2007 and the accompanying explanatory notes attached to the interim financial statements.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

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 2007.

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 2007. 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 2007.

A2 Auditors’ report on preceding annual financial statements

The auditors’ report of the annual financial statements for the financial year ended 31 December 2007 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 2008 save for share buy-back.

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 2008, the Company repurchased 827,800 shares.

As at 30 June 2008, a total of 13,483,566 repurchase shares, representing 9.87% of the issued and paid up share capital of the Company are being held as treasury shares and carried at cost at RM8.381 million.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A7 Dividend paid

A first and final gross dividend of 4 sen per share less income tax at 26% amounted to RM3.643 million in respect of financial year ended 31 December 2007 was paid on 23 July 2008.

A8 Segment information

By business segment

	Valves, instruments and fittings	Heat and steam engineering	Electronic	Others	Elimination	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	49,110	3,094	4,057	7,908	-	64,169
Inter-segment revenue	20,994	66	389	503	(21,952)	-
Total revenue	70,104	3,160	4,446	8,411	(21,952)	64,169
Segment results	9,506	381	371	605	-	10,863
Interest expense						(767)
Interest income						176
Share of results of associates						264
Profit before tax						10,536
Tax expense						(3,115)
Profit after tax						7,421
Minority interests						(614)
Net profit for financial period ended 30 June 2008						6,807

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 2007.

A10 Material post balance sheet events

There were no material events subsequent to the end of the financial period ended 30 June 2008 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 2008 save for on 31 March 2008, Unimech Capital Sdn Bhd (“UMC”), a wholly owned subsidiary of UGB, subscribed for 1,200,000 ordinary shares of RM1.00 each of MKT Marketing Sdn. Bhd. (“MKT”) for cash consideration of RM1,200,000. Subsequent to the subscription, MKT becomes a 30% associate company of UMC.

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 2007.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

A13 Capital commitments

	30-Jun-08 RM'000
Property, plant and equipment	
Approved but not contracted for	500

A14 Related party transactions

	6 months ended 30-Jun-08 RM'000
Purchases from a company in which certain directors of the Company have interests	57
Sales to a company in which certain directors of the Company have interests	266

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008
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

The Group reported revenue of RM32.957 million and RM64.169 million in current quarter and six months period ended 30 June 2008, representing increase of 16.6% and 20.9% respectively as compared to the preceding year corresponding quarter and six months period ended 30 June 2007. The increase of revenue was due principally to the increase in demand in valve, fitting and related products. In tandem with the increase in revenue, the profit before taxation for current quarter and six months period ended 30 June 2008 improved by 13.5% and 19.9% respectively, as compared to preceding year corresponding quarter and six months period ended 30 June 2007.

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-08	31-Mar-08	RM'000	%
Revenue	32,957	31,212	1,745	5.6
Profit before taxation	5,566	4,970	596	12.0

The revenue for current quarter ended 30 June 2008 increased by 5.6% as compared to preceding quarter's. A higher revenue was reported in current quarter as compared to preceding quarter's was due mainly to higher sales in valve, fitting and related products. The increase in revenue, correspondingly improved the profit before tax by 12.0% to RM5.566 million as compared to preceding quarter of RM4.970 million.

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 quarter 3 months ended 30-Jun-08 RM'000	Cumulative quarter 6 months ended 30-Jun-08 RM'000
Current period provision	1,547	2,913
Deferred taxation	202	202
	<u>1,749</u>	<u>3,115</u>

The effective tax rate for the current quarter and cumulative quarter are higher than the statutory tax rate due principally to the losses of certain subsidiary companies can not be used to offset against profit of other subsidiary companies.

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008
B6 Sale of unquoted investments and properties

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

B7 Purchase or disposal of quoted investments

During current quarter and cumulative quarter ended 30 June 2008, the purchase of quoted investments were amounted to RM0.676 million and RM3.905 million respectively. The disposal of quoted investments for the current quarter and cumulative quarter ended 30 June 2008 are as follows:

	Current quarter 3 months ended 30-Jun-08 RM'000	Cumulative quarter 6 months ended 30-Jun-08 RM'000
Disposal of quoted investment (proceeds)	158	237
Cost of purchase (at cost)	148	170
Gain on disposal	<u>10</u>	<u>67</u>

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

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

B9 Group borrowings and debt securities

Total Group borrowings as at 30 June 2008 are as follows:

	Borrowings RM'000
Current	
Secured borrowings	1,106
Unsecured borrowings	13,252
	<u>14,358</u>
Non-current	
Secured borrowings	4,928
Unsecured borrowings	-
	<u>4,928</u>
Total borrowings	19,286

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 2008.



INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2008

B13 Earnings per share

	Current quarter 3 months ended 30-Jun-08	Cumulative quarter 6 months ended 30-Jun-08
Profit for the period (RM'000)	3,817	7,421
Amount attributable to minority interests (RM'000)	297	614
Net profit attributable to shareholders (RM'000)	<u>3,520</u>	<u>6,807</u>
Basic earnings per share		
Weighted average number of ordinary shares in issue ('000)	123,078	123,269
Basic earnings per share (sen)	2.86	5.52

By order of the Board

Dato' Lim Cheah Chooi
Chairman

Dated this 28th August 2008