

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2006

	Unaudited As at 30/09/06 RM'000	Audited As at 31/12/05 RM'000 (restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	33,651	27,393
Prepaid lease payment	8,133	6,891
Investment in an associated company	729	-
Other investment	690	690
Deferred tax assets	431	431
	<u>43,634</u>	<u>35,405</u>
Current Assets		
Inventories	6,455	7,447
Trade receivables	22,328	23,033
Other receivables and prepayments	4,694	3,588
Tax recoverable	1,454	1,434
Fixed deposits placed with licensed banks	1,213	2,766
Cash and bank balances	1,913	3,076
	<u>38,057</u>	<u>41,344</u>
TOTAL ASSETS	<u>81,691</u>	<u>76,749</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	40,743	40,203
Share premium	4,343	4,127
Reserve on consolidation	9,296	9,296
Foreign exchange reserve	173	134
Retained profits	(8,279)	(3,069)
	<u>46,276</u>	<u>50,691</u>
Minority interests	2,539	374
Total equity	<u>48,815</u>	<u>51,065</u>
Non-current Liabilities		
Borrowings	7,387	4,337
Deferred tax liabilities	578	578
	<u>7,965</u>	<u>4,915</u>
Current Liabilities		
Trade payables	6,264	6,894
Other payables and accruals	6,337	5,682
Borrowings	12,286	8,192
Provision for taxation	24	1
	<u>24,911</u>	<u>20,769</u>
Total liabilities	<u>32,876</u>	<u>25,684</u>
TOTAL EQUITY AND LIABILITIES	<u>81,691</u>	<u>76,749</u>
Net assets per share (RM)	1.14	1.26

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Audited Financial Statements of the group for the year ended 31 December 2005.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/09/06 RM'000	30/09/05 RM'000	30/09/06 RM'000	30/09/05 RM'000
Revenue	14,947	13,781	41,473	41,671
Cost of sales	(13,278)	(12,175)	(36,218)	(36,210)
Gross profit	1,669	1,606	5,255	5,461
Other income	82	305	259	443
Distribution expenses	(585)	(405)	(1,789)	(1,269)
Administrative expenses	(3,166)	(2,722)	(10,152)	(8,277)
Loss from operations	(2,000)	(1,216)	(6,427)	(3,642)
Finance costs	(271)	(76)	(595)	(246)
Share of results of an associated company	-	-	-	-
Loss before taxation	(2,271)	(1,292)	(7,022)	(3,888)
Taxation	33	(30)	27	(20)
Loss after taxation	(2,238)	(1,322)	(6,995)	(3,908)
Pre-Acquisition Profit	-	335	-	344
Loss for the period	(2,238)	(987)	(6,995)	(3,564)
Attributable to :				
Equity holders of the parent	(1,852)	(1,323)	(6,071)	(3,564)
Minority interests	(386)	336	(924)	-
Loss for the period	(2,238)	(987)	(6,995)	(3,564)
Earnings per share				
Basic earnings per share (sen)	(4.56)	(3.29)	(15.02)	(8.87)
Diluted earnings per share (sen)	-	-	-	-

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the group for the year ended 31 December 2005.

IRE-TEX CORPORATION BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006

	Unaudited Current Year To Date 30/09/06 RM'000	Unaudited Corresponding Year To Date 30/09/05 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(7,022)	(3,889)
Adjustments for:		
Depreciation	2,687	2,448
Foreign exchange translation adjustment account	39	-
Loss on investment	-	-
Loss / (profit) on disposal of property, plant and equipment	6	3
Interest expenses	591	345
Interest income	(70)	(147)
Property, plant and equipment written off	18	12
Provision for doubtful debt	-	-
Pre-acquisition loss/(profit)	-	-
Stocks write down	587	-
Minority share of profit/(loss)	-	-
Operating (loss)/profit before working capital changes	(3,164)	(1,228)
(Increase)/Decrease in:		
Trade receivables	705	1,202
Other receivables, deposits and prepayments	(1,106)	(2,324)
Inventories	406	(185)
Increase/(Decrease) in:		
Trade payables	(630)	(595)
Other payables and accruals	656	1,816
Amount owing to a director	-	-
Cash used in operations	(3,133)	(1,314)
Interest paid	(591)	(345)
Income taxes paid	(95)	(188)
Income taxes refund	126	-
Net cash used in operating activities	(3,693)	(1,847)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,771)	(3,150)
Purchase of subsidiary company	-	(1,400)
Purchase of an associated company	(729)	-
Purchase of unquoted investment	-	-
Proceeds from disposal of property, plant and equipment	331	138
Proceeds from disposal of investment in subsidiary company	-	-
Fixed deposits placed with licensed bank	643	(12)
Net cashflow on acquisition of subsidiaries	-	-
Minority interest acquired	-	-
Net cash from/(used in) investing activities	(8,526)	(4,424)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	70	147
Issue of shares for cash	4,490	-
Issue of shares on premium	216	-
Dividend paid	-	(2,010)
Additions to short term borrowings	21,303	12,975
Repayment of short term borrowings	(17,955)	(11,850)
Additions to term loan	4,148	3,850
Repayment of term loans	(770)	(198)
Repayment of hire purchase payables	(877)	(265)
Net cash from financing activities	10,625	2,649
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,594)	(3,622)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,703	6,035
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,109	2,413

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	1,213	3,161
Cash and bank balances	1,913	2,374
Bank overdraft	(831)	(2,327)
	2,295	3,208
Fixed deposit pledged to bank	(186)	(795)
	2,109	2,413

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2005.

NOTE:

Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement represents cash and bank balances as shown in the balance sheet.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2006

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity
	Non-distributable				Distributable			
	Share Capital	Share Premium	Reserve On Consolidation	Foreign Exchange Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unaudited								
Current Period 9 Months Ended 30/09/2006								
Balance as at 01/01/06	40,203	4,127	9,296	134	(3,069)	50,691	374	51,065
Issue of ordinary shares	-	-	-	-	-	-	3,950	3,950
Issue of ordinary shares pursuant to ESOS	540	216	-	-	-	756	-	756
Net (loss)/profit for the period	-	-	-	-	(6,071)	(6,071)	(924)	(6,995)
Reserves arising on								
adjustment on foreign exchange	-	-	-	39	-	39	-	39
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	-	-
Disposal of interest in a subsidiary company	-	-	-	-	861	861	(861)	-
Balance as at 30/09/06	<u>40,743</u>	<u>4,343</u>	<u>9,296</u>	<u>173</u>	<u>(8,279)</u>	<u>46,276</u>	<u>2,539</u>	<u>48,815</u>
Audited								
Preceding Period 12 Months Ended 31/12/2005								
Balance as at 1/1/05	40,203	4,127	9,777	-	4,024	58,131	1,263	59,394
Net loss for the period	-	-	-	-	(5,083)	(5,083)	-	(5,083)
Reserves arising on								
acquisition of subsidiary company	-	-	(481)	-	-	(481)	-	(481)
Reserves arising on								
adjustment on foreign exchange	-	-	-	134	-	134	-	134
Dividends	-	-	-	-	(2,010)	(2,010)	-	(2,010)
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	(1,263)	(1,263)
Disposal of interest in a subsidiary company	-	-	-	-	-	-	374	374
Balance as at 31/12/05	<u>40,203</u>	<u>4,127</u>	<u>9,296</u>	<u>134</u>	<u>(3,069)</u>	<u>50,691</u>	<u>374</u>	<u>51,065</u>

The Condensed Consolidated Statement of changes in equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2005.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER ENDED 30 SEPTEMBER 2006

PART A - EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in compliance with FRS 134: Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2005.

2. CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation adopted by the group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2005 except for the adoption of the following new Financial Reporting Standards ("FRS") effective for Financial period beginning 1 January 2006:-

FRS 2	Share-based payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 117	Leases
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earning Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets

The adoption of all FRS mentioned above does not have significant impact on the Group in the current and prior financial years except for FRS 117 Leases.

With the adoption of FRS 117 as from 1 January 2006, the leasehold interest in the land held for own use is accounted for as being held under operating lease. Such leasehold land will no longer be revalued. Where the leasehold land had been previously revalued, the Company retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments as allowed by FRS 117, para 67A. Such prepaid lease payments are amortised on a straight line basis over the remaining lease term of the land.

The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively in accordance with FRS 117 by restating the balance sheet presentation as illustrated below. However, there is no impact to the retained earnings for the period.

	Previously Stated (Audited)	Effect of changes in accounting policy	Restated
	31/12/05 RM'000	RM'000	31/12/05 RM'000
Property, plant and equipment	34,284	(6,891)	27,393
Prepaid lease payments	-	6,891	6,891

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

No qualification on the audit report of the preceding annual financial statements of Ire-Tex Corporation Berhad.

4. SEASONAL OR CYCLICAL FACTORS

The Group sells its products and services to customers from various computer and electronic industries. As such, the Group performance will, to a certain extent, depend on the outlook and cyclical nature of the computer and electronic industries. The Group normally experiences higher sales volume for the fourth quarter of the financial year due to customers' business cycle trend.

5. EXCEPTIONAL AND EXTRAORDINARY ITEMS

There were no material exceptional and extraordinary items for the period under review.

6. CHANGE IN ESTIMATES

There were no material changes in the estimates used for the preparation of this interim financial report.

7. DEBTS AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities for the period under review.

8. DIVIDEND PAID

The company did not make any dividend payment during the quarter.

9. SEGMENTAL INFORMATION

	3 Months Ended 30/09/06 RM'000	9 Months Ended 30/09/06 RM'000
Segment Revenue		
Fabrication	9,861	28,234
Contract manufacturing services	-	156
Conversion	2,817	8,681
Manufacturing	4,407	12,925
Testing and calibration services	14	23
Energy supply	-	-
Procurement	61	161
Investment holding	402	1,026
	<u>17,562</u>	<u>51,206</u>
Eliminations	(2,615)	(9,733)
Group revenue	<u>14,947</u>	<u>41,473</u>
Segment Results		
Fabrication	(1,128)	(2,255)
Contract manufacturing services	(26)	(12)
Conversion	80	(220)
Manufacturing	(879)	(2,464)
Testing and calibration services	19	32
Energy supply	(7)	(7)
Procurement	27	(579)
Investment holding	(357)	(1,517)
	<u>(2,271)</u>	<u>(7,022)</u>
Eliminations	-	-
Unallocated income	-	-
Unallocated expenses	-	-
Loss from operations	<u>(2,271)</u>	<u>(7,022)</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of the property, plant and equipment in the current quarter under review. The valuation of property, plant and equipment has been brought forward without amendment from the financial statements for the year ended 31 December 2005.

11. MATERIAL POST BALANCE SHEET EVENTS

There are no material post balance sheet events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements except the followings:

On 9 October 2006, Iretex-LMS Electronics (Xiamen) Co. Ltd, a wholly owned subsidiary company of Ire-Tex Corporation Berhad has completed the process of voluntary winding up.

12. CHANGES IN COMPOSITION OF THE COMPANY

There were no changes in the composition of the Company during the current period.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no significant changes in contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2005, except for corporate guarantee amounting to RM 37,000 given to supplier for credit facilities granted to a subsidiary company, RM 1,709,709 given to finance company for hire purchase facilities granted to subsidiary companies and RM 8,722,000 given to bankers for banking facilities granted to subsidiary companies during the quarterly financial statements.

14. CHANGES IN MATERIAL LITIGATION

There were no material litigation since the last annual balance sheet date until the date of this announcement.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR
QUARTERLY REPORT ENDED 30 SEPTEMBER 2006**

1. REVIEW OF PERFORMANCE

The Group registered a net loss after tax of RM2.238 million for the current quarter as compared to RM1.322 million net loss after tax for the same quarter last year.

This was mainly attributed to the increasing cost of raw materials while selling prices of our products still remain competitive both in Malaysia and China operations.

The business operations within the industry are affected by the significant increase in costs of raw materials especially for plastics materials as a result of the substantial escalating oil prices. The sharp increase in plastic materials prices has adversely affected the Group overall performance.

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue increased from RM14.265 million in the preceding quarter to RM14.947 million in the current quarter. The revenue for the current quarter increased by 5% as compared to preceding quarter mainly due to the higher revenue recorded as a result of the high demands in fabrication, manufacturing and conversion division during the current quarter.

The Group registered a loss of RM2.238 million for the current quarter as compared to a loss of RM2.100 in preceding quarter. The loss was largely attributed to the continuing high prices of petroleum-based raw materials in packaging industry.

3. PROSPECTS OF THE GROUP

In view of soaring crude oil prices that have adversely affected the cost of petroleum-based raw materials and the increased competition, the Board expects that the prevailing market condition will be demanding and challenging. The Board will continue to take affirmative actions to improve financial and operational performance via strategic planning towards further consolidation of its operations, cost cutting, and improve operation efficiency.

4. PROFIT FORECAST OR PROFIT GUARANTEE

No profit forecast was published for the current quarter and financial year-to-date.

5. TAXATION

	3 Months Ended 30/09/06 RM'000	9 Months Ended 30/09/06 RM'000
Based on the results for the period:-		
- Malaysian taxation	(32)	80
- Foreign country taxation	-	19
Over provision in prior year	-	
- Malaysian taxation	-	-
- Foreign country taxation	-	-
Tax refunded - Foreign country taxation	(1)	(126)
Deferred tax	-	-
28% tax on taxable dividend	-	-
	<u>(33)</u>	<u>(27)</u>

The Group's tax charge for the current quarter is higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by other subsidiaries.

6. BORROWINGS

The Group borrowings as at the end of the reporting quarter are as follows:-

	As At 30/09/06 RM'000
Short term borrowings	
- term loan	1,736
- bank overdrafts	831
- banker's acceptance	8,483
- hire purchase	1,236
	<u>12,286</u>
Long term borrowings	
- term loan	5,819
- hire purchase	1,568
	<u>7,387</u>
	<u>19,673</u>

7. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

The Group is currently not holding any quoted securities and there were no purchase or disposal of quoted securities for the period under review.

8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

9. DIVIDEND PAYABLE

The Company did not declare any dividends for the period under review.

10 EARNINGS PER SHARE

	3 Months Ended 30/09/06 RM	9 Months Ended 30/09/06 RM
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(1,852)	(6,071)
Weighted average number of shares of RM1.00 each ('000)	40,617	40,411
Basic earning per share (sen)	(4.56)	(15.02)

(b) Diluted

The diluted earnings per share is not calculated as the company has only one category of potential ordinary shares (share options) and they are anti-dilutive.