

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2006

	Unaudited As at 31/12/06 RM'000	Restated As at 31/12/05 RM'000 (restated)
ASSETS		
Non-current Assets		
Property, plant and equipment	28,360	22,486
Prepaid land lease payments	5,908	4,654
Investment property	7,144	7,144
Investment in an associated company	729	-
Other investment	-	690
Deferred tax assets	428	431
	<u>42,569</u>	<u>35,405</u>
Current Assets		
Inventories	6,613	7,447
Trade receivables	19,983	23,033
Other receivables and prepayments	4,472	3,588
Tax recoverable	895	1,434
Fixed deposits placed with licensed banks	289	2,766
Cash and bank balances	992	3,076
	<u>33,244</u>	<u>41,344</u>
TOTAL ASSETS	<u>75,813</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	-	-
Foreign exchange reserve	163	134
Retained profits	(3,334)	6,227
	<u>41,915</u>	<u>50,691</u>
Minority interests	1,746	374
Total equity	<u>43,661</u>	<u>51,065</u>
Non-current Liabilities		
Borrowings	7,239	4,337
Deferred tax liabilities	17	578
	<u>7,256</u>	<u>4,915</u>
Current Liabilities		
Trade payables	6,837	6,894
Other payables and accruals	7,277	5,682
Borrowings	10,762	8,192
Provision for taxation	20	1
	<u>24,896</u>	<u>20,769</u>
Total liabilities	<u>32,152</u>	<u>25,684</u>
TOTAL EQUITY AND LIABILITIES	<u>75,813</u>	<u>76,749</u>
Net assets per share (RM)	1.03	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 31 DECEMBER 2006

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/06 RM'000	31/12/05 RM'000	31/12/06 RM'000	31/12/05 RM'000
Revenue	11,549	13,210	53,022	54,928
Cost of sales	(12,223)	(11,719)	(48,441)	(47,620)
Gross profit / (loss)	(674)	1,491	4,581	7,308
Other income	1,197	3	1,456	447
Distribution expenses	(565)	(520)	(2,354)	(1,928)
Administrative expenses	(4,513)	(2,972)	(14,665)	(11,410)
Loss from operations	(4,555)	(1,998)	(10,982)	(5,583)
Finance costs	(319)	(172)	(914)	(418)
Share of results of an associated company	-	-	-	-
Loss before taxation	(4,874)	(2,170)	(11,896)	(6,001)
Taxation	589	603	616	574
Loss after taxation	(4,285)	(1,567)	(11,280)	(5,427)
Pre-Acquisition Profit	-	-	-	-
Loss for the period	<u>(4,285)</u>	<u>(1,567)</u>	<u>(11,280)</u>	<u>(5,427)</u>
Attributable to :				
Equity holders of the parent	(3,490)	(1,567)	(9,561)	(5,083)
Minority interests	(795)	-	(1,719)	(344)
Loss for the period	<u>(4,285)</u>	<u>(1,567)</u>	<u>(11,280)</u>	<u>(5,427)</u>
Earnings per share				
Basic earnings per share (sen)	(8.59)	(3.90)	(23.66)	(12.64)
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 31 DECEMBER 2006

	Unaudited Current Year To Date 31/12/06 RM'000	Audited Corresponding Year To Date 31/12/05 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(11,897)	(6,001)
Adjustments for:		
Amortisation of prepaid land lease payments	103	-
Bad debts	1,977	-
Depreciation	3,412	3,230
Effects of changes in exchange rates	32	134
Gain on disposal of investment	(861)	-
Impairment loss on investment	190	-
Interest expenses	912	430
Interest income	(74)	(79)
Loss on disposal of investment	37	18
Loss on disposal of property, plant and equipment	123	66
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	88	15
Provision for doubtful debt	-	133
Unrealised loss on foreign exchange	83	-
Operating (loss)/profit before working capital changes	(5,875)	(2,054)
(Increase)/Decrease in:		
Trade receivables	990	1,980
Other receivables, deposits and prepayments	(884)	512
Inventories	834	(914)
Increase/(Decrease) in:		
Trade payables	(57)	(969)
Other payables and accruals	1,595	1,450
Amount owing to a director	-	-
Cash used in operations	(3,397)	5
Interest paid	(912)	(430)
Income taxes paid	(145)	(251)
Income taxes refund	761	-
Net cash used in operating activities	(3,693)	(676)

CASH FLOWS USED IN INVESTING ACTIVITIES

Fixed deposits placed with licensed bank	618	(45)
Foreign currency translation		(17)
Investment in an associated company	(729)	-
Minority interest acquired	-	-
Net cashflow on acquisition of subsidiaries	-	-
Prepaid land lease payments	(1,357)	-
Proceeds from disposal of investment in subsidiary company	463	356
Proceeds from disposal of property, plant and equipment	259	166
Purchase of property, plant and equipment	(3,720)	(4,463)
Purchase of subsidiary company	-	(1,400)
Net cash from/(used in) investing activities	(4,466)	(5,403)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to short term borrowings	30,738	20,481
Additions to term loan	105	3,850
Dividend paid	-	(2,010)
Interest received	74	79
Issue of shares for cash	540	-
Issue of shares on premium	216	-
Proceeds from minority interest for issue of shares	3,950	-
Repayment of hire purchase payables	(1,191)	(435)
Repayment of short term borrowings	(28,829)	(17,777)
Repayment of term loans	(1,184)	(440)
Net cash from financing activities	4,419	3,748
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,740)	(2,331)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,703	6,035
CASH AND CASH EQUIVALENTS AT END OF PERIOD	(37)	3,704

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	289	2,766
Cash and bank balances	992	3,076
Bank overdraft	(1,108)	(1,309)
	173	4,533
Fixed deposit pledged to bank	(210)	(829)
	(37)	3,704

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 31 DECEMBER 2006

	Attributable to Equity Holders of the Parent						Minority Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Reserve On Consolidation RM'000	Foreign Exchange Reserve RM'000	Retained Profits RM'000	Total RM'000		
Unaudited								
Current Period 12 Months Ended 31/12/2006								
Balance as at 01/01/06	40,203	4,127	-	134	6,227	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	-	-	-	-	(9,561)	(9,561)	(1,719)	(11,280)
Reserves arising on adjustment on foreign exchange	-	-	-	29	-	29	-	29
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	(859)	(859)
Balance as at 31/12/06	<u>40,743</u>	<u>4,343</u>	<u>-</u>	<u>163</u>	<u>(3,334)</u>	<u>41,915</u>	<u>1,746</u>	<u>43,661</u>
Restated								
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
Adoption of FRS 3 : Business combinations	-	-	(9,296)	-	9,296	-	-	-
Balance as at 31/12/05	<u>40,203</u>	<u>4,127</u>	<u>-</u>	<u>134</u>	<u>6,227</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 31 DECEMBER 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
FRS 140	Investment Property

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 3 Business Combinations, FRS 117 Leases and FRS 140 Investment Property are discussed below:

(a) FRS 3 : Business Combinations

FRS 3 requires simultaneous adoption with FRS 136 and FRS 138. The adoption of FRS 3, FRS 136 and FRS 138 resulted in a change in accounting policy for goodwill. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over the estimated useful life of not more than 15 years and assessed for an indication of impairment at each balance sheet date.

Under FRS 3, any excess of the Group's interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of acquisitions (previously referred to as "negative goodwill arising from acquisition"), after reassessment, is now recognised immediately in profit or loss. Prior to 1 January 2006, negative goodwill was immediately credited to Reserves on Consolidation.

In accordance with the transitional provisions of FRS 3, the negative goodwill arising from acquisition, which was previously recognised as a Reserve On Consolidation by the Group, has been transferred to the retained profits.

(b) 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.

(c) FRS 140 : Investment Property

With the adoption of FRS 140 as from 1 January 2006, the long leasehold land and buildings which are held to earn rental income, are reclassified from property, plant and equipment to investment properties. Further investment properties are stated at fair value and gains and losses arising from changes in fair values are recognised in the income statement in the year in which they arise.

The reclassification of reserve on consolidation to retained profits, leasehold land as prepaid lease payments and investment property have been accounted for retrospectively in accordance with FRS 3, FRS 117 and FRS 140 respectively by restating the balance sheet presentation as illustrated below:

	Previously Stated	Effect of changes			Restated
	(Audited)	in accounting policy			
	31/12/05	FRS 3	FRS 117	FRS 140	31/12/05
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	34,284	-	(4,654)	(7,144)	22,486
Prepaid lease payments	-	-	4,654	-	4,654
Investment Properties	-	-	-	7,144	7,144
Retained profits	(3,069)	9,296	-	-	6,227
Reserve on consolidation	9,296	(9,296)	-	-	-

9. **SEGMENTAL INFORMATION**

	3 Months Ended 31/12/06 RM'000	12 Months Ended 31/12/06 RM'000
Segment Revenue		
Fabrication	8,460	36,694
Contract manufacturing services	-	156
Conversion	3,107	11,788
Manufacturing	4,706	17,631
Testing and calibration services	14	37
Energy supply	-	-
Procurement	121	282
Investment holding	494	1,520
	<hr/>	<hr/>
	16,902	68,108
Eliminations	(5,353)	(15,086)
	<hr/>	<hr/>
Group revenue	<u>11,549</u>	<u>53,022</u>
	-	-
Segment Results		
Fabrication	(2,503)	(4,758)
Contract manufacturing services	(121)	(133)
Conversion	5	(215)
Manufacturing	(865)	(3,329)
Testing and calibration services	25	57
Energy supply	(1)	(8)
Procurement	(1,351)	(1,930)
Investment holding	(63)	(1,580)
	<hr/>	<hr/>
	(4,874)	(11,896)
Eliminations	-	-
Unallocated income	-	-
Unallocated expenses	-	-
	<hr/>	<hr/>
Loss from operations	<u>(4,874)</u>	<u>(11,896)</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 4 August 2006, Ire-Tex Corporation Berhad has proposed a private placement of 4,074,000 new ordinary shares of RM 1.00 each. The aforesaid Private Placement has been granted for listing on 5 February 2007.

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 2,007,249 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 31 DECEMBER 2006**

1. REVIEW OF PERFORMANCE

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 decreased from RM14.947 million in the preceding quarter to RM11.549 million in the current quarter. The revenue for the current quarter decreased by 23% as compared to preceding quarter mainly due to the lower revenue recorded as a result of the lower demands in fabrication division during the current quarter.

The Group registered a loss of RM4.285 million for the current quarter as compared to a loss of RM2.238 in preceding quarter. The loss was largely attributed to the continuing high prices of petroleum-based raw materials in packaging industry and provision for bad debts in fabrication division during the quarter.

3. PROSPECTS OF THE GROUP

In view of high 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 has taken affirmative actions to improve financial and operational performance via strategic planning towards further consolidation of its operations and expects new positive development in the foreseeable future.

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 31/12/06 RM'000	12 Months Ended 31/12/06 RM'000
Based on the results for the period:-		
- Malaysian taxation	(43)	37
- Foreign country taxation	-	19
Under provision in prior year		
- Malaysian taxation	-	-
- Foreign country taxation	-	-
Tax refunded - Foreign country taxation	-	(126)
Deferred tax	(557)	(557)
Others	11	11
	<u>(589)</u>	<u>(616)</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 31/12/06 RM'000
Short term borrowings	
- term loan	1,443
- bank overdrafts	1,108
- banker's acceptance	6,747
- trust receipts	297
- hire purchase	1,167
	<u>10,762</u>
Long term borrowings	
- term loan	5,776
- hire purchase	1,463
	<u>7,239</u>
	<u><u>18,001</u></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 31/12/06 RM	12 Months Ended 31/12/06 RM
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(3,490)	(9,561)
Weighted average number of shares of RM1.00 each ('000)	40,617	40,411
Basic earning per share (sen)	(8.59)	(23.66)

(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.