

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2007**

	<b>Unaudited As at 31/03/07 RM'000</b>	<b>Audited As at 31/12/06 RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	30,499	28,360
Prepaid land lease payments	5,879	5,908
Investment property	7,144	7,144
Investment in an associated company	729	729
Other investment	-	-
Deferred tax assets	428	428
	<u>44,679</u>	<u>42,569</u>
<b>Current Assets</b>		
Inventories	6,812	6,612
Trade receivables	17,250	19,983
Other receivables and prepayments	3,679	4,472
Tax recoverable	908	895
Fixed deposits placed with licensed banks	289	289
Cash and bank balances	1,060	992
	<u>29,998</u>	<u>33,243</u>
<b>TOTAL ASSETS</b>	<u>74,677</u>	<u>75,812</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	44,817	40,743
Share premium	4,428	4,343
Reserve on consolidation	-	-
Foreign exchange reserve	176	163
Retained profits	(5,431)	(3,335)
	<u>43,990</u>	<u>41,914</u>
<b>Minority interests</b>	1,355	1,746
<b>Total equity</b>	<u>45,345</u>	<u>43,660</u>
<b>Non-current Liabilities</b>		
Borrowings	6,751	7,239
Deferred tax liabilities	17	17
	<u>6,768</u>	<u>7,256</u>
<b>Current Liabilities</b>		
Trade payables	6,593	6,837
Other payables and accruals	4,435	7,277
Borrowings	11,516	10,762
Provision for taxation	20	20
	<u>22,564</u>	<u>24,896</u>
<b>Total liabilities</b>	<u>29,332</u>	<u>32,152</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>74,677</u>	<u>75,812</u>
Net assets per share (RM)	0.98	1.03

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 2006.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)**

**FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2007**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/03/07 RM'000	31/03/06 RM'000	31/03/07 RM'000	31/03/06 RM'000
<b>Revenue</b>	11,895	12,261	11,895	12,261
Cost of sales	(11,138)	(10,988)	(11,138)	(10,988)
<b>Gross profit / (loss)</b>	757	1,273	757	1,273
Other income	51	80	51	80
Distribution expenses	(579)	(534)	(579)	(534)
Administrative expenses	(2,411)	(3,276)	(2,411)	(3,276)
<b>Loss from operations</b>	(2,182)	(2,457)	(2,182)	(2,457)
Finance costs	(279)	(157)	(279)	(157)
Share of results of an associated company	-	-	-	-
<b>Loss before taxation</b>	(2,461)	(2,614)	(2,461)	(2,614)
Taxation	(26)	(43)	(26)	(43)
<b>Loss after taxation</b>	(2,487)	(2,657)	(2,487)	(2,657)
<b>Pre-Acquisition Profit</b>	-	-	-	-
<b>Loss for the period</b>	<u>(2,487)</u>	<u>(2,657)</u>	<u>(2,487)</u>	<u>(2,657)</u>
<b>Attributable to :</b>				
Equity holders of the parent	(2,096)	(2,659)	(2,096)	(2,659)
Minority interests	(391)	2	(391)	2
<b>Loss for the period</b>	<u>(2,487)</u>	<u>(2,657)</u>	<u>(2,487)</u>	<u>(2,657)</u>
<b>Earnings per share</b>				
Basic earnings per share (sen)	<u>(5.01)</u>	<u>(6.61)</u>	<u>(5.01)</u>	<u>(6.61)</u>
Diluted earnings per share (sen)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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 2006.

**IRE-TEX CORPORATION BERHAD**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2007**

	<b>Unaudited Current Year To Date 31/03/07 RM'000</b>	<b>Audited Corresponding Year To Date 31/03/06 RM'000</b>
<b>CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES</b>		
Loss before taxation	(2,461)	(2,614)
Adjustments for:		
Amortisation of prepaid land lease payments	28	-
Bad debts	-	-
Depreciation	934	841
Effects of changes in exchange rates	-	13
Gain on disposal of investment	-	-
Impairment loss on investment	-	-
Interest expenses	273	165
Interest income	(9)	(35)
Loss on disposal of investment	-	-
Loss on disposal of property, plant and equipment	45	6
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	-	16
Provision for doubtful debt	-	-
Unrealised loss on foreign exchange	13	-
Operating (loss)/profit before working capital changes	(1,177)	(1,608)
(Increase)/Decrease in:		
Trade receivables	2,733	912
Other receivables, deposits and prepayments	792	(3,610)
Inventories	(199)	252
Increase/(Decrease) in:		
Trade payables	(244)	(1,370)
Other payables and accruals	(2,842)	1,559
Cash used in operations	(937)	(3,865)
Interest paid	(273)	(165)
Income taxes paid	(51)	(51)
Income taxes refund	13	-
Net cash used in operating activities	(1,248)	(4,081)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Fixed deposits placed with licensed bank	-	688
Foreign currency translation	-	-
Investment in an associated company	-	-
Minority interest acquired	-	-
Net cashflow on acquisition of subsidiaries	-	-
Prepaid land lease payments	-	-
Proceeds from disposal of investment in subsidiary company	-	-
Proceeds from disposal of property, plant and equipment	155	97
Purchase of property, plant and equipment	(3,011)	(71)
Purchase of subsidiary company	-	-
Net cash from/(used in) investing activities	(2,856)	714

	RM'000	RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additions to short term borrowings	8,589	7,241
Additions to term loan	-	-
Dividend paid	-	-
Interest received	9	35
Issue of shares for cash	4,074	450
Issue of shares on premium	85	-
Proceeds from minority interest for issue of shares	-	-
Repayment of hire purchase payables	(372)	(271)
Repayment of short term borrowings	(7,828)	(6,367)
Repayment of term loans	(343)	(243)
Net cash from financing activities	4,214	845
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	110	(2,522)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	50	3,703
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	160	1,181

**NOTES TO THE CASH FLOW STATEMENT**

Fixed deposits placed with licensed bank	289	1,159
Cash and bank balances	1,060	1,930
Bank overdraft	(1,066)	(1,767)
	283	1,322
Fixed deposit pledged to bank	(123)	(141)
	160	1,181

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 2006.

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**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2007**

	← 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		
<b>Unaudited</b>								
<b>Current Period 3 Months</b>								
<b>Ended 31/03/2007</b>								
Balance as at 01/01/07	40,743	4,343	-	163	(3,335)	41,914	1,746	43,660
Issue of ordinary shares	4,074	85	-	-	-	4,159	-	4,159
Issue of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-
Net (loss)/profit for the period	-	-	-	-	(2,096)	(2,096)	(391)	(2,487)
Reserves arising on adjustment on foreign exchange	-	-	-	13	-	13	-	13
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	-	-
Balance as at 31/03/07	<u>44,817</u>	<u>4,428</u>	<u>-</u>	<u>176</u>	<u>(5,431)</u>	<u>43,990</u>	<u>1,355</u>	<u>45,345</u>
<b>Audited</b>								
<b>Preceding Period 12 Months</b>								
<b>Ended 31/12/2006</b>								
Balance as at 01/01/06	40,203	4,127	-	134	6,227	50,691	374	51,065
Issue of ordinary shares pursuant to ESOS	540	216	-	-	-	756	-	756
Net (loss)/profit for the year	-	-	-	-	(9,562)	(9,562)	(1,718)	(11,280)
Reserves arising on adjustment on foreign exchange	-	-	-	29	-	29	2	31
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	3,088	3,088
Balance as at 31/12/06	<u>40,743</u>	<u>4,343</u>	<u>-</u>	<u>163</u>	<u>(3,335)</u>	<u>41,914</u>	<u>1,746</u>	<u>43,660</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 2006.

**IRE-TEX CORPORATION BERHAD**  
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**NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER ENDED 31 MARCH 2007**

**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 2006.

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 2006.

**2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

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

**3. 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.

**4. EXCEPTIONAL AND EXTRAORDINARY ITEMS**

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

**5. CHANGE IN ESTIMATES**

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

**6. DEBTS AND EQUITY SECURITIES**

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

7. **DIVIDEND PAID**

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

8. **SEGMENTAL INFORMATION**

	<b>3 Months Ended 31/03/07 RM'000</b>	<b>3 Months Ended 31/03/07 RM'000</b>
<b>Segment Revenue</b>		
Fabrication	7,782	7,782
Manufacturing	6,825	6,825
Trading	18	18
Energy supply	-	-
Investment holding	459	459
	<u>15,084</u>	<u>15,084</u>
Eliminations	(3,189)	(3,189)
Group revenue	<u><u>11,895</u></u>	<u><u>11,895</u></u>
	-	-
<b>Segment Results</b>		
Fabrication	(1,492)	(1,492)
Manufacturing	(1,001)	(1,001)
Trading	40	40
Energy supply	(44)	(44)
Investment holding	36	36
	<u>(2,461)</u>	<u>(2,461)</u>
Eliminations	-	-
Unallocated income	-	-
Unallocated expenses	-	-
Loss from operations	<u><u>(2,461)</u></u>	<u><u>(2,461)</u></u>
	-	-

9. **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

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR  
QUARTERLY REPORT ENDED 31 MARCH 2007**

**1. REVIEW OF PERFORMANCE**

The Group registered a net loss after tax of RM2.487 million for the current quarter as compared to RM2.657 million net loss after tax for the same quarter last year.

The loss 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 RM11.549 million in the preceding quarter to RM11.895 million in the current quarter. The increase in revenue was mainly attributable to the continuing revenue increase in manufacturing division from the expansion in the Malaysia operations. The higher revenue resulting from manufacturing division was however mitigated by the decline in revenue in fabrication division as a result of the consolidation in the China operations.

The Group registered a loss of RM2.487 million for the current quarter as compared to a loss of RM4.285 in preceding quarter. Despite the continuing high prices of raw materials and intense competition, the Group managed to reduce its losses through cost cutting, improve operation efficiency and consolidation of its operations. Nevertheless, the higher loss recorded in last quarter 2006 was also due to the provision for bad debts in the said 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 increase 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 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**

	<b>3 Months Ended 31/03/07 RM'000</b>	<b>3 Months Ended 31/03/07 RM'000</b>
Based on the results for the period:-		
- Malaysian taxation	26	26
- Foreign country taxation	-	-
Under provision in prior year		
- Malaysian taxation	-	-
- Foreign country taxation	-	-
Tax refunded - Foreign country taxation	-	-
Deferred tax	-	-
Others	-	-
	<u>26</u>	<u>26</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:-

	<b>As At 31/03/07 RM'000</b>
Short term borrowings	
- term loan	1,443
- bank overdrafts	1,066
- banker's acceptance	7,662
- trust receipts	143
- hire purchase	1,202
	11,516
Long term borrowings	
- term loan	5,433
- hire purchase	1,318
	6,751
	18,267

**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

	<b>3 Months Ended 31/03/07 RM</b>	<b>3 Months Ended 31/03/07 RM</b>
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(2,096)	(2,096)
Weighted average number of shares of RM1.00 each ('000)	41,829	41,829
Basic earning per share (sen)	(5.01)	(5.01)

(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.