

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Unaudited As at 30/09/07 RM'000	Audited As at 31/12/06 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	29,526	28,360
Prepaid land lease payments	5,822	5,908
Investment property	7,144	7,144
Investment in an associated company	729	729
Other investment	-	-
Deferred tax assets	428	428
	<u>43,649</u>	<u>42,569</u>
Current Assets		
Inventories	6,155	6,612
Trade receivables	19,239	19,983
Other receivables and prepayments	2,580	4,472
Tax recoverable	393	895
Fixed deposits placed with licensed banks	156	289
Cash and bank balances	1,930	992
	<u>30,453</u>	<u>33,243</u>
TOTAL ASSETS	<u>74,102</u>	<u>75,812</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	44,817	40,743
Share premium	4,374	4,343
Reserve on consolidation	-	-
Foreign exchange reserve	187	163
Retained profits	(7,952)	(3,335)
	<u>41,426</u>	<u>41,914</u>
Minority interests	1,166	1,746
Total equity	<u>42,592</u>	<u>43,660</u>
Non-current Liabilities		
Borrowings	6,258	7,239
Deferred tax liabilities	17	17
	<u>6,275</u>	<u>7,256</u>
Current Liabilities		
Trade payables	8,703	6,837
Other payables and accruals	4,753	7,277
Borrowings	11,759	10,762
Provision for taxation	20	20
	<u>25,235</u>	<u>24,896</u>
Total liabilities	<u>31,510</u>	<u>32,152</u>
TOTAL EQUITY AND LIABILITIES	<u>74,102</u>	<u>75,812</u>
Net assets per share (RM)	0.92	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
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CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/09/07 RM'000	30/09/06 RM'000	30/09/07 RM'000	30/09/06 RM'000
Revenue	17,712	14,947	44,652	41,473
Cost of sales	(15,273)	(13,278)	(39,316)	(36,218)
Gross profit / (loss)	2,439	1,669	5,336	5,255
Other income	59	82	160	259
Distribution expenses	(659)	(585)	(1,894)	(1,789)
Administrative expenses	(2,694)	(3,166)	(7,866)	(10,152)
Loss from operations	(855)	(2,000)	(4,264)	(6,427)
Finance costs	(291)	(271)	(855)	(595)
Share of results of an associated company	-	-	-	-
Loss before taxation	(1,146)	(2,271)	(5,119)	(7,022)
Taxation	(26)	33	(78)	27
Loss after taxation	(1,172)	(2,238)	(5,197)	(6,995)
Pre-Acquisition Profit	-	-	-	-
Loss for the period	<u>(1,172)</u>	<u>(2,238)</u>	<u>(5,197)</u>	<u>(6,995)</u>
Attributable to :				
Equity holders of the parent	(1,031)	(1,852)	(4,617)	(6,071)
Minority interests	(141)	(386)	(580)	(924)
Loss for the period	<u>(1,172)</u>	<u>(2,238)</u>	<u>(5,197)</u>	<u>(6,995)</u>
Earnings per share				
Basic earnings per share (sen)	(2.46)	(4.56)	(10.53)	(15.02)
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 2006.

IRE-TEX CORPORATION BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 2007

	Unaudited Current Year To Date 30/09/07 RM'000	Audited Corresponding Year To Date 30/09/06 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(5,119)	(7,022)
Adjustments for:		
Amortisation of prepaid land lease payments	85	-
Bad debts	-	-
Depreciation	2,893	2,687
Effects of changes in exchange rates	-	-
Gain on disposal of investment	-	-
Impairment loss on investment	-	-
Interest expenses	841	591
Interest income	(11)	(70)
Loss on disposal of investment	-	-
Loss on disposal of property, plant and equipment	(23)	6
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	44	18
Provision for doubtful debt	-	-
Stocks write down	-	587
Unrealised loss on foreign exchange	24	39
Operating (loss)/profit before working capital changes	(1,266)	(3,164)
(Increase)/Decrease in:		
Trade receivables	744	705
Other receivables, deposits and prepayments	1,892	(1,106)
Inventories	459	406
Increase/(Decrease) in:		
Trade payables	1,866	(630)
Other payables and accruals	(2,524)	656
Cash used in operations	1,171	(3,133)
Interest paid	(841)	(591)
Income taxes paid	(115)	(95)
Income taxes refund	539	126
Net cash used in operating activities	754	(3,693)

CASH FLOWS USED IN INVESTING ACTIVITIES

Fixed deposits placed with licensed bank	45	643
Foreign currency translation	-	-
Investment in an associated company	-	(729)
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	304	331
Purchase of property, plant and equipment	(3,020)	(8,771)
Purchase of subsidiary company	-	-
Net cash from/(used in) investing activities	(2,671)	(8,526)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to short term borrowings	22,378	21,303
Additions to term loan	-	4,148
Dividend paid	-	-
Interest received	11	70
Issue of shares for cash	4,074	4,490
Issue of shares on premium	32	216
Proceeds from minority interest for issue of shares	-	-
Repayment of hire purchase payables	(1,148)	(877)
Repayment of short term borrowings	(21,872)	(17,955)
Repayment of term loans	(1,120)	(770)
Net cash from financing activities	<u>2,355</u>	<u>10,625</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	438	(1,594)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50	3,703
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u><u>488</u></u>	<u><u>2,109</u></u>

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	156	1,213
Cash and bank balances	1,930	1,913
Bank overdraft	(1,520)	(831)
	<u>566</u>	<u>2,295</u>
Fixed deposit pledged to bank	(78)	(186)
	<u>488</u>	<u>2,109</u>

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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE THIRD FINANCIAL QUARTER ENDED 30 SEPTEMBER 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		
Unaudited								
Current Period 9 Months								
Ended 30/09/2007								
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	122	-	-	-	4,196	-	4,196
Issue of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-
Net (loss)/profit for the period	-	-	-	-	(4,617)	(4,617)	(580)	(5,197)
Private placement expenses	-	(91)	-	-	-	(91)	-	(91)
Reserves arising on adjustment on foreign exchange	-	-	-	24	-	24	-	24
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	-	-
Balance as at 30/09/07	<u>44,817</u>	<u>4,374</u>	<u>-</u>	<u>187</u>	<u>(7,952)</u>	<u>41,426</u>	<u>1,166</u>	<u>42,592</u>
Audited								
Preceding 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 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
(Incorporated in Malaysia)

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

	3 Months Ended 30/09/07 RM'000	9 Months Ended 30/09/07 RM'000
Segment Revenue		
Fabrication	9,386	27,697
Manufacturing	11,850	28,152
Trading	99	280
Energy supply	300	600
Investment holding	474	1,402
	<u>22,109</u>	<u>58,131</u>
Eliminations	(4,397)	(13,479)
Group revenue	<u><u>17,712</u></u>	<u><u>44,652</u></u>
Segment Results		
Fabrication	(973)	(3,948)
Manufacturing	(74)	(1,020)
Trading	25	69
Energy supply	15	36
Investment holding	(139)	(256)
	<u>(1,146)</u>	<u>(5,119)</u>
Eliminations	-	-
Unallocated income	-	-
Unallocated expenses	-	-
Loss from operations	<u><u>(1,146)</u></u>	<u><u>(5,119)</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 from the financial statements for the year ended 31 December 2006.

10. **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 16 November 2007, the Company has entered into a share sale agreement to dispose the entire 100% equity interest in Baguda (M) Sdn Bhd, a wholly owned subsidiary for a cash consideration of RM7,400,000.

11. **CHANGES IN COMPOSITION OF THE COMPANY**

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

12. **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 2006, except for corporate guarantee amounting to RM 962,035 given to finance company for hire purchase facilities granted to subsidiary companies during the quarterly financial statements.

13. **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
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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR
QUARTERLY REPORT ENDED 30 SEPTEMBER 2007**

1. REVIEW OF PERFORMANCE

The Group registered a net loss after tax of RM1.172 million for the current quarter as compared to RM2.238 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 RM15.045 million in the preceding quarter to RM17.712 million in the current quarter. The revenue for the current quarter increased by 18% as compared to preceding quarter mainly due to continued high demands in manufacturing division during the quarter.

The Group registered a loss of RM1.172 million for the current quarter as compared to a loss of RM1.538 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.

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 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 30/09/07 RM'000	9 Months Ended 30/09/07 RM'000
Based on the results for the period:-		
- Malaysian taxation	26	77
- Foreign country taxation	-	-
Under provision in prior year		
- Malaysian taxation	-	1
- Foreign country taxation	-	-
Tax refunded - Foreign country taxation	-	-
Deferred tax	-	-
Others	-	-
	<u>26</u>	<u>78</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 30/09/07 RM'000
Short term borrowings	
- term loan	1,443
- bank overdrafts	1,520
- banker's acceptance	7,550
- hire purchase	1,246
	11,759
Long term borrowings	
- term loan	4,657
- hire purchase	1,601
	6,258
	<u>18,017</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 30/09/07 RM	9 Months Ended 30/09/07 RM
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(1,031)	(4,617)
	<u>41,829</u>	<u>43,832</u>
Weighted average number of shares of RM1.00 each ('000)		
Basic earning per share (sen)	(2.46)	(10.53)

(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.