

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Unaudited As at 31/12/07 RM'000	Audited As at 31/12/06 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	28,265	28,360
Prepaid land lease payments	5,794	5,908
Investment property	7,144	7,144
Investment in associates	839	729
Other investment	-	-
Deferred tax assets	417	428
	<u>42,459</u>	<u>42,569</u>
Current Assets		
Inventories	6,742	6,612
Trade receivables	17,233	19,983
Amount owing by associates company	156	-
Other receivables and prepayments	2,866	4,472
Tax recoverable	426	895
Fixed deposits placed with licensed banks	21	289
Cash and bank balances	1,350	992
	<u>28,794</u>	<u>33,243</u>
TOTAL ASSETS	<u>71,253</u>	<u>75,812</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	44,817	40,743
Share premium	4,368	4,343
Share options reserve	387	-
Foreign exchange reserve	209	163
Retained profits	(10,178)	(3,335)
	39,603	41,914
Minority interests	976	1,746
Total equity	<u>40,579</u>	<u>43,660</u>
Non-current Liabilities		
Borrowings	5,606	7,239
Deferred tax liabilities	128	17
	<u>5,734</u>	<u>7,256</u>
Current Liabilities		
Trade payables	9,591	6,837
Other payables and accruals	5,714	7,277
Borrowings	9,594	10,762
Provision for taxation	41	20
	<u>24,940</u>	<u>24,896</u>
Total liabilities	<u>30,674</u>	<u>32,152</u>
TOTAL EQUITY AND LIABILITIES	<u>71,253</u>	<u>75,812</u>
Net assets per share (RM)	0.88	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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/12/07 RM'000	31/12/06 RM'000	31/12/07 RM'000	31/12/06 RM'000
Revenue	16,715	11,549	61,367	53,251
Cost of sales	(14,020)	(12,223)	(53,336)	(48,441)
Gross profit / (loss)	2,695	(674)	8,031	4,810
Other income	192	1,197	352	1,253
Distribution expenses	(644)	(565)	(2,538)	(2,354)
Administrative expenses	(4,100)	(4,513)	(11,966)	(14,711)
Loss from operations	(1,857)	(4,555)	(6,121)	(11,002)
Finance costs	(282)	(319)	(1,137)	(895)
Share of results of associates	(145)	-	(145)	-
Loss before taxation	(2,284)	(4,874)	(7,403)	(11,897)
Taxation	(132)	589	(210)	616
Loss after taxation	(2,416)	(4,285)	(7,613)	(11,281)
Pre-Acquisition Profit	-	-	-	-
Loss for the period	(2,416)	(4,285)	(7,613)	(11,281)
Attributable to :				
Equity holders of the parent	(2,226)	(3,490)	(6,843)	(9,562)
Minority interests	(190)	(795)	(770)	(1,719)
Loss for the period	(2,416)	(4,285)	(7,613)	(11,281)
Earnings per share				
Basic earnings per share (sen)	(5.32)	(8.59)	(15.52)	(23.56)
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
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2007

	Unaudited Current Year To Date 31/12/07 RM'000	Audited Corresponding Year To Date 31/12/06 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(7,403)	(11,897)
Adjustments for:		
Amortisation of prepaid land lease payments	114	103
Allowance for doubtful debt	1,001	40
Bad debts	149	805
Depreciation	3,839	3,412
Effects of changes in exchange rates	-	32
Gain on disposal of investment	-	(861)
(Gain)/Loss on disposal of property, plant and equipment	(14)	123
Impairment loss on other investments	-	190
Interest expenses	1,192	895
Interest income	(82)	(31)
Loss on disposal of other investments	-	37
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	351	87
Share options granted	387	-
Share of results in associates	145	-
Unrealised loss on foreign exchange	45	56
Operating (loss)/profit before working capital changes	(276)	(7,009)
(Increase)/Decrease in:		
Trade receivables	1,599	2,148
Amount owing by associates company	(156)	-
Other receivables, deposits and prepayments	1,606	(884)
Inventories	(129)	834
Increase/(Decrease) in:		
Trade payables	2,753	(57)
Other payables and accruals	(1,563)	1,595
Cash used in operations	3,834	(3,373)
Interest paid	(1,192)	(895)
Income taxes paid	(140)	(145)
Income taxes refund	542	761
Net cash used in operating activities	3,044	(3,652)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Fixed deposits placed with licensed bank	102	706
Foreign currency translation	-	-
Investment in subsidiary companies	-	3,950
Investment in associated companies	(254)	(729)
Minority interest acquired	-	-
Net cashflow on acquisition of subsidiaries	-	-
Prepaid land lease payments	-	(1,357)
Proceeds from disposal of investment in subsidiary company	-	-
Proceeds from disposal of other investments	-	463
Proceeds from disposal of property, plant and equipment	410	455
Purchase of property, plant and equipment	(3,127)	(3,915)
Purchase of subsidiary company	-	-
Net cash from/(used in) investing activities	(2,869)	(427)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to short term borrowings	29,017	30,738
Additions to term loan	-	105
Dividend paid	-	-
Interest received	82	31
Issue of shares for cash	4,074	540
Issue of shares on premium	25	216
Proceeds from minority interest for issue of shares	-	-
Repayment of hire purchase payables	(1,476)	(1,191)
Repayment of short term borrowings	(30,582)	(28,829)
Repayment of term loans	(1,475)	(1,184)
Net cash from financing activities	<u>(335)</u>	<u>426</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(160)	(3,653)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	50	3,703
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>(110)</u>	<u>50</u>

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	21	289	-	-
Cash and bank balances	1,350	992	-	-
Bank overdraft	(1,460)	(1,108)		
	<u>(89)</u>	<u>173</u>		
Fixed deposit pledged to bank	(21)	(123)		
	<u>(110)</u>	<u>50</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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 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	Share Options Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Profits RM'000	Total RM'000		
Unaudited								
Current Period 12 Months Ended 31/12/2007								
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	-	-	-	-	(6,843)	(6,843)	(770)	(7,613)
Private placement expenses	-	(97)	-	-	-	(97)	-	(97)
Reserves arising on adjustment on foreign exchange	-	-	-	46	-	46	-	46
Share options granted	-	-	387	-	-	387	-	387
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	-	-	-	-
Balance as at 31/12/07	<u>44,817</u>	<u>4,368</u>	<u>387</u>	<u>209</u>	<u>(10,178)</u>	<u>39,603</u>	<u>976</u>	<u>40,579</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 31 DECEMBER 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 31/12/07 RM'000	12 Months Ended 31/12/07 RM'000
Segment Revenue		
Fabrication	7,763	35,460
Manufacturing	11,777	39,929
Trading	403	683
Energy supply	300	900
Investment holding	474	1,876
	<hr/>	<hr/>
	20,717	78,848
Eliminations	(4,002)	(17,481)
	<hr/>	<hr/>
Group revenue	<u>16,715</u>	<u>61,367</u>
Segment Results		
Fabrication	(1,413)	(5,361)
Manufacturing	(366)	(1,386)
Trading	66	135
Energy supply	(7)	29
Investment holding	(419)	(675)
	<hr/>	<hr/>
	(2,139)	(7,258)
Associated companies	(145)	(145)
	<hr/>	<hr/>
Loss from operations	<u>(2,284)</u>	<u>(7,403)</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 31 January 2008, following the Acquisition of 30% interest in its subsidiary company ITJSB, ITJSB has increased its issued and paid-up share capital from RM 2,000,000 to RM 3,000,000 by way of an allotment of 1,000,000 ordinary shares of RM1.00 each to ITCB for a cash consideration of RM 1,000,000.

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

There were no changes in the composition of the Company during the current period except the followings:-

On 31 January 2008, the company has acquired the remaining 30% interest in its subsidiary company ITJSB comprising 600,000 ordinary shares of RM 1.00 each from Interstate Resources Berhad for a cash consideration of Ringgit Malaysia One only.

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 31 DECEMBER 2007**

1. REVIEW OF PERFORMANCE

The Group registered a net loss after tax of RM2.416 million for the current quarter as compared to RM4.285 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.

The losses has significantly reduced for the current year as a result of the affirmative actions taken to further reduce the operating costs and improve operation efficiency.

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue decreased marginally from RM17.712 million in the preceding quarter to RM16.715 million in the current quarter. The revenue for the current quarter decreased by 6% as compared to preceding quarter mainly due to a loss making operation in Johor has ceased operations during the current quarter which is in line with the Group's strategic planning towards consolidation of its operations to further improve the future financial performance.

The Group registered a loss of RM2.416 million for the current quarter as compared to a loss of RM1.172 million in preceding quarter. The loss was largely attributed to the continuing high prices of petroleum based raw materials in packaging industry and allowance for doubtful debts 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 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 31/12/07 RM'000	12 Months Ended 31/12/07 RM'000
Based on the results for the period:-		
- Malaysian taxation	(60)	17
- Foreign country taxation	30	30
Under provision in prior year		
- Malaysian taxation	41	42
- Foreign country taxation	-	-
Tax refunded - Foreign country taxation	-	-
Deferred tax	121	121
Others	-	-
	132	210
	-	-

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 31/12/07 RM'000
Short term borrowings	
- term loan	1,450
- bank overdrafts	1,460
- banker's acceptance	5,479
- hire purchase	1,207
	9,596
Long term borrowings	
- term loan	4,294
- hire purchase	1,312
	5,606
	15,202

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 31/12/07 RM	12 Months Ended 31/12/07 RM
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(2,226)	(6,843)
Weighted average number of shares of RM1.00 each ('000)	41,829	44,080
Basic earning per share (sen)	(5.32)	(15.52)

(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.