

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008

	Unaudited As at 31/03/08 RM'000	Audited As at 31/12/07 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	27,990	28,265
Prepaid land lease payments	5,765	5,794
Investment property	7,144	7,144
Investment in associates	876	839
Other investment	-	-
Deferred tax assets	417	417
	<u>42,192</u>	<u>42,459</u>
Current Assets		
Inventories	6,861	6,742
Trade receivables	15,280	17,233
Amount owing by associates company	282	156
Other receivables and prepayments	2,294	2,866
Tax recoverable	426	426
Fixed deposits placed with licensed banks	21	21
Cash and bank balances	975	1,350
	<u>26,139</u>	<u>28,794</u>
TOTAL ASSETS	<u>68,331</u>	<u>71,253</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	44,817	44,817
Share premium	4,368	4,368
Share options reserve	387	387
Foreign exchange reserve	209	209
Retained profits	(10,832)	(10,178)
	<u>38,949</u>	<u>39,603</u>
Minority interests	556	976
Total equity	<u>39,505</u>	<u>40,579</u>
Non-current Liabilities		
Borrowings	5,166	5,606
Deferred tax liabilities	128	128
	<u>5,294</u>	<u>5,734</u>
Current Liabilities		
Trade payables	6,870	9,591
Other payables and accruals	7,040	5,714
Borrowings	9,602	9,594
Provision for taxation	20	41
	<u>23,532</u>	<u>24,940</u>
Total liabilities	<u>28,826</u>	<u>30,674</u>
TOTAL EQUITY AND LIABILITIES	<u>68,331</u>	<u>71,253</u>
Net assets per share (RM)	0.87	0.88

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 2007.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31/03/08 RM'000	31/03/07 RM'000	31/03/08 RM'000	31/03/07 RM'000
Revenue	13,640	11,895	13,640	11,895
Cost of sales	(11,632)	(11,138)	(11,632)	(11,138)
Gross profit / (loss)	2,008	757	2,008	757
Other income	60	51	60	51
Distribution expenses	(477)	(579)	(477)	(579)
Administrative expenses	(2,429)	(2,411)	(2,429)	(2,411)
Loss from operations	(838)	(2,182)	(838)	(2,182)
Finance costs	(246)	(279)	(246)	(279)
Share of results of associates	37	-	37	-
Loss before taxation	(1,047)	(2,461)	(1,047)	(2,461)
Taxation	(27)	(26)	(27)	(26)
Loss after taxation	(1,074)	(2,487)	(1,074)	(2,487)
Pre-Acquisition Profit	5	-	5	-
Loss for the period	<u>(1,069)</u>	<u>(2,487)</u>	<u>(1,069)</u>	<u>(2,487)</u>
Attributable to :				
Equity holders of the parent	(773)	(2,096)	(773)	(2,096)
Minority interests	(296)	(391)	(296)	(391)
Loss for the period	<u>(1,069)</u>	<u>(2,487)</u>	<u>(1,069)</u>	<u>(2,487)</u>
Earnings per share				
Basic earnings per share (sen)	<u>(1.72)</u>	<u>(5.01)</u>	<u>(1.72)</u>	<u>(5.01)</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 2007.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

	Unaudited Current Year To Date 31/03/08 RM'000	Unaudited Corresponding Year To Date 31/03/07 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(1,047)	(2,461)
Adjustments for:		
Amortisation of prepaid land lease payments	28	28
Allowance for doubtful debt	-	-
Bad debts	-	-
Depreciation	949	934
Effects of changes in exchange rates	-	-
Gain on disposal of investment	-	-
(Gain)/Loss on disposal of property, plant and equipment	-	45
Impairment loss on other investments	-	-
Interest expenses	239	273
Interest income	(1)	(9)
Loss on disposal of subsidiary	27	-
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	-	-
Share options granted	-	-
Share of results in associates	(37)	-
Unrealised loss on foreign exchange	-	13
Operating (loss)/profit before working capital changes	158	(1,177)
(Increase)/Decrease in:		
Trade receivables	1,953	2,733
Amount owing by associates company	(126)	-
Other receivables, deposits and prepayments	573	792
Inventories	(119)	(199)
Increase/(Decrease) in:		
Trade payables	(2,721)	(244)
Other payables and accruals	1,326	(2,842)
Cash used in operations	1,044	(937)
Interest paid	(239)	(273)
Income taxes paid	(48)	(51)
Income taxes refund	-	13
Net cash used in operating activities	757	(1,248)

CASH FLOWS USED IN INVESTING ACTIVITIES

Cashflow on disposal of a subsidiary	(27)	-
Fixed deposits placed with licensed bank	-	-
Investment in subsidiary companies	-	-
Investment in associated companies	-	-
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 other investments	-	-
Proceeds from disposal of property, plant and equipment	-	155
Purchase of property, plant and equipment	(586)	(3,011)
Purchase of subsidiary company	-	-
Net cash from/(used in) investing activities	(613)	(2,856)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to short term borrowings	8,913	8,589
Additions to term loan	-	-
Dividend paid	-	-
Interest received	1	9
Issue of shares for cash	-	4,074
Issue of shares on premium	-	85
Proceeds from minority interest for issue of shares	-	-
Repayment of hire purchase payables	(328)	(372)
Repayment of short term borrowings	(8,135)	(7,828)
Repayment of term loans	(355)	(343)
Net cash from financing activities	96	4,214
NET DECREASE IN CASH AND CASH EQUIVALENTS	240	110
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(109)	50
CASH AND CASH EQUIVALENTS AT END OF PERIOD	131	160

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	21	289
Cash and bank balances	975	1,060
Bank overdraft	(844)	(1,066)
	152	283
Fixed deposit pledged to bank	(21)	(123)
	131	160
	-	-

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 2007.

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 FIRST FINANCIAL QUARTER ENDED 31 MARCH 2008

	← 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 3 Months								
Ended 31/03/2008								
Balance as at 01/01/08	44,817	4,368	387	209	(10,178)	39,603	976	40,579
Issue of ordinary shares	-	-	-	-	-	-	-	-
Issue of ordinary shares pursuant to ESOS	-	-	-	-	-	-	-	-
Net (loss)/profit for the period	-	-	-	-	(773)	(773)	(296)	(1,069)
Private placement expenses	-	-	-	-	-	-	-	-
Reserves arising on adjustment on foreign exchange	-	-	-	-	-	-	-	-
Share options granted	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	119	119	(124)	(5)
Balance as at 31/03/08	<u>44,817</u>	<u>4,368</u>	<u>387</u>	<u>209</u>	<u>(10,832)</u>	<u>38,949</u>	<u>556</u>	<u>39,505</u>
Audited								
Preceding 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
Loss for the year	-	-	-	-	(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
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>

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 2007.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER ENDED 31 MARCH 2008

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 2007.

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 2007.

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 31/03/08 RM'000	3 Months Ended 31/03/08 RM'000
Segment Revenue		
Fabrication	6,972	6,972
Manufacturing	9,725	9,725
Trading	150	150
Energy supply	300	300
Investment holding	438	438
	<u>17,585</u>	<u>17,585</u>
Eliminations	(3,945)	(3,945)
Group revenue	<u><u>13,640</u></u>	<u><u>13,640</u></u>
Segment Results		
Fabrication	(63)	(63)
Manufacturing	(915)	(915)
Trading	(8)	(8)
Energy supply	30	30
Investment holding	(128)	(128)
	<u>(1,084)</u>	<u>(1,084)</u>
Associated companies	37	37
Loss from operations	<u><u>(1,047)</u></u>	<u><u>(1,047)</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 2007.

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 following:-

On 27 May 2008, the company has entered into a equity transfer agreement with Xiamen Hexing Packaging Printing Co. Ltd to dispose of 70% interest in its subsidiary company Ire-Tex (Xiamen) Plastics Co. Ltd. for a cash consideration of Chinese Renminbi RMB4,880,000 only

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 28 January 2008, the company has acquired the remaining 30% interest in its subsidiary company Ire-Tex Johor Sdn Bhd comprising 600,000 ordinary shares of RM1.00 each from Interstate Resources Berhad for a cash consideration of RM1.00 only

On 27 February 2008, the company has disposed of 100% equity interest in Ire-Tex Packaging Materials (Suzhou) Co Ltd comprising (United States Dollar) US\$650,000 value of registered shares to Lim Bean Teong, Ooi Bee Bee and Chng Eng Chin for a cash consideration of Chinese Renminbi RMB1.00 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 2007.

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
(Incorporated in Malaysia)

**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR
QUARTERLY REPORT ENDED 31 MARCH 2008**

1. REVIEW OF PERFORMANCE

The Group registered a net loss after tax of RM1.074 million for the current quarter as compared to RM2.487 million net loss after tax for the same quarter last year.

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

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 RM16.715 million in the preceding quarter to RM13.640 million in the current quarter. The revenue for the current quarter decreased by 18% as compared to preceding quarter mainly due to slow in demands in fabrication & manufacturing division during the quarter.

The Group registered a loss of RM1.074 million for the current quarter as compared to a loss of RM2.426 million in preceding quarter. Despite the continuing high prices of raw materials, the Group managed to reduce its losses through cost cutting, improve operation efficiency, consolidation of its operations and improve product margin through supplying to other less price sensitive markets.

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	-	-
	<u>132</u>	<u>210</u>
	105	183

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 31/03/08 RM'000
Short term borrowings	
- term loan	1,399
- bank overdrafts	844
- banker's acceptance	6,257
- hire purchase	1,102
	<u>9,602</u>
Long term borrowings	
- term loan	3,989
- hire purchase	1,177
	<u>5,166</u>
	<u>14,768</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 31/03/08 RM	3 Months Ended 31/03/08 RM
(a) Basic		
Loss attributable to ordinary equity holders of the parent for the period (RM'000)	(773)	(773)
Weighted average number of shares of RM1.00 each ('000)	44,817	44,817
Basic earning per share (sen)	(1.72)	(1.72)

(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.