

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2008

	Unaudited As at 30/06/08 RM'000	Audited As at 31/12/07 RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	27,427	28,265
Prepaid land lease payments	5,737	5,794
Investment property	804	7,144
Investment in associates	1,034	839
Other investment	4,000	-
Deferred tax assets	450	417
	<u>39,452</u>	<u>42,459</u>
Current Assets		
Inventories	8,086	6,742
Trade receivables	17,893	17,233
Amount owing by associates company	589	156
Other receivables and prepayments	2,469	2,866
Tax recoverable	234	426
Fixed deposits placed with licensed banks	21	21
Cash and bank balances	1,158	1,350
	<u>30,450</u>	<u>28,794</u>
TOTAL ASSETS	<u>69,902</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	307	209
Retained profits	(10,129)	(10,178)
	<u>39,750</u>	<u>39,603</u>
Minority interests	298	976
Total equity	<u>40,048</u>	<u>40,579</u>
Non-current Liabilities		
Borrowings	4,701	5,606
Deferred tax liabilities	18	128
	<u>4,719</u>	<u>5,734</u>
Current Liabilities		
Trade payables	10,555	9,591
Other payables and accruals	4,462	5,714
Borrowings	10,098	9,594
Provision for taxation	20	41
	<u>25,135</u>	<u>24,940</u>
Total liabilities	<u>29,854</u>	<u>30,674</u>
TOTAL EQUITY AND LIABILITIES	<u>69,902</u>	<u>71,253</u>
Net assets per share (RM)	0.89	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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/06/08 RM'000	30/06/07 RM'000	30/06/08 RM'000	30/06/07 RM'000
Revenue	18,474	15,045	32,114	26,940
Cost of sales	(15,639)	(12,905)	(27,271)	(24,043)
Gross Profit / (Loss)	2,835	2,140	4,843	2,897
Other income	82	50	142	101
Gain on disposal of subsidiaries company	1,174	-	1,174	-
Distribution expenses	(620)	(656)	(1,097)	(1,235)
Administrative expenses	(2,367)	(2,761)	(4,796)	(5,172)
Profit / (Loss) from operations	1,104	(1,227)	266	(3,409)
Finance costs	(250)	(285)	(496)	(564)
Share of results of associates	(95)	-	(58)	-
Profit / (Loss) before taxation	759	(1,512)	(288)	(3,973)
Taxation	(327)	(26)	(354)	(52)
Profit / (Loss) after taxation	432	(1,538)	(642)	(4,025)
Pre-Acquisition Profit	-	-	5	-
Profit / (Loss) for the period	432	(1,538)	(637)	(4,025)
Attributable to :				
Equity holders of the parent	701	(1,490)	(72)	(3,586)
Minority interests	(269)	(48)	(565)	(439)
Profit / (Loss) for the period	432	(1,538)	(637)	(4,025)
Earnings per share				
Basic earnings per share (sen)	1.56	(3.56)	(0.16)	(8.57)
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 2007.

IRE-TEX CORPORATION BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)
FOR THE SECOND FINANCIAL QUARTER ENDED 30 JUNE 2008

	Unaudited Current Year To Date 30/06/08 RM'000	Unaudited Corresponding Year To Date 30/06/07 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Loss before taxation	(288)	(3,973)
Adjustments for:		
Amortisation of prepaid land lease payments	57	57
Allowance for doubtful debt	44	-
Bad debts	22	-
Depreciation	1,887	1,917
Effects of changes in exchange rates	-	-
Gain on disposal of investment	-	-
(Gain)/Loss on disposal of property, plant and equipment	(5)	45
Impairment loss on other investments	-	-
Interest expenses	454	556
Interest income	(5)	(7)
Gain on disposal of subsidiaries company	(1,174)	-
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	27	30
Share options granted	-	-
Share of results in associates	58	-
Unrealised loss on foreign exchange	109	24
Operating (loss)/profit before working capital changes	1,186	(1,351)
(Increase)/Decrease in:		
Trade receivables	(732)	1,435
Amount owing by associates company	(433)	-
Other receivables, deposits and prepayments	397	1,789
Inventories	(1,344)	(123)
Increase/(Decrease) in:		
Trade payables	964	483
Other payables and accruals	1,176	(2,256)
Cash used in operations	1,214	(23)
Interest paid	(454)	(556)
Income taxes paid	(75)	(86)
Income taxes refund	224	539
Net cash used in operating activities	909	(126)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Fixed deposits placed with licensed bank	-	-
Investment in subsidiary companies	-	-
Investment in associated companies	(253)	-
Minority interest acquired	-	-
Net cashflow on acquisition of subsidiaries	-	-
Net cashflow from disposal of investment in subsidiary company	4,619	-
Prepaid land lease payments	-	-
Proceeds from disposal of other investments	-	-
Proceeds from disposal of property, plant and equipment	5	209
Purchase of property, plant and equipment	(806)	(2,962)
Purchase of unquoted investment	(4,000)	-
Purchase of subsidiary company	-	-
Net cash from/(used in) investing activities	(435)	(2,753)

	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Additions to short term borrowings	17,195	15,226
Additions to term loan	-	-
Dividend paid	-	-
Interest received	5	7
Issue of shares for cash	-	4,074
Issue of shares on premium	-	32
Proceeds from minority interest for issue of shares	-	-
Repayment of hire purchase payables	(683)	(768)
Repayment of short term borrowings	(15,273)	(15,242)
Repayment of term loans	(726)	(763)
Net cash from financing activities	518	2,566
NET DECREASE IN CASH AND CASH EQUIVALENTS	992	(313)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(109)	50
CASH AND CASH EQUIVALENTS AT END OF PERIOD	883	(263)

NOTES TO THE CASH FLOW STATEMENT

Fixed deposits placed with licensed bank	21	201
Cash and bank balances	1,158	1,383
Bank overdraft	(275)	(1,724)
	904	(140)
Fixed deposit pledged to bank	(21)	(123)
	883	(263)
	-	-

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 SECOND FINANCIAL QUARTER ENDED 30 JUNE 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 6 Months								
Ended 30/06/2008								
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	-	-	-	-	(72)	(72)	(565)	(637)
Reserves arising on								
adjustment on foreign exchange				98	-	98	10	108
Share options granted	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Acquisition of interest in subsidiary companies	-	-	-	-	121	121	(123)	(2)
Balance as at 30/06/08	<u>44,817</u>	<u>4,368</u>	<u>387</u>	<u>307</u>	<u>(10,129)</u>	<u>39,750</u>	<u>298</u>	<u>40,048</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
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NOTES TO THE INTERIM FINANCIAL REPORT FOR QUARTER ENDED 30 JUNE 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 30/06/08 RM'000	6 Months Ended 30/06/08 RM'000
Segment Revenue		
Fabrication	9,040	16,012
Manufacturing	12,448	22,173
Trading	21	171
Energy supply	300	600
Investment holding	136	574
	<u>21,945</u>	<u>39,530</u>
Eliminations	(3,471)	(7,416)
Group revenue	<u><u>18,474</u></u>	<u><u>32,114</u></u>
Segment Results		
Fabrication	40	(23)
Manufacturing	(308)	(1,223)
Trading	3	(5)
Energy supply	41	71
Investment holding	1,078	950
	<u>854</u>	<u>(230)</u>
Associated companies	(95)	(58)
Loss from operations	<u><u>759</u></u>	<u><u>(288)</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 .

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 30 April 2008, the company has disposed of 100% equity interest in its subsidiary company Baguda (M) Sdn. Bhd. comprising 1,500,000 ordinary shares of RM1.00 each to Koh Kim Bee, See Ee Ling, See Ai Ling, See Ching Ling and See Tze Chang for a cash consideration of RM7,400,000.00 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
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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS FOR
QUARTERLY REPORT ENDED 30 JUNE 2008**

1. REVIEW OF PERFORMANCE

Notwithstanding the challenges such as highly competitive selling prices and higher raw materials costs, the Group registered a net profit after tax of RM0.432 million for the current quarter as compared to RM1.538 million net loss after tax for the same quarter last year.

The strong improvement in overall Group performance was due to the higher turnover with increase in sales margin, effective cost cutting measures and improvement in production efficiency and productivity especially in fabrication division. The favorable result was also due to exceptional gain on the disposal of a subsidiary company during the quarter as a results of consolidation of group operations

2. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue increased from RM13.640 million in the preceding quarter to RM18.474 million in the current quarter. The revenue for the current quarter increased by 35% as compared to preceding quarter mainly due to increase in demands in fabrication & manufacturing division during the quarter. The Group has also extended its current products range from computer and electronics packaging to heavy duty packaging for Solar and Aerospace industry during the current quarter.

The Group registered a profit of RM0.432 million for the current quarter as compared to a loss of RM1.074 million in preceding quarter. Despite the continuing high prices of raw materials, the Group managed to improve its performance 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 fluctuation 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. With the proven improvement from the preceding quarters, the Board are continuing focus on strengthening financial position and remain relevant in core manufacturing competency. The strategies of improving and innovating into more cost efficient manufacturing processes, better facilities and material utilization rate and faster production cycles would be continuing to enforce and implement. The Group will also embark on profitable businesses and to focus on less price sensitive markets especially for heavy duty packaging industry.

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 30/06/08 RM'000	6 Months Ended 30/06/08 RM'000
Based on the results for the period:-		
- Malaysian taxation	26	54
- Foreign country taxation	-	-
Over provision in prior year		
- Malaysian taxation	-	(1)
- Foreign country taxation	(31)	(31)
Tax refunded - Foreign country taxation	-	-
Deferred tax	332	332
Others	-	-
	327	354
	-	-

The Group's tax charge for the current quarter is higher than the statutory tax rate mainly due to the deferred tax written off as a result of the disposal of subsidiary during the current period.

6. BORROWINGS

The Group borrowings as at the end of the reporting quarter are as follows:-

	As At 30/06/08 RM'000
Short term borrowings	
- term loan	1,348
- bank overdrafts	275
- banker's acceptance	7,401
- hire purchase	1,074
	10,098
Long term borrowings	
- term loan	3,671
- hire purchase	1,030
	4,701
	14,799

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 30/06/08 RM	6 Months Ended 30/06/08 RM
(a) Basic		
Profit attributable to ordinary equity holders of the parent for the period (RM'000)	701	(72)
Weighted average number of shares of RM1.00 each ('000)	44,817	44,817
Basic earning per share (sen)	1.56	(0.16)

(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.