

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	Unaudited As at 30/06/12 RM'000	Audited As at 31/12/11 RM'000
ASSETS		
Property, plant and equipment	29,573	30,105
Investment property	5,061	5,061
Investment in associates	-	-
Other investment	2,324	2,324
Deferred tax assets	190	190
Total non-current assets	<u>37,148</u>	<u>37,680</u>
Inventories	12,629	13,474
Trade receivables	28,954	33,500
Other receivables and prepayments	4,046	3,631
Tax recoverable	83	83
Fixed deposits placed with licensed banks	4,048	2,385
Short term funds with a licensed financial institution	286	286
Cash and bank balances	3,341	3,729
Total current assets	<u>53,387</u>	<u>57,088</u>
TOTAL ASSETS	<u>90,535</u>	<u>94,768</u>
EQUITY		
Share capital	44,957	44,877
Share premium	4,392	4,392
Share options reserve	731	731
Foreign exchange reserve	-	-
Retained profits	(1,191)	(2,784)
Total equity attributable to owners of the Company	<u>48,889</u>	<u>47,216</u>
Minority interests	2,120	1,976
Total equity	<u>51,009</u>	<u>49,192</u>
LIABILITIES		
Borrowings	3,286	3,913
Deferred tax liabilities	521	521
Total non-current liabilities	<u>3,807</u>	<u>4,434</u>
Trade payables	8,334	12,662
Other payables and accruals	6,838	7,259
Dividend payable	-	-
Borrowings	20,255	21,199
Provision for taxation	292	22
Total current liabilities	<u>35,719</u>	<u>41,142</u>
Total liabilities	<u>39,526</u>	<u>45,576</u>
TOTAL EQUITY AND LIABILITIES	<u>90,535</u>	<u>94,768</u>
Net assets per share (RM)	1.09	1.05

The Condensed Consolidated statement of financial position should be read in conjunction with the Annual Audited Financial Statements of the group for the year ended 31 December 2011.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2012 - (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30/06/12 RM'000	30/06/11 RM'000	30/06/12 RM'000	30/06/11 RM'000
CONTINUING OPERATIONS				
Revenue	29,462	33,170	61,418	61,227
Cost of sales	(23,664)	(27,308)	(50,769)	(50,202)
Gross Profit	5,798	5,862	10,649	11,025
Other income	314	299	618	708
Gain on disposal of associates company	-	-	-	-
Distribution expenses	(1,735)	(1,855)	(3,296)	(3,523)
Administrative expenses	(2,671)	(3,724)	(5,096)	(6,437)
Loss on disposal of associates company	-	(256)	-	(256)
Loss on disposal of subsidiaries company	-	(99)	-	(99)
Results from operating activities	1,706	227	2,875	1,418
Finance income	36	47	63	48
Finance costs	(311)	(343)	(628)	(637)
Net finance costs	(275)	(296)	(565)	(589)
Share of results of associates, net of tax	-	-	-	197
Profit before taxation	1,431	(69)	2,310	1,026
Taxation	(384)	(318)	(573)	(553)
Profit after taxation	1,047	(387)	1,737	473
Pre-Acquisition Losses	-	-	-	-
Profit for the period	1,047	(387)	1,737	473
Profit attributable to :				
Owners of the Company	985	(362)	1,593	505
Minority interests	62	(25)	144	(32)
Profit for the period	1,047	(387)	1,737	473
Earnings per share				
Basic earnings per share (sen)	2.19	(0.81)	3.55	1.13
Diluted earnings per share (sen)	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the group for the year ended 31 December 2011.

IRE-TEX CORPORATION BERHAD
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2012 - (UNAUDITED)

	← Attributable to Equity Holders of the Parent →						Minority Interest	Total Equity
	Non-distributable				Distributable			
	Share Capital	Share Premium	Share Options Reserve	Foreign Exchange Reserve	Retained Profits	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2011	44,817	4,368	755	39	(4,773)	45,206	327	45,533
Total comprehensive income for the period	-	-	-	(39)	2,087	2,048	(101)	1,947
Issuance of of shares pursuant to ESOS	60	-	-	-	-	60	-	60
Transfer upon exercise of ESOS	-	24	(24)	-	-	-	-	-
Dilution arising from partial disposal of existing subsidiaries	-	-	-	-	(98)	(98)	-	(98)
Issuance of shares to non-controlling interests	-	-	-	-	-	-	90	90
Dividend to non-controlling interests	-	-	-	-	-	-	(30)	(30)
Partial disposal of equity interests in existing subsidiaries	-	-	-	-	-	-	1,940	1,940
Acquisition of equity interest in new subsidiary	-	-	-	-	-	-	(250)	(250)
At 31 December 2011	<u>44,877</u>	<u>4,392</u>	<u>731</u>	<u>-</u>	<u>(2,784)</u>	<u>47,216</u>	<u>1,976</u>	<u>49,192</u>
At 1 January 2012	44,877	4,392	731	-	(2,784)	47,216	1,976	49,192
Total comprehensive income for the period	-	-	-	-	1,593	1,593	144	1,737
Issuance of of shares pursuant to ESOS	80	-	-	-	-	80	-	80
At 30 Dec 2012	<u>44,957</u>	<u>4,392</u>	<u>731</u>	<u>-</u>	<u>(1,191)</u>	<u>48,889</u>	<u>2,120</u>	<u>51,009</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements of the group for the year ended 31 December 2011.

IRE-TEX CORPORATION BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012 - (UNAUDITED)

	Current Year To Date 30/06/12 RM'000	Corresponding Year To Date 30/06/11 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		
Profit before taxation	2,310	1,026
Adjustments for:		
Allowance for doubtful debt	-	-
Bad debts	53	-
Bad debts recovered	-	-
Depreciation	1,981	1,973
Gain on disposal of investment in an associate	-	-
Gain on liquidation of investment in a subsidiary	-	-
(Gain)/Loss on disposal of property, plant and equipment	(2)	(15)
(Gain)/Loss on disposal of investment property	-	-
Goodwill written off	-	822
Impairment loss on other investments	-	-
Interest expenses	614	581
Interest income	(63)	(36)
Loss on disposal of associates company	-	256
Loss on disposal of partial equity interest in existing subsidiaries company	-	99
Loss on disposal of investment in a subsidiary	-	-
Minority share of profit/(loss)	-	-
Pre-acquisition loss/(profit)	-	-
Property, plant and equipment written off	10	-
Reserve on consolidation written off	-	-
Share-based compensation pursuant to ESOS granted	-	-
Share of results in associates	-	(197)
Unrealised gain on forex	-	-
Operating (loss)/profit before changes in working capital	4,903	4,509
(Increase)/Decrease in:		
Receivables	4,079	(10,327)
Amount owing by associates company	-	-
Inventories	845	(2,919)
Increase/(Decrease) in:		
Payables	(4,750)	1,618
Cash generated from operations	5,077	(7,119)
Interest paid	(614)	(581)
Income taxes paid	(303)	(294)
Income taxes refund	-	91
Net cash (used in) / generated from operating activities	4,160	(7,903)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Fixed deposits placed with licensed bank	(358)	(300)
Investment in subsidiary companies	-	-
Investment in associated companies	-	-
Interest received	63	2
Minority interest acquired	-	-
Net dividend income received from an associate	-	-
Capital contribution by minority interests in a new subsidiary company	-	-
Cashflow on acquisition of equity interest in subsidiary company	-	(91)
Net cashflow from disposal of partial equity interest in existing in subsidiaries company	-	1,843
Cashflow from disposal of a subsidiary company	-	-
Cashflow from liquidation of investment in a subsidiary	-	-
Proceeds from disposal of investment in associates company	-	2,048
Proceeds from partial disposal of investment in subsidiary company	-	-
Proceeds from minority interest for issue of share	-	-
Proceeds from disposal of other investments	-	-
Proceeds from disposal of property, plant and equipment	16	51
Proceeds from disposal of investment property	-	-
Purchase of property, plant and equipment	(1,257)	(918)
Purchase of unquoted investments	-	(337)
Net cash from/(used in) investing activities	(1,536)	2,298
Balance carried forward	2,624	(5,605)

	RM'000	RM'000
Balance brought forward	2,624	(5,605)
CASH FLOWS FROM FINANCING ACTIVITIES		
Associate	-	-
Bankers acceptance	(1,014)	5,555
Trust receipt	(172)	-
Drawdown of term loan	-	-
Dividend paid to non-controlling interest	-	-
Payment of private placement expenses	-	-
Proceeds from issuance of shares	80	60
Proceeds from issuance of shares to non-controlling interest of a subsidiary	-	-
Repayment of hire purchase payables	(678)	(693)
Repayment of term loans	(123)	(116)
Net cash from financing activities	(1,907)	4,806
Effects of changes in exchange rates	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	717	(799)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	3,881	3,446
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4,598	2,647

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Condensed Consolidated Statement of Cash Flows comprise:

Fixed deposits placed with licensed bank	4,048	2,062
Short term funds with a licensed financial institution	286	286
Cash and bank balances	3,341	3,576
Bank overdraft	(547)	(1,416)
	<u>7,128</u>	<u>4,508</u>
Fixed deposit pledged to bank	(2,530)	(1,861)
	<u>4,598</u>	<u>2,647</u>
	-	-

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements of the Group for the year ended 31 December 2011.

IRE-TEX CORPORATION BERHAD
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR QUARTER ENDED 30 JUNE 2012

EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial statements is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Listing Requirements of Bursa Securities Malaysia Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011. These explanation notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2011.

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the MFRS framework issued by MASB with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards ("FRS") framework with the International Financial Reporting Standards ("IFRS") framework issued by the International Accounting Standards Board. There has been no material impact upon the adoption the MFRS on the financial statements of the Group.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for accounting periods beginning on or after 1 January 2012. The adoption of these new and revised MFRSs and IC Interpretations have not resulted in any material impact on the financial statements of the Group.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

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

4. 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.

5. UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

6. CHANGE IN ESTIMATES

There were no major changes in estimates that have had material effect on the current quarter results.

7. DEBTS AND EQUITY SECURITIES

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

8. DIVIDEND PAID

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

9. SEGMENTAL INFORMATION

The segment information for the 6 months ended 30 June 2012 were as follows:-

	Manufacturing RM'000	Trading RM'000	Energy Supply RM'000	Investment Holding RM'000	Total RM'000
Revenue					
Segment revenue	66,410	6,960	1,155	1,116	75,641
Inter-segment revenue	(11,997)	-	(1,110)	(1,116)	(14,223)
External revenue	<u>54,413</u>	<u>6,960</u>	<u>45</u>	<u>-</u>	<u>61,418</u>
Results					
Operating profit	2,700	2	22	151	2,875
Net finance cost	(540)	(25)	-	-	(565)
Share of profit of associates	-	-	-	-	-
Income tax expense	(573)	-	-	-	(573)
Profit after tax	<u>1,587</u>	<u>(23)</u>	<u>22</u>	<u>151</u>	<u>1,737</u>

10. 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 2011.

11. 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.

12. CHANGES IN COMPOSITION OF THE COMPANY

There are no material changes in composition of the company subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

13. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no significant changes in contingent liabilities or contingent assets since the last annual financial statements as at 31 December 2011, except for corporate guarantee amounting to RM 8,439,632 given to banks for trade facilities and hire purchase facilities granted to subsidiary companies during the quarterly financial statements.

14. CHANGES IN MATERIAL LITIGATION

There were no material litigation since the last annual financial statements 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 2012**

1. REVIEW OF GROUP PERFORMANCE AND CURRENT YEAR PROSPECTS

	Apr - Jun 2012 RM'000	Jan - Mar 2012 RM'000	Apr - Jun 2011 RM'000	Jan - Jun 2012 RM'000	Jan - Jun 2011 RM'000
Revenue					
- Manufacturing	24,560	29,853	31,380	54,413	58,996
- Trading	4,887	2,073	1,760	6,960	2,171
- Energy Supply	15	30	30	45	60
- Investment Holding	-	-	-	-	-
Total	29,462	31,956	33,170	61,418	61,227
Profit Before Tax					
- Manufacturing	1,175	985	1,353	2,160	2,680
- Trading	202	(225)	(186)	(23)	(438)
- Energy Supply	23	(1)	(66)	22	(180)
- Investment Holding	31	120	(1,170)	151	(1,233)
Total	1,431	879	(69)	2,310	829

Comparison with corresponding period in the previous year

The Group's revenue decreased by 11.18% from RM 33.170 million in the corresponding quarter in previous year to RM 24.560 million in the current quarter mainly due to decrease in demand in manufacturing division especially for heavy duty packaging despite increased in demand in trading division especially for agricultural waste products.

The Group's profit before taxation increased from loss of RM 0.069 million in the corresponding quarter in previous year to profit of RM 1.431 million in the current quarter due to increase in profit margin for trading, energy supply & investment holding division.

For manufacturing division, its revenue for the current quarter has been decreased by RM 6.820 million as compared to corresponding quarter in previous year due to decrease in sales volume especially in heavy duty packaging. The division's profit before taxation for the quarter has been decreased by RM 0.178 million as compared to corresponding quarter in previous year due to keen competition.

For trading division, its revenue for the current quarter has been increased by RM 3.127 million as compared to corresponding quarter in previous year due to increase in sales volume especially in agricultural waste. The division's profit before taxation for the quarter has been increased by RM 0.388 million as compared to corresponding quarter in previous year which is due to improvement in profit margin for agricultural waste products.

For energy supply division, its revenue for the current quarter has been decreased by RM 0.015 million as compared to corresponding quarter in previous year due to decrease in energy supply. The division's profit before taxation for the quarter has been increased by RM 0.089 million as compared to corresponding quarter in previous year due to increased in efficiency of energy supply during the quarter.

For investment holding supply division, the division's profit before taxation for the quarter has been increased by RM 1.201 million as compared to corresponding quarter in previous year due to goodwill written off and losses incurred on disposal of associates and subsidiaries company in previous corresponding quarter.

Comparison with preceding quarter

The Group's revenue decreased by 7.80% from RM 31.956 million in the preceding quarter to RM 29.462 million in the current quarter mainly due to decrease in demand in manufacturing division despite higher revenue being recorded in trading division.

The Group's profit before taxation increased significantly from RM 0.879 million in the preceding quarter to RM 1.431 million in the current quarter due to improvement in profit margin in manufacturing and trading division.

For manufacturing division, its revenue for the current quarter has been decreased by RM 5.293 million as compared to preceding quarter due to decrease in sales volume in heavy duty packaging. The division's profit before taxation for the quarter has been increased by RM 0.190 million as compared to preceding quarter due to improvement in profit margin generated during the quarter.

For trading division, its revenue for the current quarter has been increased by RM 2.814 million as compared to preceding quarter due to increase in sales volume in agricultural waste. The division's profit before taxation for the quarter has been increased by RM 0.427 million as compared to preceding quarter due to improvement in profit margin generated during the quarter.

For energy supply division, its revenue for the current has been decreased by RM 0.015 million as compared to preceding quarter due to decrease in energy supply. The division's profit before taxation for the quarter has been increased by RM 0.022 million as compared to preceding quarter due to increase in efficiency of energy supply.

For investment holding division, the division's profit before taxation for the quarter has been decreased by RM 0.089 million as compared to preceding quarter due to increased in expenses during the quarter. preceding quarter.

Financial period to date

The Group's revenue for the financial period has been increased by RM 0.191 million as compared to the corresponding period which was mainly due to increase in market share for trading division. The Group's profit before taxation has been increased by RM 1.481 million as compared to the corresponding period which was mainly due to improvement in profit margin generated and goodwill written off and losses incurred on disposal of associates and subsidiaries company in corresponding period.

In view of fluctuating of 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 and challenging. With the proven improvement from the preceding quarters, the Board will continue to focus on strengthening the Group's financial position and remaining relevant in core manufacturing competency. The Group will continue to implement its strategies of improving and innovating into more cost efficient manufacturing processes, better facilities and material utilization rate and faster production cycles. The Group will also embark on profitable businesses and focus on less price sensitive markets especially for heavy duty packaging industry.

2 PROFIT FORECAST OR PROFIT GUARANTEE

No profit forecast was published for the current quarter and financial year-to-date.

3. TAXATION

	3 Months Ended 30/06/12 RM'000	6 Months Ended 30/06/12 RM'000
Based on the results for the period:-		
- Malaysian taxation	384	573
- Foreign country taxation	-	-
(Over) / under provision in prior year		
- Malaysian taxation	-	-
- Foreign country taxation	-	-
Tax refunded - Malaysian taxation	-	-
Deferred tax	-	-
Others	-	-
	<u>384</u>	<u>573</u>
	-	-

4. BORROWINGS

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

	As At 30/06/12 RM'000
Non-current	
Secured	
- term loan	1,751
- hire purchase	1,535
Total non-current borrowings	<u>3,286</u>
Current	
Secured	
- term loan	272
- bank overdrafts	547
- banker's acceptance	18,102
- trust receipts	-
- hire purchase	1,334
Total current borrowings	<u>20,255</u>
Total borrowings	<u>23,541</u>

5. 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.

6. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this report.

7. DIVIDEND PAYABLE

A first and final tax exempt dividend of 1.5% amounting to 1.5 sen per share in respect of the financial year ended 31 December 2011 (previous corresponding financial year ended 31 December 2010 - Nil) was approved at the Company's 10th Annual General Meeting on 28th June 2012 and will be paid on 27th August 2012 to depositors registered in the Record of Depositor on 8th August 2012.

8. EARNINGS PER SHARE

	3 Months Ended 30/06/12 RM	6 Months Ended 30/06/12 RM
(a) Basic		
Profit attributable to ordinary equity holders of the parent for the period (RM'000)	985	1,593
Weighted average number of ordinary shares of RM1.00 each ('000)	44,904	44,891
Basic earning per share (sen)	2.19	3.55

(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.

9. REALISED AND UNREALISED PROFIT OR LOSSES DISCLOSURE

	As At 30/06/12 RM'000	As At 31/12/11 RM'000
Total retained profits / (loss) of the Group		
- Reliased	(860)	(2,453)
- Unreliased	(331)	(331)
	<u>(1,191)</u>	<u>(2,784)</u>

The determination of realised and unrealised profits / (loss) are compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits or losses above is solely for the purposes of complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.