

**IRE-TEX CORPORATION BERHAD
REPLY TO BURSA'S QUERY LETTER DATED 3 MARCH 2011**

Subject : Acquisition of 5% interest in Ire-Tex Corporation ("ITC") for a purchase consideration of USD110,115.46 ("Acquisition")

Further to the announcement on 2 March 2011 and Bursa Malaysia Securities Berhad's letter dated 3 March 2011, Ire-Tex Corporation Berhad ("ITCB" or "the Company") provides the following additional information :-

1. The directors and major shareholders of ITC are as follows :-

Directors

Kurt Rozek
Timothy Ian O'Hearn
Jon Raymond

Major shareholders

Percentage interest held (%)

Kurt Rozek	68.7
Jon Raymond	10.0

2. The management of ITC expects ITC's results to improve as a result of increase in orders in financial year 2010 in line with the recovery of the economy of the United States ("US"). Based on the outlook of the management of ITC, ITCB is optimistic of the prospects of ITC.
3. The Purchase Consideration was the negotiated price agreed between ITCB and the sellers. Even though the consideration was higher than the applicable 5% audited net assets of ITC as at 31 December 2009, ITCB was of the opinion that the price was justified taking into consideration future intangible benefits that ITCB expects to derive from the investment. By taking up an equity stake in ITC, albeit a small stake, ITCB can formally project itself as a "partner" in the Ire-Tex network of companies globally. It is the intention of ITC to pass on its packaging designs that ITC's customers now use in the US to ITCB when the customers move the production of such products from the US to their plants in the South East Asian region. ITCB will then serve the customers from its base in Malaysia. The transfer of such designs and customers to ITCB will not entail any payment from ITCB to ITC.
4. ITC works together with its customers, including multinational companies, to design protective packaging for the customers' products and manufactures the packaging products for the customers. The packaging materials used ranges from Expanded Polyethylene, Expanded Polystyrene, Expanded Polypropylene to corrugated paper and are used by customers in the computer, electronics and other industries.
5. As explained in paragraph 3 above, even though the Acquisition only entails 5% interests in ITC, it is a strategic move to establish and strengthen relationships in the Ire-Tex network of companies globally. By taking an equity interest in ITC, ITCB can be formally project as a "partner" in the Ire-Tex network to ITC's customers in the US as well as to ITCB's customers in the South East Asian region. It is anticipated that customers of ITC being referred to ITCB will have the confidence to load orders to ITCB if they know that ITCB is a "partner" of and will be supported by ITC.

6. Other than the normal business risk associated with the investment in ITC, the risk of ITCB in relation to the Acquisition would include risk in currency exchange fluctuation as the investment is in United States Dollar and liquidity risk as the investment is in an unquoted company and ITCB may not find a ready buyer should ITCB decide to dispose of the investment in the future.

7. The applicable percentage ratios pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements for the Acquisition are as follows : -

(i) the value of the assets which are the subject matter of the transaction, compared with the net assets of ITCB as at 31 December 2009.	RM336,953.31 ----- RM43,451,209	= 0.78%
(ii) the aggregate value of the consideration given or received in relation to the transaction, compared with the net assets of ITCB as at 31 December 2009.	RM336,953.31 ----- RM43,451,209	= 0.78%

Other percentage ratios are not applicable in respect of the Acquisition.

8. There has been no transaction with the same related party i.e. Timothy Ian O'Hearn and persons connected to him for the preceding 12 months.