

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

(The figure has not been audited)

	<b>Unaudited 30-Sep-11 RM '000</b>	<b>Audited 31-Dec-10 RM '000</b>
PROPERTY, PLANT & EQUIPMENT	70,548	58,383
INVESTMENT PROPERTIES	-	2,300
ASSETS HELD FOR SALE	-	-
OTHER INVESTMENTS	-	-
<b>CURRENT ASSETS</b>		
Inventories	26,816	23,715
Trade debtors	16,093	15,654
Other debtors, deposits and prepayments	2,267	2,775
Taxation (Recoverable)	575	575
Deposit with licensed bank	407	395
Cash and bank balances	150	817
	<u>46,308</u>	<u>43,929</u>
Assets classified as Held for Sale	-	580
	<u>46,308</u>	<u>44,509</u>
<b>CURRENT LIABILITIES</b>		
Trade creditors	20,229	10,795
Hire purchase creditors	20	83
Other creditors and accruals	221	8,496
Short Term Borrowings	41,613	41,657
Derivative Financial Instruments	(30)	172
Taxation	-	1
	<u>62,053</u>	<u>61,204</u>
Liabilities associated with Assets classified as Held for Sale	-	-
	<u>62,053</u>	<u>61,204</u>
<b>NET CURRENT ASSETS</b>	(15,745)	(16,695)
	<u>54,803</u>	<u>43,988</u>
<b>FINANCED BY</b>		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	15,688	3,058
Retained profit / (Loss)	(28,403)	(18,085)
Profit / (Loss) for the period	(1,004)	(10,319)
Shareholders Fund	<u>53,344</u>	<u>41,717</u>
Minority Interest	-	-
	<u>53,344</u>	<u>41,717</u>
<b>LONG TERM BORROWING</b>	378	1,190
<b>DEFERRED TAXATION</b>	873	873
HP Creditors	208	208
	<u>54,803</u>	<u>43,988</u>
Net Assets ("NA") per share (sen) #	<u>41.0</u>	<u>32.1</u>

*This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

**NOTE:**

# NA per share is calculated based on the NA divided by the number of ordinary shares of RM 0.50 each in issue as at END OF PERIOD.

IRM GROUP BERHAD (628000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

(The figure has not been audited)

Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continueing Operations	(1,004)	(10,232)
<b>Adjustment for:</b>		
Fair value adjustments for Investment properties	-	200
Fair value loss/(gain) on derivative financial instrument	(30)	172
Property Plant Equipment written off	-	0
Depreciation	1,535	2,132
(Gain) / Loss on Disposal of PPE	-	(33)
Allowance for Retirement benefits	-	27
Provision for Vol Separation Sch / (No longer required)	(948)	1,703
Unrealised Loss / (Gain) on Foreign Exchange	-	(39)
Interest expenses	1,626	2,015
Allowance for Doubtful Debts - No longer required	-	(132)
Tax Recoverable written (back) / off	-	(35)
Allowance for Slow Moving Inventories	-	125
Interest income	-	(9)
Waiver of Debts	-	668
Operating profit/(loss) before working capital changes	<u>1,179</u>	<u>(3,438)</u>
Changes in working capital:		
Inventories	(3,102)	(3,426)
Receivables	1,317	(4,993)
Payables	1,934	4,696
Bills Payable	-	9,195
Net cash flows from/ (used in) operating activities	<u>1,328</u>	<u>2,034</u>
Retirement Benefits paid	-	(10)
Taxation (paid) / recovered	-	(4)
Tax refund	-	35
Interest paid	(1,626)	(2,015)
Interest income	-	9
Net cash generated from/(used in) operating activities	<u>(298)</u>	<u>49</u>
Proceeds from disposal of property, plant and equipment	1,632	33
Purchase of property, plant and equipment	(1,069)	(1,605)
Net cash generated from/(used in) investing activities	<u>563</u>	<u>(1,572)</u>
Proceeds / (Repayments ) of short term borrowings	(2,671)	-
Repayments of Term Loan	(812)	(1,005)
Hire Purchase proceeds / (repayment)	(63)	(76)
Net cash generated from/(used in) financing activities	<u>(3,546)</u>	<u>(1,081)</u>
Net increase/(decrease) in cash and cash equivalents	(3,281)	(2,604)
Cash and cash equivalents brought forward	7	2,612
Cash and cash equivalents carried forward	<u>(3,274)</u>	<u>7</u>
<b>Cash and cash equivalent comprise of:</b>		
Cash and Bank balances	150	817
Deposits with licensed banks	407	395
Overdraft (in Bank Borrowings)	(3,831)	(1,204)
	<u>(3,274)</u>	<u>7</u>

*This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

IRM GROUP BERHAD (628000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figure has not been audited)

UNAUDITED as at 30 SEPTEMBER 2011	Non-Distributable	Non-Distributable	Non-Distributable	Distributable	Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Retained Profit			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
As at 1 January 2011	65,000	2,063	3,058	(28,403)	41,717	-	41,717
Other Comprehensive Income / (Loss):							
Issued during the period	-	-	-	-	-	-	-
Arising from acquisition of property plant equipment	-	-	-	-	-	-	-
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-
Revaluation Reserve arising from revalued assets	-	-	12,630	-	12,630	-	12,630
Transferred to deferred taxation	-	-	-	-	-	-	-
Net profit / (Loss) for the period / Total Comprehensive Income / (Loss) for the period	-	-	-	(1,004)	(1,004)	-	(1,004)
As at 30 SEPTEMBER 2011	<u>65,000</u>	<u>2,063</u>	<u>15,688</u>	<u>(29,407)</u>	<u>53,344</u>	<u>-</u>	<u>53,344</u>

AUDITED as at 31 DECEMBER 2010	Non-Distributable	Non-Distributable	Non-Distributable	Distributable	Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Retained Profit			
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance at 1 January 2010	65,000 *	2,063	3,177	(18,204)	52,036	-	52,036
Effect of adopting FRS	-	-	-	-	-	-	-
Balance at 1 January 2010	<u>65,000</u>	<u>2,063</u>	<u>3,177</u>	<u>(18,204)</u>	<u>52,036</u>	<u>-</u>	<u>52,036</u>
Other Comprehensive Income / (Loss):							
Issued during the period	-	-	-	-	-	-	-
Arising from acquisition of property plant equipment	-	-	-	-	-	-	-
Arising from acquisition of subsidiaries	-	-	-	-	-	-	-
Revaluation reserve arising from revalued assets	-	-	-	-	-	-	-
Transferred to deferred taxation	-	-	-	-	-	-	-
Realisation of revaluation reserve on depreciation of devalued asset	-	-	(119)	119	-	-	-
Net profit / (Loss) for the period / Total Comprehensive Income / (Loss) for financial year	-	-	-	(10,319)	(10,319)	-	(10,319)
Balance at 31 December 2010	<u>65,000</u>	<u>2,063</u>	<u>3,058</u>	<u>(28,403)</u>	<u>41,717</u>	<u>-</u>	<u>41,717</u>

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

NOTE:

\* This includes RM2 comprising 4 ordinary shares of RM0.50 each.

IRM GROUP BERHAD (628000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011  
CONDENSED CONSOLIDATED INCOME STATEMENT

(The figure has not been audited)

	3RD QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Sep-11 RM '000	Reclassified Unaudited 30-Sep-10 RM '000	Unaudited 30-Sep-11 RM '000	Reclassified Unaudited 30-Sep-10 RM '000
Revenue	40,651	43,126	127,091	140,072
Cost of Sales	(40,174)	(43,733)	(124,025)	(138,507)
Gross Profit/(Loss)	477	(607)	3,066	1,565
Other Income	-	-	-	-
Other Expenses	-	-	-	-
Other Operating Income / (Loss)	590	72	1,107	65
Operating Expenses	(809)	(1,985)	(3,550)	(5,920)
Profit/(Loss) from Operations	258	(2,520)	623	(4,290)
Finance Costs	(562)	(491)	(1,627)	(1,493)
Interest Income	-	-	-	-
Profit/(Loss) before Taxation	(304)	(3,011)	(1,004)	(5,783)
Taxation	-	-	-	-
Profit/(Loss) after Taxation from Continueing Operations	(304)	(3,011)	(1,004)	(5,783)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Net Profit / (Loss) after MI	(304)	(3,011)	(1,004)	(5,783)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	(304)	(3,011)	(1,004)	(5,783)
Non Controlling Interests	-	-	-	-
<b>Profit / (Loss) for the period</b>	(304)	(3,011)	(1,004)	(5,783)
Weighted Average Number of Ordinary Shares in issue	130,000	130,000	130,000	130,000
Earnings Per Share (sen) # attributable to owners of the Company:				
Basic (sen)	(0.23)	(2.32)	(0.77)	(4.45)
Fully diluted	N/A	N/A	N/A	N/A

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

NOTE:

# EARNINGS per share is calculated based on the Net Profit After MI divided by the number of ordinary shares of RM 0.50 each in issue as at END OF PERIOD.

IRM GROUP BERHAD (628000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figure has not been audited)

	3RD QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited	Unaudited Restated	Unaudited	UnAudited Restated
	30-Sep-11	30-Sep-10	30-Sep-11	30-Sep-10
	RM '000	RM '000	RM '000	RM '000
Profit / (Loss) for the period	(304)	(3,011)	(1,004)	(5,783)
Other Comprehensive Income/(Loss), Net of Tax:				
Surplus on revaluation of properties	-	-	12,630	-
Income Tax relating to components of other comprehensive income	-	-	-	-
Other Comprehensive Income/(Loss) for the period	-	-	12,630	-
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(304)</b>	<b>(3,011)</b>	<b>11,626</b>	<b>(5,783)</b>
<b>Total Comprehensive Income/(Loss) attributable to:</b>				
Owners of the Company	(304)	(3,011)	11,626	(5,783)
Non-controlling interests	-	-	-	-
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(304)</b>	<b>(3,011)</b>	<b>11,626</b>	<b>(5,783)</b>

*This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.*

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**A NOTES TO THE INTERIM FINANCIAL REPORT**

**A1 Basis of preparation**

The interim financial report are unaudited and have been prepared in compliance with FRS 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2010. These explanatory 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 year ended 31 December 2010.

The financial statements of the Group are prepared on the historical cost basis except as disclosed in the notes to this statement and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standard.

**A2a Changes in Accounting Policies**

**(a) Adoption of new and revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and IC Interpretations**

The Accounting Policies adopted by the Group is consistent with those of the previous financial year except the following new and revised FRSs and IC Interpretations:

		Effective for Financial period beginning on or after
Amendments to FRS 132	Financial Instruments: Presentations Amendments relating to classification of rights issues	01-Mar-10
FRS 3	Business Combinations (Revised)	01-Jul-10
FRS 127	Consolidated and Separate Financial Statements (Revised)	01-Jul-10
IC Interpretation 17	Distributions of Non-Cash Assets to Owners	
Improvements to FRSs issued in 2009		
Amendments to FRS 7	Improving Disclosures about Financial Instruments. Amendments relating to the fair value measurements using fair value hierarchy and disclosure of liquidity risk	01-Jan-11
IC Interpretation 4	Determining Whether an Arrangement Contains a Lease	01-Jan-11
IC Interpretation 18 (*)	Transfers of Assets from Customers	01-Jan-11
Improvements to FRSs issued in 2010 and mandatory for annual financial periods beginning on or after 1 January 2011		

\* MASB approved and issued IC Interpretation 18 - Transfers of Assets from Customers and requires the interpretation to be applied prospectively to all transfers of assets from customers received on or after 1 January 2011.

Initial application of the above standards, amendments and interpretations did not have any material impact on the financial statements of the Group except for the following:

**FRS 3 Business Combination (Revised)**

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. All payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the Statement of Comprehensive Income. There is a choice to measure the non-controlling interest in the acquiree's net assets. All acquisition-related costs should be expensed.

#### FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. Losses are required to allocate to non-controlling interests, even if it results in the non controlling interest to be in a deficient position.

#### IC Interpretation 17 Distributions of Non-cash Assets to Owners

This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The Company should measure the dividend payable at the fair value of the assets to be distributed when the dividend is appropriately authorised and is no longer at the discretion of the Company. On settlement of the dividend, the difference between the dividend, the difference between the dividend paid and the carrying amount of the assets distributed is recognised in profit or loss. If the dividend remains unpaid at the end of the financial year end, the dividend payable carrying amount is reviewed with any changes recognised in equity.

#### (b) Standards issued but not yet effective

The following are standards and IC Interpretations which are not yet effective and have not being early adopted by the Group:

FRSs, Amendments to FRSs and IC Interpretations		Effective for Financial period beginning on or after
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	01-Jul-11
Amendments to IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. Amendments relating to the treatment of prepayments of future contributions when there is a minimum funding requirement	01-Jul-11
FRS 124	Related Party Disclosures (Revised)	01-Jan-12

The existing FRS 124 will be withdrawn upon the adoption of the new requirements.

The Directors anticipate that the adoption of these new / revised FRS, amendments to FRS and IC Interpretations will have no material impact on the financial statements of the Group in the period for initial application except for the following:

#### FRS 124 Related Party Disclosures (Revised)

The revised standard modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in the standard do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balance in this financial statement may be affected when the revised standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the Standard.

IRM GROUP BERHAD (628000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011

**A2b Comparatives**

The are no comparative amounts to be restated due to the adoption of new and revised FRSs.

**A2c Audit report of preceding annual financial statements**

The preceding year annual audited financial statements were not subject to any qualification.

**A3 Seasonal or cyclical factors**

The Group's operations were not materially affected by seasonal or cyclical changes during the quarter under review except for fluctuations in petrochemical price differentials for the Vinyl industry.

**A4 Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements except as disclosed in NOTE A 2a and A 2b and the following:

Revaluation as noted in A9 and Provision reversal in A5.

**A5 Material changes in estimates**

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current financial quarter.

**A6 Debt and equity securities**

**Proposed repurchase of the Company's shares**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**A7 Dividend paid**

No dividend has been paid in the current financial quarter.



**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**A8 Segment information**

The Group's operation comprises 2 different business segments from 2 operating units:

- (a) Manufacture of PVC Resins and Compounds (Raw Materials for downstream fabrication applications)  
(b) Manufacture of downstream fabricated applications (PVC Pipes and Calendared/Wood Composite Products)

OPERATING UNITS' BUSINESS	Current 3rd Quarter Profit/(Loss) after		Preceeding 3rd Quarter Profit/(Loss) after	
	<u>Revenue</u> RM '000	<u>taxation</u> RM '000	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
PVC Resins and Compounds	41,002	(94)	44,087	(2,981)
Downstream Fabricated Applications - Pipes & Calendaring #	1,076	(110)	1,721	70
	<u>42,078</u>	<u>(204)</u>	<u>45,808</u>	<u>(2,911)</u>
less: Inter-Segment Sales	(1,427)	-	(2,682)	-
add: Holding Company	-	(100)	-	(100)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
<b>Total</b>	<b>40,651</b>	<b>(304)</b>	<b>43,126</b>	<b>(3,011)</b>

OPERATING UNITS' BUSINESS	Cummulative Current 3rd Quarter Profit/(Loss) after		Cummulative Preceeding 3rd Quarter Profit/(Loss) after	
	<u>Revenue</u> RM '000	<u>taxation</u> RM '000	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
PVC Resins and Compounds	127,168	(576)	140,284	(5,564)
Downstream Fabricated Applications - Pipes & Calendaring #	4,673	(128)	4,379	81
	<u>131,841</u>	<u>(704)</u>	<u>144,663</u>	<u>(5,483)</u>
less: Inter-Segment Sales	(4,750)	-	(4,591)	-
add: Holding Company	-	(300)	-	(300)
add: Goodwills / Assets Diminution	-	-	-	-
<b>Total</b>	<b>127,091</b>	<b>(1,004)</b>	<b>140,072</b>	<b>(5,783)</b>

SEGMENT ASSETS & LIABILITIES	Current 3rd Quarter @ 30SEP 2011		Preceeding 3rd Quarter @ 30 SEP 2010	
	<u>Assets</u> RM '000	<u>Liabilities</u> RM '000	<u>Assets</u> RM '000	<u>Liabilities</u> RM '000
PVC Resins and Compounds	119,839	63,246	110,889	56,330
Downstream Fabricated Applications - Pipes & Calendaring #	2,618	5,900	1,364	4,639
	<u>122,457</u>	<u>69,146</u>	<u>112,253</u>	<u>60,969</u>
less: Unallocated / Consolidation adjustments	(6,176)	(6,208)	(5,685)	(651)
<b>Total</b>	<b>116,281</b>	<b>62,938</b>	<b>106,568</b>	<b>60,318</b>

No segmental information by geographical location is provided as the Group operates predominantly in Malaysia.

NOTE: # Liabilities of Downstream Fabrication Applications are intercompany debts.

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**A9 Valuation of property, plant and equipment**

The property, plant and equipment of the Group are stated at cost/valuation less accumulated depreciation. The valuation of the property, plant and equipment (for land and buildings) have been brought forward without amendment from the previous audited financial statements for the year ended 31 December 2010 except for the following:

The class of property under Land & Buildings and Chemical Storage Terminal were revalued based on a professional valuers' report by IRMHAMY & CO (dated 30 MAY 2011). However, only the property classified under Chemical Storage Terminal at a Net Carrying Amount of RM 2,369,309 as at 30 June 2011 (Original cost RM 15,939,709 and Net Book Value RM 2,385,433 as at 31Dec 2010) has been revalued to RM 15,000,000 and incorporated into the books of accounts as at 30 June 2011. The class of property grouped under Land & Buildings remain at the carrying amount.

**A10 Material events subsequent to the end of the quarter**

There were no material events subsequent to the current financial quarter up to the date of this report which is likely to substantially affect the results of the operations of the Group except for the following .

A piece of land (which was an investment property classified as Assets Held for Sale) was sold for a consideration of RM580,000 under a Sale & Purchase Agreement dated 22nd February 2011. The transaction is completed and money fully paid on 27 MAY 2011.

A piece of commercial property has been reclassified as Assets Held for Sale and is being sold for a consideration of RM2,300,000 under a Sale & Purchase Agreement dated for which a 10% down payment cheque was received on 15 June 2011. The transaction is completed at the date of this report and full payment received by 13 OCTOBER 2011.

**A11 Changes in the composition of the Group**

There were no changes in the composition of the Group reported in the previous audited financial statement that will have effect in the current financial quarter under review.

However, on 27 September 2011, the Company acquired two (2) ordinary shares of RM1.00 each fully paid-up in the capital of IRM Solar Sdn. Bhd. (formerly known as Juara Armada Sdn. Bhd.) (Company No. 860374-K) ["IRM Solar"] at a total purchase consideration of RM2.00 from Y. Bhg. Dato' Abd Karim Bin Ahmad Tarmizi (1 ordinary share) and Encik Iqbal Bin Abd Karim (1 ordinary share) ("Acquisition").

Following the Acquisition, IRM Solar became a wholly-owned subsidiary of IRMGB. The acquisition is intended for IRMGB's future expansion.

IRM Solar was incorporated as a private company limited by shares on 11 June 2009. The authorised share capital of IRM Solar is RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each. The present issued and paid-up share capital of IRM Solar is RM2.00 divided into two (2) ordinary shares of RM1.00 each. IRM Solar has not commenced business since its incorporation.

The Acquisition is not expected to have any material effect on the earnings and net assets of IRMGB for the financial year ending 31December 2011.

On 17 November 2011, the authorised share capital of IRM Solar Sdn Bhd was increased from RM100,000 to RM10,000,000 by addition of 9,900,000 ordinary shares of RM1 each. At the same time, an allotment of 499,998 ordinary shares of RM1 each fully paid up in the capital of the Company at par value was made to IRM Group Bhd and the consideration to be set-off against part of the amount owing to IRM Group Bhd as at 17 November 2011 and such new ordinary shares when issued shall rank pari pasu in all respect with the existing ordinary shares.in the capital of the company.

On 16 November 2011, the Group announced that IRM Solar Sdn. Bhd. ("IRM Solar") (formerly known as Juara Armada Sdn. Bhd.), a wholly-owned subsidiary of IRMGB had on 5 October 2011 entered into a Joint Venture Agreement ("JV Agreement") with Gumi Asli Elektrikal Sdn. Bhd. ("Gumi Asli") for the purpose of tendering for the construction and completion of 2MW Solar Farm and associated works, Putrajaya, Malaysia (Phase 1) ("Solar Farm Tender") ("Joint Venture") called by TNB Energy Services Sdn. Bhd. ("TNBES").

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**A12 Contingent liabilities**

As at 30 SEPTEMBER 2011, the contingent liabilities of the Group comprising bank guarantees which are mainly for utilities suppliers, ports, customs and excise, for the subsidiaries was approximately RM 1,243,000.

The Company has provided 2 corporate guarantees for amount not exceeding RM46.8 Million and RM 14.0 Million to 2 banks for banking facilities previously granted to a subsidiary. An additional corporate guarantee for RM 20.0 Million was issued for additional facilities from another bank to the same subsidiary. The Company view that the said subsidiary is in a financial position to honour on its own the financial commitments without undue difficulty.

The total gross banking facilities was RM 60.0 million.

**A13 Capital commitments**

There were no capital commitments as at the date of this announcement.

**A14 Significant related party transactions**

There were no significant related party transactions as at the date of this announcement.

**A15 Cash and cash equivalents**

	<u>@30-09-11</u>	<u>'@31-12-10</u>
	RM('000)	RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	150	817
Deposits with licensed banks	407	395
Overdraft (in Bank Borrowings)	(3,831)	(1,204)
	<u>(3,274)</u>	<u>7</u>
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	<u>(3,274)</u>	<u>7</u>

**A16 Inventories**

There were no write down or allowances made for slow moving or obsolete inventories during the period under review.

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**B ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENTS**

**B1 Review of performance**

	<b>CORRESPONDING PRECEDING YEAR QUARTER ended 30-Sep-10 RM' 000 <i>Reclassified</i></b>	<b>CURRENT YEAR QUARTER ended 30-Sep-11 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue - Continued Operations	43,126	40,651	(2,475)
Consolidated Profit/(Loss) Before Tax	(3,011)	(304)	2,707
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(3,011)	(304)	2,707
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(3,011)	(304)	2,707
RESINS & COMPOUNDS VOLUME (MTS)	12,864	10,957	(1,907)
AVERAGE UNIT PRICES (RM / MT)	3.35	3.71	0.36

Current 3rd Quarter Revenue at RM 40.651 Million is 6% lower than the corresponding Q3 (*Re-classified*) of the preceding year. This is due to a decrease in volume offset by higher prices for current Q3. *Average PVC resins price and margin were higher. Compounds price and margin were higher. Unit Contribution for current Q3 is also higher.* In spite of a lower volume, the overall higher contribution margin resulted in a reduced loss for the current Quarter. The lower overheads following the completion of VSS in the last quarter also contributed to the improved results of the current quarter. The preceding year Q3 results of the Discontinued/Disposal group was reclassified into the Continuing Operation - but the operation of this sector resulted in a negative contribution.

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**B2 Variation of results against immediate preceding quarter**

Explanations of comparative figures for the current Quarter and the immediate preceding Quarter are as follows:

	<b>IMMEDIATE PRECEDING QUARTER ended 30-Jun-11 RM' 000</b>	<b>CURRENT QUARTER ended 30-Sep-11 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue - Continued Operations	44,373	40,651	(3,722)
Consolidated Profit/(Loss) Before Tax	294	(304)	(598)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	294	(304)	(598)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	294	(304)	(598)

Turnover for the 3rd Quarter 2011 at RM 40.651 Million is 8 % lower compared to the immediate preceding 2nd Quarter 2011 with a loss of RM (0.304) Million. The reason for the loss is due to the drop in price as expected in the last quarter and poorer contribution margins for both resins and compounds although total volume was slightly higher. The lower overheads following the completion of VSS in Q2 offset the loss due to the poorer contribution. However, the operation of the downstream fabrication units in the current Quarter 3 contributed a loss of RM (0.110) Million due to initial change over from subcontracting in the previous quarter.

**B3 Prospects**

The current high and volatile vinyl prices that peaked in June has dropped in the current quarter amidst global uncertainties . Both VCM/PVC prices appears to be on the downtrend like any other polymers. However the VCM/PVC price differential movement is uncertain. However an explosion occurred this month in a major VCM production plant in Japan that has affected regional supply. This has cause an increase in VCM price which is expected to affect the Group's performance in the last quarter.

**B4 Variance of Group's Actual against Profit Forecast and profit guarantee**

The Group has not provided any quarterly profit forecast and therefore no variance information is available for presentation.

The Group did not announce any profit guarantee.

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	3rdQuarter	3rdQuarter	3rdQuarter	3rdQuarter
	@30Sep11	@30Sep10	@30Sep11	@30Sep10
	RM '000	RM '000	RM '000	RM '000
Current Year Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
Total Tax Expense	-	-	-	-
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%

The effective income tax rate defers from the statutory rate due absence of group relief for loss making subsidiaries in which losses of certain subsidiaries assumed cannot be offset against the profit of other subsidiaries. Also, although sufficient Capital Allowances and Unabsorbed Losses are available, these are assumed not set off against the Taxable Income between subsidiaries. (In view of substantial unabsorbed accumulated losses, no tax is payable for the current and cumulative period.).

**B6 Unquoted investments and properties**

There were no sale or purchases of unquoted investments during the financial quarter ended 30 SEPTEMBER 2011 except the disposal of 2 properties as noted under NOTE A 10.

**B7 Quoted securities**

There were no purchases or disposals of quoted securities during the financial quarter ended 30 SEPTEMBER 2011.

**B8 Status of Corporate Proposals announced**

During Q4 for 2009, the Group announce a proposal to set up a Compounding Operation to be located in Indonesia with a proposed investment of RM2.5 million. Licensing submission and approval is in the process. A new company, named PT INDUSTRIAL RESINS has been incorporated on 28th January 2010 to be used as a vehicle for this venture but no investment has been made todate.

On 24 March 2011, the Group announce that a wholly owned subsidiary, IRM COMPOSITE SDN BHD ("IRMC") entered into an agreement with Perbadanan Kemajuan Negeri Perak ("PKNP") for a joint business collaboration for a bamboo concession in the state of Perak. Details of collaborative effort for implementations are currently being worked out.

**B9 Group's borrowings and debt securities**

(a) The Group borrowings are as follows:

	@ 30 SEP 11			@ 30 SEP 10		
	Short term	Long term	Total	Short term	Long term	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured:	27,180	378	27,558	21,608	1,451	23,059
Unsecured:	10,602	-	10,602	15,049	-	15,049
Total	<u>37,782</u>	<u>378</u>	<u>38,161</u>	<u>36,657</u>	<u>1,451</u>	<u>38,108</u>

(b) All borrowings are denominated in Ringgit Malaysia

**IRM GROUP BERHAD (628000-T)**  
(Incorporated in Malaysia)

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2011**

**B10 Derivative Financial Instruments (Off balance sheet financial instruments)**

Details of outstanding derivative financial instruments as at end of 30 SEPTEMBER 2011.

Type of Derivatives	Contract / Notional Value RM '000	Fair Value RM '000	Gain/(Loss) Fair Value Changes RM '000	Purpose
Forward exchange contracts (Mature within 2 months)	17,046	17,076	30	Hedging for Material purchase

**B11 Realised and Unrealised Profits / (Losses) Disclosures**

	As at 30-Sep-11 RM '000	As at 30-Jun-11 RM '000
Total unappropriated profit of IRMGB and its subsidiaries:		
Realised	(28,603)	(28,199)
Unrealised	(804)	(904)
Total group unappropriated profit as per Consolidated Accounts:	(29,407)	(29,103)

**B12 Material litigation**

There were no material litigation pending at the date of this announcement.

**B13 Dividends**

No dividend has been declared in respect of the financial period under review.

**B14 Earnings per share**

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>3rd Quarter</u> <u>@30Sep11</u>	<u>3rd Quarter</u> <u>@30Sep10</u>	<u>3rd Quarter</u> <u>@30Sep11</u>	<u>3rd Quarter</u> <u>@30Sep10</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(304)	(3,011)	(1,004)	(5,783)
Weighted Average Number of shares in issue ( '000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(0.23)	(2.32)	(0.77)	(4.45)

b. Diluted

The Group does not have any convertible securities and accordingly Diluted EPS is not applicable.

**B15 Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on **23 NOVEMBER, 2011**.