

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

Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

(The figure has not been audited)

	1ST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 31-Mar-12 RM '000	Reclassified/Restated Unaudited 31-Mar-11 RM '000	Unaudited 31-Mar-12 RM '000	Reclassified/Restated Unaudited 31-Mar-11 RM '000
Revenue	37,047	42,067	37,047	42,067
Cost of Sales ##	(35,937)	(40,405)	(35,937)	(40,405)
Gross Profit/(Loss)	1,110	1,662	1,110	1,662
Other Income (include investment income)	-	-	-	-
Other Expenses	-	-	-	-
Other Operating Income / (Loss)	518	242	518	242
Depreciation Expense ##	(761)	(512)	(761)	(512)
Operating Expenses	(1,351)	(1,852)	(1,351)	(1,852)
Profit/(Loss) from Operations	(484)	(460)	(484)	(460)
Finance Costs	(571)	(534)	(571)	(534)
Interest Income	-	-	-	-
Profit/(Loss) before Taxation	(1,055)	(994)	(1,055)	(994)
Taxation	-	-	-	-
Profit/(Loss) after Taxation from Continuing Operations	(1,055)	(994)	(1,055)	(994)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Net Profit / (Loss) after MI	(1,055)	(994)	(1,055)	(994)
Profit / (Loss) attributable to:				
Owners of the Company	(1,055)	(994)	(1,055)	(994)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	(1,055)	(994)	(1,055)	(994)
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)	(0.81)	(0.76)	(0.81)	(0.76)
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 2011 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.

DEPRECIATION reclassified from Cost of Sales to disclose as separate item.

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

Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2012
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(The figure has not been audited)

	1ST QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 31-Mar-12 RM '000	Unaudited Restated 31-Mar-11 RM '000	Unaudited 31-Mar-12 RM '000	UnAudited Restated 31-Mar-11 RM '000
Profit / (Loss) for the period	(1,055)	(994)	(1,055)	(994)
Other Comprehensive Income/(Loss), Net of Tax:				
Surplus on revaluation of properties	-	-	-	-
Income Tax relating to components of other comprehensive income	-	-	-	-
Other Comprehensive Income/(Loss) for the period	-	-	-	-
Total Comprehensive Income/(Loss) for the period	(1,055)	(994)	(1,055)	(994)
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	(1,055)	(994)	(1,055)	(994)
Non-controlling interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	(1,055)	(994)	(1,055)	(994)

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO STATEMENT OF COMPREHENSIVE INCOME: (Additional information)	1ST QUARTER	1ST QUARTER	CUMMULATIVE	CUMMULATIVE
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 31-Mar-12 RM ' 000	Unaudited 31-Mar-11 RM ' 000	Unaudited 31-Mar-12 RM ' 000	Unaudited 31-Mar-11 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(761)	(512)	(761)	(512)
Allowance for impairment of Receivables	-	-	-	-
Allowance for impairment of Receivables no longer required	61	-	61	-
Provision for and write off of Inventories	-	-	-	-
Gain or (Loss) on disposal of quoted and unquoted investments or properties	-	-	-	-
Property Plant Equipment written off	-	-	-	-
Foreign Exchange gain or loss	-	-	-	-
Fair value Gain / (Loss) on derivative financial instruments	83	-	83	-
Exceptional items:				
Insurance claim	269	-	269	-
Product defects compensation	-	-	-	-
Prior year expense write off no longer required	-	-	-	-
Provision for Voluntary Separation Scheme	-	-	-	-
Provision for Voluntary Separation Scheme overprovided	-	-	-	-
Waiver of Non-Trade debts	-	-	-	-
Write back of Non-Trade debts	-	-	-	-
Gain / (Loss) on Disposal of Property Plant Equipment	-	-	-	-

IRM GROUP BERHAD (628000-T)
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Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2012
CONDENSED CONSOLIDATED BALANCE SHEET

(The figure has not been audited)

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
PROPERTY, PLANT & EQUIPMENT	69,120	69,796
INVESTMENT PROPERTIES	-	-
DEVELOPMENT COST / INTANGIBLE ASSETS	2,707	2,011
CURRENT ASSETS		
Inventories	25,143	28,364
Trade debtors	14,462	15,941
Other debtors, deposits and prepayments	2,829	2,691
Taxation (Recoverable)	575	575
Deposit with licensed bank	414	408
Cash and bank balances	163	581
	43,586	48,560
Assets classified as Held for Sale	-	-
	43,586	48,560
CURRENT LIABILITIES		
Trade creditors	9,756	27,227
Finance Lease Liabilities (HP creditors)	158	211
Other creditors and accruals	17,952	7,568
Amount due to a Director	3	3
Short Term Borrowings	38,493	35,175
Derivative Financial Instruments	(83)	-
Taxation payable	6	6
	66,285	70,191
Liabilities associated with Assets classified as Held for Sale	-	-
	66,285	70,191
NET CURRENT ASSETS	(22,699)	(21,631)
	49,128	50,177
FINANCED BY		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	11,307	11,307
Retained profit / (Loss)	(32,169)	(27,179)
Profit / (Loss) for the period	(1,055)	(4,989)
Shareholders Fund	45,146	46,201
Minority Interest	-	-
	45,146	46,201
LONG TERM BORROWING	-	-
Provision for Retirement benefits	134	129
DEFERRED TAXATION Liabilities	3,178	3,178
Finance Lease Liabilities (HP Creditors)	670	670
	49,128	50,177
Net Assets ("NA") per share (sen) #	34.7	35.5

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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.

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Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2012
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figure has not been audited)

UNAUDITED as at 31 MARCH 2012	Non-Distributable Share Capital RM '000	Non-Distributable Share Premium RM '000	Non-Distributable Revaluation Reserve RM '000	Distributable Retained Profit/(Loss) RM '000	Total RM '000	Minority Interest RM '000	Total Equity RM '000
As at 1 January 2012	65,000	2,063	11,307	(32,169)	46,201	-	46,201
Other Comprehensive Income / (Loss):							
Revaluation Reserve arising from revalued assets	-	-	-	-	-	-	-
Transferred to deferred taxation	-	-	-	-	-	-	-
Total Other Comprehensive Income for the period	-	-	-	-	-	-	-
Realisation of revaluation reserve on depreciation of revalued asset	-	-	-	-	-	-	-
Net profit / (Loss) for the period / Total Comprehensive Income / (Loss) for the period	65,000	2,063	11,307	(32,169)	46,201	-	46,201
As at 31 MARCH 2012	65,000	2,063	11,307	(33,224)	45,146	-	45,146
AUDITED as at 31 DECEMBER 2011							
	Non-Distributable	Non-Distributable	Non-Distributable	Distributable			Total Equity RM '000
Balance at 1 January 2011	65,000	2,063	3,058	(28,403)	41,717	-	41,717
Effect of adopting FRS	-	-	-	-	-	-	-
Balance at 1 January 2011	65,000	2,063	3,058	(28,403)	41,717	-	41,717
Other Comprehensive Income / (Loss):							
Revaluation reserve arising from revalued assets	-	-	-	-	-	-	-
Transferred to deferred taxation	-	-	-	-	-	-	-
Realisation of revaluation reserve on depreciation of revalued asset	-	-	(1,224)	1,224	-	-	-
Net profit / (Loss) for the period / Total Comprehensive Income / (Loss) for financial year	65,000	2,063	1,833	(27,179)	41,717	-	41,717
Balance at 31 December 2011	65,000	2,063	9,473	(4,989)	4,484	-	4,484
	65,000	2,063	11,307	(32,169)	46,201	-	46,201

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

NOTE:

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

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figure has not been audited)

	Unaudited 31-Mar-12 RM '000	Audited 31-Dec-11 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continuing Operations	(1,055)	(5,836)
Discontinued Operations / Disposal Group	-	-
Adjustment for:		
Loss on disposal of Investment Properties	-	100
Deposit written off	-	4
Fair value loss/(gain) on derivative financial instrument	(83)	(172)
Other Income - Goodwills on Consolidation written off	-	1
Depreciation	761	2,770
(Gain) / Loss on Disposal of PPE	-	(48)
Allowance for Retirement benefits	5	28
Provision for Vol Separation Sch / (No longer required)	-	(948)
Unrealised Loss / (Gain) on Foreign Exchange	-	82
Interest expenses	566	2,206
Allowance for Doubtful Debts	-	276
Allowance for Doubtful Debts - No longer required	61	(153)
Interest income	-	(14)
Write back of non Trade Debts	-	(307)
Operating profit/(loss) before working capital changes	255	(2,012)
Changes in working capital:		
Inventories	3,221	(4,649)
Receivables	1,280	(282)
Payables	(7,086)	16,730
Net cash flows from/ (used in) operating activities	(2,330)	9,786
Retirement Benefits paid	-	(1)
Taxation (paid) / recovered	-	(1)
Tax refund	-	-
Net cash generated from/(used in) operating activities	(2,330)	9,784
Acquisition of subsidiaries, net of cash	-	3
Deferred expenditure incurred	-	(970)
Development costs incurred	(696)	(1,041)
Interest Income received	-	14
Proceeds from disposal of assets held for sale	-	580
Proceeds from disposal of investment properties	-	2,200
Proceeds from disposal of property, plant and equipment	-	525
Purchase of property, plant and equipment	(85)	(1,327)
Net cash generated from/(used in) investing activities	(781)	(16)
Proceeds / (Repayments) of short term borrowings	4,399	-
Proceeds from Term Loan	-	-
Repayments of Term Loan	(97)	(1,093)
Hire Purchase proceeds / (repayment)	(53)	(113)
Interest paid	(566)	(2,206)
Bills Payable	-	(7,591)
Drawdown/(placement) of fixed deposits	-	-
Net cash generated from/(used in) financing activities	3,683	(11,003)
Net increase/(decrease) in cash and cash equivalents	572	(1,234)
Cash and cash equivalents brought forward	(1,227)	7
Cash and cash equivalents carried forward	(655)	(1,227)
Cash and cash equivalent comprise of:		
Cash and Bank balances	163	581
Deposits with licensed banks	414	408
Overdraft (in Bank Borrowings)	(1,232)	(2,216)
	(655)	(1,227)

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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A NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of preparation

The interim financial report are unaudited and have been prepared in compliance with MFRS 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 2011. 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 2011.

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.

The Group has adopted the Malaysian Financial Reporting Standard (MFRS) framework and MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards for the first time in these condensed interim financial statements. The transition to the MFRS framework does not have any material financial impact to the financial statements of the Group.

A2a Changes in Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements for FRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except for the following MFRSs, amendments to MFRSs and Issues Committee (IC) Interpretation which are relevant to the Group's operation with effect from 1 January 2012:

Revised MFRS 124:	Related Party Disclosures
Amendments to MFRS 122:	Income Taxes
Amendments to MFRS 1:	First time Adoption on a Fixed Dates and Hyperinflation
Amendments to MFRS 7:	Financial Instruments: Disclosures on Transfer of Financial Assets

The adoption of the above standards and interpretations are not expected to have any significant impact on the financial statements of the Group in the year of initial application.

The following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for Financial period beginning on or after
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009 and October 2010)	01-Jan-15
MFRS 10	Consolidated Financial Statements	01-Jan-13
MFRS 11	Joint Arrangements	01-Jan-13
MFRS 12	Disclosures of Interest in Other Entities	01-Jan-13
MFRS 13	Fair Value Measurement	01-Jan-13
MFRS 119	Employee Benefits (as amended in June 2011)	01-Jan-13
MFRS 127	Separate Financial Statements (as amended by IASB in May 2011)	01-Jan-13
MFRS 128	Investments in Associates and Joint Ventures (as amended by IASB in May 2011)	01-Jan-13
Amendments to MFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	01-Jan-13
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income	01-Jul-12
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	01-Jan-14
IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	01-Jan-13

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A2b

Comparatives

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

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.

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.

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A8

Segment information

The Group's operation comprises 3 different business segments from 3 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)
- (c) Renewable Energy Operations (produce electric power via solar farm and biomass power plant)

OPERATING UNITS' BUSINESS	Current 1st Quarter		Preceding 1st Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	<u>Revenue</u> RM '000	<u>taxation</u> RM '000	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
Renewable Energy - Solar farm & Biomass power plant	-	-	-	-
PVC Resins and Compounds	36,605	(946)	41,821	(918)
Downstream Fabricated Applications - Pipes & Calendaring #	608	1	1,204	(26)
	<u>37,213</u>	<u>(945)</u>	<u>43,025</u>	<u>(944)</u>
less: Inter-Segment Sales	(166)	-	(958)	-
add: Holding Company	-	(110)	-	(50)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
Total	<u>37,047</u>	<u>(1,055)</u>	<u>42,067</u>	<u>(994)</u>

OPERATING UNITS' BUSINESS	Cummulative Current 1st Quarter		Cummulative Preceding 1st Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	<u>Revenue</u> RM '000	<u>taxation</u> RM '000	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
Renewable Energy - Solar farm & Biomass power plant	-	-	-	-
PVC Resins and Compounds	36,605	(946)	41,821	(918)
Downstream Fabricated Applications - Pipes & Calendaring #	608	1	1,204	(26)
	<u>37,213</u>	<u>(945)</u>	<u>43,025</u>	<u>(944)</u>
less: Inter-Segment Sales	(166)	-	(958)	-
add: Holding Company	-	(110)	-	(50)
add: Goodwills / Assets Diminution	-	-	-	-
Total	<u>37,047</u>	<u>(1,055)</u>	<u>42,067</u>	<u>(994)</u>

SEGMENT ASSETS & LIABILITIES	Current 1st Quarter		Preceding 1st Quarter	
	@ 31MAR 2012		@ 31 MAR 2011	
	<u>Assets</u> RM '000	<u>Liabilities</u> RM '000	<u>Assets</u> RM '000	<u>Liabilities</u> RM '000
Renewable Energy - Solar farm & Biomass power plant	973	376	-	-
PVC Resins and Compounds	118,659	69,098	101,917	58,296
Downstream Fabricated Applications - Pipes & Calendaring #	4,822	8,568	3,523	6,703
	<u>124,454</u>	<u>78,042</u>	<u>105,440</u>	<u>64,999</u>
less: Unallocated / Consolidation adjustments	(9,617)	(8,350)	(6,279)	(6,562)
Total	<u>114,837</u>	<u>69,692</u>	<u>99,161</u>	<u>58,437</u>

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

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

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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 2011.

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.

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.

A12

Contingent liabilities

As at 31 MARCH 2012, 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 3 corporate guarantees for amount not exceeding RM46.8 Million, RM 14.0 Million and RM20 Million to 3 banks for banking facilities previously granted to a subsidiary. An additional corporate guarantee for RM 1.0 Million was issued for additional facilities from another bank to a different subsidiary. The Company view that the said subsidiaries are 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 and RM1.0 million for 2 different subsidiaries.

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

	@31-03-12	'@31-12-11
	RM('000)	RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	163	581
Deposits with licensed banks	414	408
Overdraft (in Bank Borrowings)	(1,232)	(2,216)
	(655)	(1,227)
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	(655)	(1,227)

A16

Inventories

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

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

B1 Review of performance

	CORRESPONDING PRECEDING YEAR QUARTER ended 31-Mar-11 RM' 000	CURRENT YEAR QUARTER ended 31-Mar-12 RM' 000	CHANGES RM' 000
Revenue - Continued Operations	42,067	37,047	(5,020)
Consolidated Profit/(Loss) Before Tax	(994)	(1,055)	(61)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(994)	(1,055)	(61)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(994)	(1,055)	(61)
 RESINS & COMPOUNDS VOLUME (MTS)	 11,490	 10,592	 (898)
 AVERAGE UNIT PRICES (RM / MT)	 3.66	 3.50	 (0.16)

Current 1st Quarter Revenue at RM 37.047 Million is 12 % lower than the corresponding Q1 of the preceding year. This is due to a decrease in total volume and lower average price for current Q1. Average PVC resins price and unit contribution margin were lower. Average compounds price remain about the same but the unit contribution margin were slightly lower. The lower contribution margins and the lower total volume in the current Quarter resulted in the bigger loss compared to the preceding Quarter. The contribution from the fabrication business units were negligible whilst the renewable energy segment is under development.

Detailed Segment Analysis:

	Current 1st Quarter		Cummulative Quarter	
	Revenue	Profit/Loss after Tax	Revenue	Profit/Loss after Tax
	RM '000	RM '000	RM '000	RM '000
Renewable Energy Operations	-	-	-	-
PVC Resins & Compounds	36,605	(946)	36,605	(946)
Downstream Fabricated Applications	608	1	608	1
TOTAL	37,213	(945)	37,213	(945)
less: Intersegment Sales	(166)		(166)	
	37,047		37,047	

PVC Resins and Compounds prices in 2011 begin the decline during the second half to bottom out by Q4 year end. The prices in 2012 is seen to be rising with big improvements in the unit contribution margins (which follows the vinyl VCM/PVC spread) compared to the low in 2011 Q4 year end. However, the benefits from this price gain was slightly offset by the lower PVC volume in Quarter 1 compared to the quarter ending of year 2011. The loss was also aggravated by the lower Compound volume in the current Quarter (which was much less than the last two quarters).

Downstream Fabrication Applications did not contribute significantly to the Group's performance with a breakeven position for the current Quarter. Revenue was half of the corresponding preceding year Quarter 1 as we continue with own manufacture subsequent to taking over from the subcontractor during the second half of 2011. The lower volume is due to the low delivery orders during the current quarter.

The **Renewable Energy segment** is still under development.

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B2 Variation of results against immediate preceding quarter

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

	IMMEDIATE PRECEDING QUARTER ended 31-Dec-11 RM' 000	CURRENT QUARTER ended 31-Mar-12 RM' 000	CHANGES RM' 000
Revenue - Continued Operations	39,524	37,047	(2,477)
Consolidated Profit/(Loss) Before Tax	(4,432)	(1,055)	3,377
less: Taxation	836	-	(836)
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(3,596)	(1,055)	2,541
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(3,596)	(1,055)	2,541

Turnover for the 1st Quarter 2012 at RM 37.047 Million is 6 % lower compared to the immediate preceding 4th Quarter 2011 with a loss of RM (1.055) Million. **(I) PVC resins and compounds operations** provided the main revenue. The reason for the lower revenue was the drop in resins and compounds volume although the prices were beginning to edge upward at the beginning of the year. The contribution margins almost doubled up for both resins and compounds to account for the much reduced loss during the Quarter. **(II) Revenue of the downstream fabrication units** in the current Q1 decreased but the operation managed to breakeven during the quarter subsequent to the change over from subcontracting in the previous quarters. This is due to the low delivery orders during the current quarter. **(III) The renewable energy unit** is still under development stage.

B3 Prospects

Polymer prices seem to peak earlier this year compared to last year. PVC/VCM price seem tight because of supply issues following the explosion in Japan last year which is yet to be resolved. Fundamental excess supply over demand dampen any further increase in price and differential. Hopefully, with the supply of VCM resolved, the PVC/VCM differential is expected to be better. Overall the prospects for the remaining 2012 remains uncertain

The operating volume for the downstream fabrication units is likely to remain low due to slow delivery orders in the coming quarter and the profit contribution is likely to be negligible. The renewable energy business is not expected to contribute to profit this year.

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.

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B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	<u>1stQuarter</u>	<u>1stQuarter</u>	<u>1stQuarter</u>	<u>1stQuarter</u>
	<u>@31Mar12</u>	<u>@31Mar11</u>	<u>@31Mar12</u>	<u>@31Mar11</u>
	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 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 progress. 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 to date.

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.

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"). The Joint Venture to be operated under the name of IRM Solar - GAESB JV has yet to be incorporated.

On 13 March 2012, the Company announced that IRM Solar Sdn Bhd, a subsidiary company has been granted the Feed-in Tariff ("FIT") Approval by Sustainable Energy Development Authority Malaysia to install Solar PV Power Station Non-Individual (>1MW<=5MW) with maximum capacity of 5.0 MW at Perlis. The FIT is scheduled to commence on 9 April 2013 for a period of 21 years from the commencement date.

On 2 April 2012, the Company announced that IRM Solar Sdn Bhd, a subsidiary company has been granted the Feed-in Tariff ("FIT") Approval by Sustainable Energy Development Authority Malaysia to produce electricity by using Biomass power plant system with a maximum capacity of 4 MW at Hulu Perak. The FIT is scheduled to commence on 2 August 2013 for a period of 16 years from the commencement date.

An MOU has been signed on 7th May 2012 for the disposal of two spherical tanks belonging to a subsidiary, Industrial Resins (Malaysia) Sdn Bhd ("IRMSB") for RM 15.0 million with a leaseback arrangement for one of the tank.

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B7 Group's borrowings and debt securities

(a) The Group borrowings are as follows:

	@ 31 MAR 12			@ 31 MAR 11		
	<u>Short term</u>	<u>Long term</u>	<u>Total</u>	<u>Short term</u>	<u>Long term</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Secured:	22,218	-	22,218	22,696	925	23,621
Unsecured:	15,043	-	15,043	17,358	-	17,358
Total	<u>37,261</u>	<u>-</u>	<u>37,261</u>	<u>40,054</u>	<u>925</u>	<u>40,979</u>

(b) All borrowings are denominated in Ringgit Malaysia

B8 Derivative Financial Instruments (Off balance sheet financial instruments)

Details of outstanding derivative financial instruments as at end of 31 MARCH 2012.

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)	4,029	4,112	83	Hedging for Material purchase

B9 Realised and Unrealised Profits / (Losses) Disclosures

	As at 31-Mar-12 RM '000	As at 31-Dec-11 RM '000
Total unappropriated profit of IRMGB and its subsidiaries:		
Realised	(28,301)	(27,162)
Unrealised	<u>(3,177)</u>	<u>(3,259)</u>
	(31,478)	(30,421)
Consolidation Adjustments	(1,746)	(1,748)
Total group unappropriated profit as per Consolidated Accounts:	<u><u>(33,224)</u></u>	<u><u>(32,169)</u></u>

B10 Material litigation

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

B11 Dividends

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

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B12 Earnings per share

	Individual Quarter		Cummulative Quarter	
	Current	Preceeding	Current	Preceeding
	Year	Year	Year	Year
	<u>1st Quarter</u>	<u>1st Quarter</u>	<u>1st Quarter</u>	<u>1st Quarter</u>
	<u>@31Mar12</u>	<u>@31Dec11</u>	<u>@31Mar12</u>	<u>@31Dec11</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(1,055)	(994)	(1,055)	(994)
Weighted Average Number of shares in issue ('000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(0.81)	(0.76)	(0.81)	(0.76)

b. Diluted

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

B13 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 **25 MAY, 2012**.