

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

Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012

CONDENSED CONSOLIDATED INCOME STATEMENT

(The figure has not been audited)

	2ND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Jun-12 RM '000	Reclassified/Restated Unaudited 30-Jun-11 RM '000	Unaudited 30-Jun-12 RM '000	Reclassified/Restated Unaudited 30-Jun-11 RM '000
Revenue	31,382	44,373	68,429	86,440
Cost of Sales ##	(32,367)	(42,424)	(68,304)	(82,829)
Gross Profit/(Loss)	(985)	1,949	125	3,611
Other Income (include investment income)	-	-	-	-
Other Expenses	-	-	-	-
Other Operating Income / (Loss)	437	275	955	517
Depreciation Expense ##	(763)	(510)	(1,524)	(1,022)
Operating Expenses	(1,519)	(889)	(2,870)	(2,741)
Profit/(Loss) from Operations	(2,830)	825	(3,314)	365
Finance Costs	(678)	(531)	(1,249)	(1,065)
Interest Income	-	-	-	-
Profit/(Loss) before Taxation	(3,508)	294	(4,563)	(700)
Taxation	687	-	687	-
Profit/(Loss) after Taxation from Continueing Operations	(2,821)	294	(3,876)	(700)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Net Profit / (Loss) after MI	(2,821)	294	(3,876)	(700)
Profit / (Loss) attributable to:				
Owners of the Company	(2,821)	294	(3,876)	(700)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	(2,821)	294	(3,876)	(700)
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)	(2.17)	0.23	(2.98)	(0.54)
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 (528000-T)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(The figure has not been audited)

	2ND QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Jun-12 RM '000	Unaudited Restated 30-Jun-11 RM '000	Unaudited 30-Jun-12 RM '000	Unaudited Restated 30-Jun-11 RM '000
Profit / (Loss) for the period	(2,821)	294	(3,876)	(700)
<b>Other Comprehensive Income/(Loss), Net of Tax:</b>				
Surplus on revaluation of properties	-	12,630	-	12,630
Income Tax relating to components of other comprehensive income	-	-	-	-
Other Comprehensive Income/(Loss) for the period	-	12,630	-	12,630
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(2,821)</b>	<b>12,924</b>	<b>(3,876)</b>	<b>11,930</b>
<b>Total Comprehensive Income/(Loss) attributable to:</b>				
Owners of the Company	(2,821)	12,924	(3,876)	11,930
Non-controlling interests	-	-	-	-
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(2,821)</b>	<b>12,924</b>	<b>(3,876)</b>	<b>11,930</b>

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)	2ND QUARTER	2ND QUARTER	CUMMULATIVE	CUMMULATIVE
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Jun-12 RM ' 000	Unaudited 30-Jun-11 RM ' 000	Unaudited 30-Jun-12 RM ' 000	Unaudited 30-Jun-11 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(763)	(510)	(1,524)	(1,022)
Allowance for impairment of Receivables	-	-	-	-
Allowance for impairment of Receivables no longer required	-	-	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	161	(70)	161	(70)
Exceptional items:				
Insurance claim	357	-	626	-
Product defects compensation	-	-	-	-
Prior year expense write off no longer required	-	-	-	-
Provision for Voluntary Separation Scheme	-	-	-	-
Provision for Voluntary Separation Scheme overprovided	-	948	-	948
Waiver of Non-Trade debts	-	-	-	-
Write back of Non-Trade debts	-	-	-	-
Gain / (Loss) on Disposal of Property Plant Equipment	-	-	-	-

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

**Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

(The figure has not been audited)

	<b>Unaudited 30-Jun-12 RM '000</b>	<b>Audited 31-Dec-11 RM '000</b>
PROPERTY, PLANT & EQUIPMENT	68,411	69,796
INVESTMENT PROPERTIES	-	-
DEVELOPMENT COST / INTANGIBLE ASSETS	3,157	2,011
<b>CURRENT ASSETS</b>		
Inventories	18,244	28,364
Trade debtors	7,658	15,941
Other debtors, deposits and prepayments	3,102	2,691
Taxation (Recoverable)	575	575
Deposit with licensed bank	415	408
Cash and bank balances	118	581
	<b>30,112</b>	<b>48,560</b>
Assets classified as Held for Sale	-	-
	<b>30,112</b>	<b>48,560</b>
<b>CURRENT LIABILITIES</b>		
Trade creditors	9,320	27,227
Finance Lease Liabilities (HP creditors)	105	211
Other creditors and accruals	17,847	7,568
Amount due to a Director	3	3
Short Term Borrowings	17,712	35,175
Derivative Financial Instruments	(161)	-
Taxation payable	6	6
	<b>44,832</b>	<b>70,191</b>
Liabilities associated with Assets classified as Held for Sale	-	-
	<b>44,832</b>	<b>70,191</b>
<b>NET CURRENT ASSETS</b>	(14,720)	(21,631)
	<b>56,848</b>	<b>50,177</b>
<b>FINANCED BY</b>		
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	(3,876)	(4,989)
Shareholders Fund	<b>42,325</b>	<b>46,201</b>
Minority Interest	-	-
	<b>42,325</b>	<b>46,201</b>
<b>LONG TERM BORROWING</b>	11,223	-
Provision for Retirement benefits	139	129
DEFERRED TAXATION Liabilities	2,491	3,178
Finance Lease Liabilities (HP Creditors)	670	670
	<b>56,848</b>	<b>50,177</b>
Net Assets ("NA") per share (sen) #	<b>32.6</b>	<b>35.5</b>

*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.

Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figure has not been audited)

UNAUDITED as at 30 JUNE 2012	Non-Distributable		Non-Distributable		Distributable		Total		Total Equity	
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Retained Profit/(Loss) RM '000	Minority Interest 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 30 JUNE 2012	65,000	2,063	11,307	(3,876)	-	(3,876)	-	(3,876)		
				(35,045)		42,325		42,325		
AUDITED as at 31 DECEMBER 2011										
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	(21,179)	-	41,717	-	41,717		
Balance at 31 December 2011	65,000	2,063	9,473	(4,989)	-	4,484	-	4,484		
			11,307	(32,169)		46,201		46,201		

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:

\* 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 2ND QUARTER ended 30 JUNE 2012  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figure has not been audited)

	Unaudited 30-Jun-12 RM '000	Audited 31-Dec-11 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continueing Operations	(4,563)	(5,836)
Discontinued Operations / Disposal Group	-	-
<b>Adjustment for:</b>		
Loss on disposal of Investment Properties	-	100
Deposit written off	-	4
Fair value loss/(gain) on derivative financial instrument	(161)	(172)
Other Income - Goodwills on Consolidation written off	-	1
Depreciation	1,524	2,770
(Gain) / Loss on Disposal of PPE	-	(48)
Allowance for Retirement benefits	11	28
Provision for Vol Separation Sch / (No longer required)	-	(948)
Unrealised Loss / (Gain) on Foreign Exchange	-	82
Interest expenses	1,249	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	<u>(1,879)</u>	<u>(2,012)</u>
Changes in working capital:		
Inventories	10,121	(4,649)
Receivables	7,811	(282)
Payables	(7,629)	16,730
Net cash flows from/ (used in) operating activities	<u>8,424</u>	<u>9,786</u>
Retirement Benefits paid	-	(1)
Taxation (paid) / recovered	-	(1)
Tax refund	-	-
Net cash generated from/(used in) operating activities	<u>8,424</u>	<u>9,784</u>
Acquisition of subsidiaries, net of cash	-	3
Deferred expenditure incurred	-	(970)
Development costs incurred	(1,146)	(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	(139)	(1,327)
Net cash generated from/(used in) investing activities	<u>(1,285)</u>	<u>(16)</u>
Proceeds / (Repayments ) of short term borrowings	(19,132)	-
Proceeds from Term Loan	11,500	-
Repayments of Term Loan	(374)	(1,093)
Hire Purchase proceeds / (repayment)	(106)	(113)
Interest paid	(1,249)	(2,206)
Bills Payable	-	(7,591)
Drawdown/(placement) of fixed deposits	-	-
Net cash generated from/(used in) financing activities	<u>(9,361)</u>	<u>(11,003)</u>
Net increase/(decrease) in cash and cash equivalents	(2,222)	(1,234)
Cash and cash equivalents brought forward	(1,227)	7
Cash and cash equivalents carried forward	<u>(3,449)</u>	<u>(1,227)</u>
<b>Cash and cash equivalent comprise of:</b>		
Cash and Bank balances	118	581
Deposits with licensed banks	415	408
Overdraft (in Bank Borrowings)	(3,982)	(2,216)
	<u>(3,449)</u>	<u>(1,227)</u>

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.

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

**Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012**

**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 112:	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

**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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**Quarterly report on consolidated results for the 2ND QUARTER ended 30 JUNE 2012**

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 Calendered/Wood Composite Products)
- (c) Renewable Energy Operations (produce electric power via solar farm and biomass power plant)

OPERATING UNITS' BUSINESS	Current 2nd Quarter		Preceding 2nd Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	<u>Revenue</u>	<u>taxation</u>	<u>Revenue</u>	<u>taxation</u>
	RM '000	RM '000	RM '000	RM '000
Renewable Energy - Solar farm & Biomass power plant	-	-	-	-
PVC Resins and Compounds	30,955	(2,720)	44,345	436
Downstream Fabricated Applications - Pipes & Calendaring #	609	9	2,393	8
	31,564	(2,711)	46,738	444
less: Inter-Segment Sales	(181)	-	(2,365)	-
add: Holding Company	-	(110)	-	(150)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
<b>Total</b>	<b>31,383</b>	<b>(2,821)</b>	<b>44,373</b>	<b>294</b>

OPERATING UNITS' BUSINESS	Cummulative Current 2nd Quarter		Cummulative Preceding 2nd Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	<u>Revenue</u>	<u>taxation</u>	<u>Revenue</u>	<u>taxation</u>
	RM '000	RM '000	RM '000	RM '000
Renewable Energy - Solar farm & Biomass power plant	-	-	-	-
PVC Resins and Compounds	67,560	(3,666)	86,166	(482)
Downstream Fabricated Applications - Pipes & Calendaring #	1,217	10	3,597	(18)
	68,777	(3,656)	89,763	(500)
less: Inter-Segment Sales	(347)	-	(3,323)	-
add: Holding Company	-	(220)	-	(200)
add: Goodwills / Assets Diminution	-	-	-	-
<b>Total</b>	<b>68,430</b>	<b>(3,876)</b>	<b>86,440</b>	<b>(700)</b>

SEGMENT ASSETS & LIABILITIES	Current 2nd Quarter		Preceding 2nd Quarter	
	@ 30JUN 2012		@ 30 JUN 2011	
	<u>Assets</u>	<u>Liabilities</u>	<u>Assets</u>	<u>Liabilities</u>
	RM '000	RM '000	RM '000	RM '000
Renewable Energy - Solar farm & Biomass power plant	1,543	946	-	-
PVC Resins and Compounds	104,788	57,947	109,485	59,857
Downstream Fabricated Applications - Pipes & Calendaring #	5,212	6,917	5,258	1,237
	111,543	65,810	114,743	61,094
less: Unallocated / Consolidation adjustments	(10,439)	(7,030)	7,580	7,713
<b>Total</b>	<b>101,104</b>	<b>58,780</b>	<b>122,323</b>	<b>68,807</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.



**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.

However, the paid up capital of a wholly owned subsidiary IRM COMPOSITE SDN BHD was increased by RM1.903 million by issues of shares to IRMGB to offset the amount owing to the holding company.

**A12**

**Contingent liabilities**

As at 30 JUNE 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 1,193,000.

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. A further guarantee of RM5.4 million and RM6.1 million was given to 2 banks for additional Term Loan facilities of RM 11.5 million.

The gross banking facilities is RM45 million (exclude Term Loan) and RM 1 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**

	<u>@30-06-12</u>	<u>'@31-12-11</u>
	RM('000)	RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	118	581
Deposits with licensed banks	415	408
Overdraft (in Bank Borrowings)	(3,982)	(2,216)
	(3,449)	(1,227)
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	(3,449)	(1,227)

**A16**

**Inventories**

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