

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

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012

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-12 RM '000	Reclassified/Restated Unaudited 30-Sep-11 RM '000	Unaudited 30-Sep-12 RM '000	Reclassified/Restated Unaudited 30-Sep-11 RM '000
Revenue	25,473	40,651	93,902	127,091
Cost of Sales ##	(25,033)	(39,661)	(93,337)	(122,490)
Gross Profit/(Loss)	440	990	565	4,601
Other Income (include investment income)	-	-	-	-
Other Expenses	-	-	-	-
Other Operating Income / (Loss)	313	590	1,268	1,107
Depreciation Expense ##	(765)	(513)	(2,289)	(1,535)
Operating Expenses	(1,566)	(809)	(4,436)	(3,550)
Profit/(Loss) from Operations	(1,578)	258	(4,892)	623
Finance Costs	(900)	(562)	(2,149)	(1,627)
Interest Income	-	-	-	-
Profit/(Loss) before Taxation	(2,478)	(304)	(7,041)	(1,004)
Taxation	-	-	687	-
Profit/(Loss) after Taxation from Continueing Operations	(2,478)	(304)	(6,354)	(1,004)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Net Profit / (Loss) after MI	(2,478)	(304)	(6,354)	(1,004)
Profit / (Loss) attributable to:				
Owners of the Company	(2,478)	(304)	(6,354)	(1,004)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	(2,478)	(304)	(6,354)	(1,004)
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)	(1.91)	(0.23)	(4.89)	(0.77)
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 3RD QUARTER ended 30 SEPTEMBER 2012  
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 30-Sep-12 RM '000	Unaudited Restated 30-Sep-11 RM '000	Unaudited 30-Sep-12 RM '000	Unaudited Restated 30-Sep-11 RM '000
Profit / (Loss) for the period	(2,478)	(304)	(6,354)	(1,004)
Other Comprehensive Income/(Loss), Net of Tax:				
Surplus on revaluation of properties	4,670	-	4,670	12,630
Income Tax relating to components of other comprehensive income	(1,168)	-	(1,168)	-
Other Comprehensive Income/(Loss) for the period	3,503	-	3,503	12,630
Total Comprehensive Income/(Loss) for the period	1,025	(304)	(2,852)	11,626
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	1,025	(304)	(2,852)	11,626
Non-controlling interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	1,025	(304)	(2,852)	11,626

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)

	3RD QUARTER CURRENT YEAR	3RD QUARTER PRECEDING YEAR	CUMMULATIVE CURRENT YEAR	CUMMULATIVE PRECEDING YEAR
	Unaudited 30-Sep-12 RM ' 000	Unaudited 30-Sep-11 RM ' 000	Unaudited 30-Sep-12 RM ' 000	Unaudited 30-Sep-11 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(765)	(513)	(2,289)	(1,535)
Allowance for impairment of Receivables	-	-	-	-
Allowance for impairment of Receivables no longer required	12	-	73	-
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	(256)	30	(256)	30
Exceptional items:				
Insurance claim	-	-	626	-
Product defects compensation	-	-	-	-
Prior year expense write off no longer required	-	-	-	-
Provision for Voluntary Separation Scheme	-	-	-	-
Provision for Voluntary Separation Scheme overprovided	-	-	-	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 3RD QUARTER ended 30 SEPTEMBER 2012**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

(The figure has not been audited)

	<b>Unaudited 30-Sep-12 RM '000</b>	<b>Audited 31-Dec-11 RM '000</b>
PROPERTY, PLANT & EQUIPMENT	72,544	69,796
INVESTMENT PROPERTIES	-	-
DEVELOPMENT COST / INTANGIBLE ASSETS	3,751	2,011
<b>CURRENT ASSETS</b>		
Inventories	22,111	28,364
Trade debtors	8,664	15,941
Other debtors, deposits and prepayments	4,376	2,691
Taxation (Recoverable)	575	575
Deposit with licensed bank	417	408
Cash and bank balances	62	581
	<u>36,205</u>	<u>48,560</u>
Assets classified as Held for Sale	-	-
	<u>36,205</u>	<u>48,560</u>
<b>CURRENT LIABILITIES</b>		
Trade creditors	20,117	27,227
Finance Lease Liabilities (HP creditors)	52	211
Other creditors and accruals	1,303	7,568
Amount due to a Director	3	3
Short Term Borrowings	32,638	35,175
Derivative Financial Instruments	256	-
Taxation payable	6	6
	<u>54,375</u>	<u>70,191</u>
Liabilities associated with Assets classified as Held for Sale	-	-
	<u>54,375</u>	<u>70,191</u>
<b>NET CURRENT ASSETS</b>	(18,170)	(21,631)
	<u>58,125</u>	<u>50,177</u>
<b>FINANCED BY</b>		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	14,809	11,307
Retained profit / (Loss)	(32,169)	(27,179)
Profit / (Loss) for the period	(6,354)	(4,989)
Shareholders Fund	<u>43,349</u>	<u>46,201</u>
Minority Interest	-	-
	<u>43,349</u>	<u>46,201</u>
<b>LONG TERM BORROWING</b>	10,303	-
Provision for Retirement benefits	144	129
DEFERRED TAXATION Liabilities	3,659	3,178
Finance Lease Liabilities (HP Creditors)	670	670
	<u>58,125</u>	<u>50,177</u>
Net Assets ("NA") per share (sen) #	<u>33.3</u>	<u>35.5</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.*

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 3RD QUARTER ended 30 SEPTEMBER 2012**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

(The figure has not been audited)

	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
<b>UNAUDITED as at 30 SEPTEMBER 2012</b>							
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	-	-	4,670	-	4,670	-	4,670
Transferred to deferred taxation	-	-	(1,168)	-	(1,168)	-	(1,168)
Total Other Comprehensive Income for the period	-	-	3,503	-	3,503	-	3,503
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	14,809	(32,169)	49,703	-	49,703
As at 30 SEPTEMBER 2012	65,000	2,063	14,809	(6,354)	(6,354)	-	(6,354)
				(38,523)	43,349	-	43,349
<b>AUDITED as at 31 DECEMBER 2011</b>							
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	11,307	(4,989)	4,484	-	4,484
				(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.

IRM GROUP BERHAD (628000-T)  
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Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(The figure has not been audited)

	Unaudited 30-Sep-12 RM '000	Audited 31-Dec-11 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continuing Operations	(7,041)	(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	256	(172)
Other Income - Goodwills on Consolidation written off	-	1
Depreciation	2,289	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	2,146	2,206
Allowance for Doubtful Debts	-	276
Allowance for Doubtful Debts - No longer required	73	(153)
Interest income	-	(14)
Write back of non Trade Debts	-	(307)
Operating profit/(loss) before working capital changes	<u>(2,272)</u>	<u>(2,012)</u>
Changes in working capital:		
Inventories	6,254	(4,649)
Receivables	5,518	(282)
Payables	<u>(13,364)</u>	<u>16,730</u>
Net cash flows from/ (used in) operating activities	<u>(3,864)</u>	<u>9,786</u>
Retirement Benefits paid	-	(1)
Taxation (paid) / recovered	-	(1)
Tax refund	-	-
Net cash generated from/(used in) operating activities	<u>(3,864)</u>	<u>9,784</u>
Acquisition of subsidiaries, net of cash	-	3
Deferred expenditure incurred	-	(970)
Development costs incurred	(1,740)	(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	<u>(367)</u>	<u>(1,327)</u>
Net cash generated from/(used in) investing activities	<u>(2,107)</u>	<u>(16)</u>
Proceeds / (Repayments ) of short term borrowings	(2,724)	-
Proceeds from Term Loan	11,500	-
Repayments of Term Loan	(1,294)	(1,093)
Hire Purchase proceeds / (repayment)	(159)	(113)
Interest paid	(2,146)	(2,206)
Bills Payable	-	(7,591)
Drawdown/(placement) of fixed deposits	-	-
Net cash generated from/(used in) financing activities	<u>5,177</u>	<u>(11,003)</u>
Net increase/(decrease) in cash and cash equivalents	(794)	(1,234)
Cash and cash equivalents brought forward	<u>(1,227)</u>	<u>7</u>
Cash and cash equivalents carried forward	<u>(2,021)</u>	<u>(1,227)</u>
Cash and cash equivalent comprise of:		
Cash and Bank balances	62	581
Deposits with licensed banks	417	408
Overdraft (in Bank Borrowings)	<u>(2,500)</u>	<u>(2,216)</u>
	<u>(2,021)</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)**  
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**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 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

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012**

**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 3RD QUARTER ended 30 SEPTEMBER 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 3rd Quarter		Preceding 3rd 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	26,457	(2,500)	41,002	(94)
Downstream Fabricated Applications - Pipes & Calendaring #	1,070	132	1,076	(110)
	<u>27,527</u>	<u>(2,368)</u>	<u>42,078</u>	<u>(204)</u>
less: Inter-Segment Sales	(2,054)	-	(1,427)	-
add: Holding Company	-	(110)	-	(100)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
<b>Total</b>	<u><b>25,473</b></u>	<u><b>(2,478)</b></u>	<u><b>40,651</b></u>	<u><b>(304)</b></u>

OPERATING UNITS' BUSINESS	Cummulative Current 3rd Quarter		Cummulative Preceding 3rd 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	94,017	(6,166)	127,168	(576)
Downstream Fabricated Applications - Pipes & Calendaring #	2,287	142	4,673	(128)
	<u>96,304</u>	<u>(6,024)</u>	<u>131,841</u>	<u>(704)</u>
less: Inter-Segment Sales	(2,402)	-	(4,750)	-
add: Holding Company	-	(330)	-	(300)
add: Goodwills / Assets Diminution	-	-	-	-
<b>Total</b>	<u><b>93,902</b></u>	<u><b>(6,354)</b></u>	<u><b>127,091</b></u>	<u><b>(1,004)</b></u>

SEGMENT ASSETS & LIABILITIES	Current 3rd Quarter		Preceding 3rd Quarter	
	@ 30SEP 2012		@ 30 SEP 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	1,988	1,391	-	-
PVC Resins and Compounds	115,230	67,386	119,839	63,246
Downstream Fabricated Applications - Pipes & Calendaring #	7,709	9,280	2,618	5,900
	<u>124,927</u>	<u>78,057</u>	<u>122,457</u>	<u>69,146</u>
less: Unallocated / Consolidation adjustments	(13,001)	(9,481)	(6,176)	(6,208)
<b>Total</b>	<u><b>111,926</b></u>	<u><b>68,576</b></u>	<u><b>116,281</b></u>	<u><b>62,938</b></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.

However, the market value for property plant and equipment (for land and buildings) for GRN NOS 37838 & 29462 under LOT NOS 2064 & 2065, Mukim of Tebrau, District of Johor Bahru, State of Johor located at 78 Jalan Hasil, Off Jalan Tampoi, 81200 Johor Bahru, Johor Darul Takzim has been revalued to RM32.790 (from RM28.120 million) by a firm of registered professional valuer IRHAMY & CO in a Valuation Report dated 28 September 2012 and the surplus of RM4.670 million incorporated into the books of the company as at 30 September 2012.

**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 SEPTEMBER 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 RM43.130 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>@30-09-12</u>	<u>'@31-12-11</u>
	RM('000)	RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	62	581
Deposits with licensed banks	417	408
Overdraft (in Bank Borrowings)	<u>(2,500)</u>	<u>(2,216)</u>
	(2,021)	(1,227)
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-

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Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012

(2,021)      (1,227)

A16

**Inventories**

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

IRM GROUP BERHAD (628000-T)  
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Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012

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

B1 Review of performance

	CORRESPONDING PRECEDING YEAR QUARTER ended 30-Sep-11 RM' 000	CURRENT YEAR QUARTER ended 30-Sep-12 RM' 000	CHANGES  RM' 000
Revenue - Continued Operations	40,651	25,473	(15,178)
Consolidated Profit/(Loss) Before Tax	(304)	(2,478)	(2,174)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(304)	(2,478)	(2,174)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(304)	(2,478)	(2,174)
RESINS & COMPOUNDS VOLUME (MTS)	10,957	7,828	(3,129)
AVERAGE UNIT PRICES (RM / MT)	3.71	3.25	(0.46)

Current 3rd Quarter Revenue at RM 25.473 Million is 37 % lower than the corresponding Q3 of the preceding year. This is due to a decrease in total volume and lower average price for current Q3. Average PVC resins price were much lower but unit contribution was slightly higher. Average compounds price and unit contribution margin were also lower. The lower contribution margins and the lower total volume in the current Quarter resulted in the big loss compared to the preceding Quarter. There was a positive contribution from the fabrication business units whilst the renewable energy segment is under development.

Detailed Segment Analysis:

	Current 3rd Quarter		Cummulative Quarter	
	Revenue RM '000	Profit/Loss after Tax RM '000	Revenue RM '000	Profit/Loss after Tax RM '000
Renewable Energy Operations	-	-	-	-
PVC Resins & Compounds	26,457	(2,500)	94,017	(6,166)
Downstream Fabricated Applications	1,070	132	2,287	142
TOTAL	27,527	(2,368)	96,304	(6,024)
less: Intersegment Sales	(2,054)		(2,402)	
	25,473		93,902	

PVC Resins and Compounds prices in 2011 Q2 was at its high that decline during the second half to bottom out by Q4 year end. The prices beginning in 2012 was seen to be rising compared to the low in 2011 Q4 year end but began to slow down by Q2. The plant explosion in Japan last year tightened VCM raw material supply and squeezed margin in Q2. The prices in Q3 of 2012 continue to decline further. However the margins in current Q3 improved over 2012 Q2 and was higher than the preceding year 2011 Q3. This was offset by the lower PVC volume in current Q3 compared to the preceding year 2011 Q3. The loss was aggravated by the lower Compound margin and volume in the current Quarter (with the volume less than the last two quarters).

Downstream Fabrication Applications provided a positive contribution to the Group's performance for the current Quarter. This was due to higher revenue compared to the corresponding preceding year Quarter 3 resulting from higher delivery orders during the current quarter.

The Renewable Energy segment is still under development.

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

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012**

**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 30-Jun-12 RM' 000	CURRENT QUARTER ended 30-Sep-12 RM' 000	CHANGES  RM' 000
Revenue - Continued Operations	31,382	25,473	(5,909)
Consolidated Profit/(Loss) Before Tax	(3,508)	(2,478)	1,030
less: Taxation	687	-	(687)
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(2,821)	(2,478)	343
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(2,821)	(2,478)	343

Turnover for the 3rd Quarter 2012 at RM 25.473 Million is 19 % lower compared to the immediate preceding 2nd Quarter 2012 with a loss of RM (2.478) Million. (I) **PVC resins and compounds operations** provided the main revenue. The reason for the lower revenue was the drop in resins and compounds prices plus the lower resins compound volumes. The contribution margins increased for resins but was offset by the big drop for compounds. Excluding the benefit from the Q2 reversal of deferred tax overprovision Q3 showed a much reduced loss compared to Q2. (II) **Revenue of the downstream fabrication units** in the current Q3 was higher and returned a gain due to higher delivery orders during the quarter. (III) **The renewable energy unit** is still under development stage.

**B3 Prospects**

Polymer prices peaked earlier this year compared to last year. PVC/VCM price seem tight because of supply issues following the explosion in Japan last year. Fundamental excess supply over demand dampen any further increase in price and differential. With the supply of VCM resolved, the PVC/VCM differential is expected to be normalised further although PVC price has decline. Our revenue is expected to be limited by trade financing constrain.

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.

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

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012**

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	<u>3rdQuarter</u>	<u>3rdQuarter</u>	<u>3rdQuarter</u>	<u>3rdQuarter</u>
	<u>@30Sep12</u>	<u>@30Sep11</u>	<u>@30Sep12</u>	<u>@30Sep11</u>
	RM '000	RM '000	RM '000	RM '000
Current Year Taxation	-	-	-	-
Deferred Taxation	-	-	687	-
Total Tax Expense	-	-	687	-
Effective Tax Rate	0.0%	0.0%	9.8%	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.)

Cummulative Deferred Tax is due to an overprovision reversed in the 2nd quarter.

**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 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.

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.

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.

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. The MOU has lapsed.

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

Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012

**B7 Group's borrowings and debt securities**

(a) The Group borrowings are as follows:

	@ 30 SEP 12			@ 30 SEP 11		
	Short term RM'000	Long term RM'000	Total RM'000	Short term RM'000	Long term RM'000	Total RM'000
Secured:	30,138	10,303	40,441	27,180	378	27,558
Unsecured:	-	-	-	10,602	-	10,602
<b>Total</b>	<b>30,138</b>	<b>10,303</b>	<b>40,441</b>	<b>37,782</b>	<b>378</b>	<b>38,161</b>

# Above borrowings exclude LCs issued.

(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 30 SEPTEMBER 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)	15,762	15,506	(256)	Hedging for Material purchase

**B9 Realised and Unrealised Profits / (Losses) Disclosures**

	As at 30-Sep-12 RM '000	As at 30-Jun-12 RM '000	As at 31-Mar-12 RM '000	As at 31-Dec-11 RM '000
Total unappropriated profit of IRMGB and its subsidiaries:				
Realised	(33,808)	(31,757)	(28,301)	(27,162)
Unrealised	(2,829)	(2,412)	(3,177)	(3,259)
	(36,637)	(34,169)	(31,478)	(30,421)
Consolidation Adjustments	(1,886)	(1,876)	(1,746)	(1,748)
<b>Total group unappropriated profit as per Consolidated Accounts:</b>	<b>(38,523)</b>	<b>(36,045)</b>	<b>(33,224)</b>	<b>(32,169)</b>

**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.

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

**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2012**

**B12 Earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	<u>3rd Quarter</u>	<u>3rd Quarter</u>	<u>3rd Quarter</u>	<u>3rd Quarter</u>
	<u>@30Sep12</u>	<u>@30Sep11</u>	<u>@30Sep12</u>	<u>@30Sep11</u>
<b>a. Basic</b>				
Net Profit / (Loss) for the period (RM '000)	(2,478)	(304)	(6,354)	(1,004)
Weighted Average Number of shares in issue ( '000)	130,000	130,000	130,000	130,000
 Basic Earnings / (Loss) per share (sen)	 (1.91)	 (0.23)	 (4.89)	 (0.77)

**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 29 NOVEMBER, 2012.