

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

Quarterly report on consolidated results for the 3rd QUARTER ended 30 SEPTEMBER 2013  
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-13 RM '000	Unaudited 30-Sep-12 RM '000	Unaudited 30-Sep-13 RM '000	Unaudited 30-Sep-12 RM '000
Revenue	832	25,473	8,210	93,902
Cost of Sales ##	(1,642)	(25,033)	(11,468)	(93,337)
Gross Profit/(Loss)	(810)	440	(3,258)	565
Other Income (include investment income)	-	-	(702)	-
Other Expenses		-		-
Other Operating Income / (Loss)	(83)	313	(324)	1,268
Depreciation Expense ##	(686)	(765)	(2,226)	(2,289)
Operating Expenses	(15,290)	(1,566)	(18,194)	(4,436)
Profit/(Loss) from Operations	(16,869)	(1,578)	(24,704)	(4,892)
Finance Costs	(1,086)	(900)	(3,144)	(2,149)
Interest Income	-	-	-	-
Profit/(Loss) before Taxation	(17,955)	(2,478)	(27,848)	(7,041)
Taxation	3,472	-	3,472	687
Profit/(Loss) after Taxation from Continueing Operations	(14,483)	(2,478)	(24,376)	(6,354)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Net Profit / (Loss) after MI	(14,483)	(2,478)	(24,376)	(6,354)
<b>Profit / (Loss) attributable to:</b>				
Owners of the Company	(14,483)	(2,478)	(24,376)	(6,354)
Non Controlling Interests	-	-	-	-
<b>Profit / (Loss) for the period</b>	(14,483)	(2,478)	(24,376)	(6,354)
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)	(11.14)	(1.91)	(18.75)	(4.89)
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 2012 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 2013  
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-13 RM '000	Unaudited 30-Sep-12 RM '000	Unaudited 30-Sep-13 RM '000	UnAudited 30-Sep-12 RM '000
Profit / (Loss) for the period	(14,483)	(2,478)	(24,376)	(6,354)
Other Comprehensive Income/(Loss), Net of Tax:				
Surplus on revaluation of properties	-	4,670	-	4,670
Income Tax relating to components of other comprehensive income	-	(1,168)	-	(1,168)
Other Comprehensive Income/(Loss) for the period	-	3,502	-	3,502
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(14,483)</b>	<b>1,024</b>	<b>(24,376)</b>	<b>(2,852)</b>
<b>Total Comprehensive Income/(Loss) attributable to:</b>				
Owners of the Company	(14,483)	1,024	(24,376)	(2,852)
Non-controlling interests	-	-	-	-
<b>Total Comprehensive Income/(Loss) for the period</b>	<b>(14,483)</b>	<b>1,024</b>	<b>(24,376)</b>	<b>(2,852)</b>

NOTES TO STATEMENT OF COMPREHENSIVE INCOME:  
(Additional information)

	3RD QUARTER	3RD QUARTER	CUMMULATIVE	CUMMULATIVE
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Sep-13 RM ' 000	Unaudited 30-Sep-12 RM ' 000	Unaudited 30-Sep-13 RM ' 000	Unaudited 30-Sep-12 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(686)	(765)	(2,226)	(2,289)
Provision for impairment of PPE	(3,000)	-	(3,000)	-
Provision for impairment of Development Expenditure	(2,552)	-	(2,552)	-
Provision for impairment of Receivables	(1,250)	12	(1,250)	73
Provision for and write off of inventories	(6,000)	-	(6,000)	-
Gain or (Loss) on disposal of quoted and unquoted investments or properties	-	-	(702)	-
Property Plant Equipment written off	-	-	-	-
Foreign Exchange gain or loss	-	-	-	-
Write-back of accruals	2,207	-	2,207	-
Write-back of deferred tax	3,472	-	3,472	-
Fair value Gain / (Loss) on derivative financial instruments	-	(256)	-	(256)
Exceptional items:				
Insurance claim	-	-	-	626
Prior year expense write off no longer required	-	-	-	-
Provision for Retrenchment Expenses	(3,600)	-	(3,600)	-
Write back of Non-Trade debts	-	-	-	-
Gain / (Loss) on Disposal of Property Plant Equipment	-	-	-	-

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2012 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 2013**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

(The figure has not been audited)

	<b>Unaudited 30-Sep-13 RM '000</b>	<b>Audited 31-Dec-12 RM '000</b>
PROPERTY, PLANT & EQUIPMENT	33,822	72,933
DEVELOPMENT COST / INTANGIBLE ASSETS	7,650	4,295
<b>CURRENT ASSETS</b>		
Inventories	1,826	14,753
Trade debtors	488	4,743
Other debtors, deposits and prepayments	338	1,946
Taxation (Recoverable)	378	507
Deposit with licensed bank	417	414
Cash and bank balances	664	1,319
	<b>4,111</b>	<b>23,681</b>
Property classified as Held for Sale	32,696	-
	<b>36,807</b>	<b>23,681</b>
<b>CURRENT LIABILITIES</b>		
Trade creditors	1,858	8,330
Finance Lease Liabilities (HP creditors)	158	206
Other creditors and accruals	10,992	12,670
Amount due to a Director	-	3
Short Term Borrowings	51,614	41,130
	<b>64,622</b>	<b>62,339</b>
Liabilities associated with Assets classified as Held for Sale	-	-
	<b>64,622</b>	<b>62,339</b>
<b>NET CURRENT ASSETS</b>	<b>(27,815)</b>	<b>(38,657)</b>
	<b>13,657</b>	<b>38,570</b>
<b>FINANCED BY</b>		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	14,293	14,293
Retained profit / (Loss)	(48,496)	(30,152)
Profit / (Loss) for the period	(24,376)	(18,344)
Shareholders Fund	<b>8,484</b>	<b>32,860</b>
Minority Interest	-	-
	<b>8,484</b>	<b>32,860</b>
<b>LONG TERM BORROWING</b>	4,650	1,624
Provision for Retirement benefits	159	150
DEFERRED TAXATION Liabilities	-	3,472
Finance Lease Liabilities (HP Creditors)	364	464
	<b>13,657</b>	<b>38,570</b>
<b>Net Assets ("NA") per share (sen) #</b>	<b>6.5</b>	<b>25.3</b>

*This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figure has not been audited)

UNAUDITED as at 30 SEPTEMBER 2013

	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 2013	65,000	2,063	14,293	(48,496)	32,860	-	32,860
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	14,293	(48,496)	32,860	-	32,860
As at 30 SEPTEMBER 2013	65,000	2,063	14,293	(48,496)	(24,376) 8,484	-	(24,376) 8,484

AUDITED as at 31 DECEMBER 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
Balance at 1 January 2012	65,000 *	2,063	11,307	(32,169)	46,201	-	46,201
Effect of adopting FRS	-	-	-	-	-	-	-
Balance 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	-	-	-	-	-	-	-
Realisation of revaluation reserve on depreciation of revalued asset	-	-	2,986	2,017	5,003	-	51,204
Net profit / (Loss) for the period / Total Comprehensive Income / (Loss) for financial year	65,000	2,063	14,293	(30,152)	51,204	-	51,204
Balance at 31 December 2012	65,000	2,063	14,293	(18,344) (48,496)	(18,344) 32,860	-	(18,344) 32,860

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2012 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 2013  
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
(The figure has not been audited)

	Unaudited 30-Sep-13 RM '000	Audited 31-Dec-12 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continuing Operations	(27,848)	(18,473)
Discontinued Operations / Disposal Group	-	-
<b>Adjustment for:</b>		
Loss on disposal of Investment Properties	702	-
Deposit written off	-	1,050
Fair value loss/(gain) on derivative financial instrument	-	(3)
Other Income - Goodwills on Consolidation written off	-	-
Depreciation	3,448	3,333
Provision for impairment of PPE	3,000	-
Provision for impairment of Development Expenditure	2,552	-
Provision for impairment of Receivables	1,250	-
Provision for and write off of Inventories	6,000	-
(Gain) / Loss on Disposal of PPE	-	-
Allowance for Retirement benefits	3,600	22
Provision for Vol Separation Sch / (No longer required)	-	-
Unrealised Loss / (Gain) on Foreign Exchange	-	7
Interest expenses	3,438	3,330
Allowance for Doubtful Debts	-	2,500
Allowance for Doubtful Debts - No longer required	-	(1,357)
Bad Debts Written Off	-	47
Inventories Written Off	-	544
Interest income	-	(10)
Write back of accruals	(2,207)	-
Operating profit/(loss) before working capital changes	<u>(6,065)</u>	<u>(9,010)</u>
Changes in working capital:		
Inventories	6,927	13,067
Receivables	3,914	9,697
Payables	(13,180)	(13,802)
Net cash flows from/ (used in) operating activities	<u>(8,404)</u>	<u>(49)</u>
Retirement Benefits paid	-	-
Taxation (paid) / recovered	129	(5)
Tax refund	-	68
Net cash generated from/(used in) operating activities	<u>(8,275)</u>	<u>15</u>
Acquisition of subsidiaries, net of cash	-	-
Deferred expenditure incurred	-	(1,663)
Development costs incurred	(5,907)	(621)
Interest Income received	-	10
Proceeds from disposal of assets held for sale	-	-
Proceeds from disposal of investment properties	-	-
Proceeds / deposits from disposal of property, plant and equipment	3,408	-
Purchase of property, plant and equipment	-	(1,044)
Net cash generated from/(used in) investing activities	<u>(2,499)</u>	<u>(3,317)</u>
Proceeds from short term borrowings	-	-
Proceeds / (Repayments) of short term borrowings	11,832	(206)
Proceeds from Term Loan	-	-
Repayments of Term Loan	(282)	(3,093)
Hire Purchase proceeds / (repayment)	(148)	-
Interest paid	(2,058)	(3,167)
Bills Payable	-	(645)
Proceeds from issuance of shares	-	-
Proceeds from investment in associates	-	-
Drawdown/(placement) of fixed deposits	-	11,505
Net cash generated from/(used in) financing activities	<u>9,344</u>	<u>4,394</u>
Net increase/(decrease) in cash and cash equivalents	(1,430)	1,091
Cash and cash equivalents brought forward	(136)	(1,227)
Cash and cash equivalents carried forward	<u>(1,566)</u>	<u>(136)</u>
<b>Cash and cash equivalent comprise of:</b>		
Cash and Bank balances	664	1,319
Deposits with licensed banks	417	414
Overdraft (in Bank Borrowings)	(2,647)	(1,869)
	<u>(1,566)</u>	<u>(136)</u>

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013**

**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 2012. 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 2012.

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 2012 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 2012 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 2013:

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

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**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2013**

**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 company for the time being is not carrying out operation temporarily. Therefore no seasonal and cyclical factors is relevant.

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

There is no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements save as disclosed in the note to the statement of comprehensive income, note A16 and B6

Due to financial constraint and negative business environment, IRMSB has temporarily ceased production of our core business.

**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)**  
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**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2013**

**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 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	730	(14,434)	26,457	(2,500)
Downstream Fabricated Applications - Pipes & Calendaring #	103	61	1,070	132
	<u>833</u>	<u>(14,373)</u>	<u>27,527</u>	<u>(2,368)</u>
less: Inter-Segment Sales	-	-	(2,054)	-
add: Holding Company	-	(110)	-	(110)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
<b>Total</b>	<b><u>833</u></b>	<b><u>(14,483)</u></b>	<b><u>25,473</u></b>	<b><u>(2,478)</u></b>

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	103	(194)	-	-
PVC Resins and Compounds	7,536	(23,416)	94,017	(6,166)
Downstream Fabricated Applications - Pipes & Calendaring #	1,022	(365)	2,287	142
	<u>8,661</u>	<u>(23,975)</u>	<u>96,304</u>	<u>(6,024)</u>
less: Inter-Segment Sales	(451)	-	(2,402)	-
add: Holding Company	-	(401)	-	(330)
add: Goodwills / Assets Diminution	-	-	-	-
<b>Total</b>	<b><u>8,210</u></b>	<b><u>(24,376)</u></b>	<b><u>93,902</u></b>	<b><u>(6,354)</u></b>

SEGMENT ASSETS & LIABILITIES	Current 3rd Quarter		Preceding 3rd Quarter	
	@ 30 Sept 2013		@ 30 Sept 2012	
	<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	8,136	6,850	1,988	1,391
PVC Resins and Compounds	84,970	69,355	115,230	67,386
Downstream Fabricated Applications - Pipes & Calendaring #	2,847	7,425	7,709	9,280
	<u>95,953</u>	<u>83,630</u>	<u>124,927</u>	<u>78,057</u>
less: Unallocated / Consolidation adjustments	(17,674)	(13,835)	(13,001)	(9,481)
<b>Total</b>	<b><u>78,279</u></b>	<b><u>69,795</u></b>	<b><u>111,926</u></b>	<b><u>68,576</u></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.



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**Quarterly report on consolidated results for the 3RD QUARTER ended 30 SEPTEMBER 2013**

**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 2012.

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

There is no material events subsequent to the end of the quarter save as disclosed in A11, B6 and B9 of the announcement

**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 except for the following changes:

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.

The paid up capital of a wholly owned subsidiary IRM SOLAR SDN BHD was increased by RM1,468,492 to RM 4,013,494 on 23 March 2013 by issues of shares to IRMGB to offset the amount owing to the holding company.

The paid up capital of IRM SOLAR SDN BHD was further increased by RM1,986,506 to RM6,000,000 on 21 October 2013 by issues of shares to IRMGB to offset the amount owing to the holding company.

**A12 Contingent liabilities**

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 0.973 million.

The gross banking facilities is approximately RM56 million (including Term Loan) and RM 1 million for 2 different subsidiaries. The company has given corporate guarantee for all the banking facilities.

**A13 Capital commitments**

There were no capital commitments as at the date of this announcement save as follows. A subsidiary IRM Solar Sdn Bhd has issued conditional offers for supplies of plant and equipment for the Solar farm project totalling to RM32.7 million.

**A14 Significant related party transactions**

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

**A15 Cash and cash equivalents**

	As at <u>30-Sep-13</u> RM('000)	As at <u>31-Dec-12</u> RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	664	1,319
Deposits with licensed banks	417	414
Overdraft (in Bank Borrowings)	<u>(2,647)</u>	<u>(1,869)</u>
	(1,566)	(136)
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	<u>(1,566)</u>	<u>(136)</u>

**A16 Inventories**

During the period under review, a total provision for impairment of RM6 million was made upon considering the fair value of the inventories.

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**Quarterly report on consolidated results for the 3rd QUARTER ended 30 SEPTEMBER 2013**

**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-12 RM' 000</b>	<b>CURRENT YEAR QUARTER ended 30-Sep-13 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue - Continued Operations	25,473	833	(24,640)
Consolidated Profit/(Loss) Before Tax	(2,478)	(14,483)	(12,005)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(2,478)	(14,483)	(12,005)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(2,478)	(14,483)	(12,005)
 RESINS & COMPOUNDS VOLUME (MTS)	 7,828	 297	 (7,531)
 AVERAGE UNIT PRICES (RM / MT)	 3.25	 2.80	 (0.45)

As mentioned earlier the Group has decided to temporarily cease operation. For the quarter our sales were purely related to disposal of ongoing stock and orders and sales of some old stock, and hence the significant drops in sales. To make a comparison with the previous quarter sales and current is not appropriate.

Included in the current period under review was a provision for impairment of plant & equipment, development cost, receivables and inventories totalling to RM12.8 million. In addition to that a total provision for retrenchment benefit of RM3.6 million was included in the current period. Whilst, during the period a total of RM2.2 million of accruals and RM3.4 million deferred tax liabilities have been written back for the amount over-provided during the previous period and

**Detailed Segment Analysis:**

	<b>Current 3rd Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Revenue</b>	<b>Profit/Loss</b>	<b>Revenue</b>	<b>Profit/Loss</b>
		<b>after Tax</b>		<b>after Tax</b>
	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>	<b>RM '000</b>
Renewable Energy Operations	-	-	103	(194)
PVC Resins & Compounds	730	(14,434)	7,536	(23,416)
Downstream Fabricated Applications	103	61	1,022	(365)
<b>TOTAL</b>	<b>833</b>	<b>(14,373)</b>	<b>8,661</b>	<b>(23,975)</b>
less: Intersegment Sales	-	-	(451)	-
	<u>833</u>	<u>-</u>	<u>8,210</u>	<u>-</u>

**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-13 RM' 000</b>	<b>CURRENT QUARTER ended 30-Sep-13 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue - Continued Operations	848	833	(15)
Consolidated Profit/(Loss) Before Tax	(5,861)	(14,483)	(8,622)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(5,861)	(14,483)	(8,622)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(5,861)	(14,483)	(8,622)

The same commentary as in Notes B1 is applicable.

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**B3 Prospects**

The Group on 25 February 2013 and 31 May 2013 has announced that it is now classified as an affected listed issuer under Practice Notes No. 1 and 17 of Bursa Malaysia Listing requirement (PN1 and PN 17) respectively.

The PN1 classification was attributed to its wholly owned subsidiary, Industrial Resins (Malaysia) Sdn Bhd ("IRMSB") which was unable to service its outstanding borrowings on the due dates. Whilst the PN17 classification was triggered subsequent to the Group's announcement that its shareholders' equity on a consolidated basis for the quarter ended 31 March 2013 was less than 50% of the issued and paid-up capital and the auditors have expressed an emphasis of matter on its ability to continue as a going concern in its audited financial statements for the financial period ended 31 December 2012.

Pursuant to PN17 requirement, the Group is required to submit its regularization plan within 12 months from the date of its first announcement. The Group is presently working with the advisers towards formulating the plan to regularize its financial condition and has taken necessary measures to address the situation, among others as follows:

- i. Disposal of 2 pieces of lands and building to Pyramid Presentation Sdn Bhd for RM34 million based on the agreement entered on 5 September 2013;
- ii. Disposal of other identified assets in order to further pare down outstanding borrowing;
- iii. Relocation of plants;
- iv. Discussion with banks for the proposed settlement arrangement; and
- v. Pursuing with various parties for a proposed assets injection and capital raising.

**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.

**B5 Taxation**

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>3rd Quarter</u> <u>@30 Sep 13</u>	<u>3rd Quarter</u> <u>@30 Sep 12</u>	<u>3rd Quarter</u> <u>@30 Sep 13</u>	<u>3rd Quarter</u> <u>@30 Sep 12</u>
	RM '000	RM '000	RM '000	RM '000
Current Year Taxation	-	-	-	-
Write back of deferred taxation	3,472	-	3,472	687
Total Tax Written Back	<u>3,472</u>	<u>-</u>	<u>3,472</u>	<u>687</u>
Effective Tax Rate	19.3%	0.0%	12.5%	9.8%

In view of substantial unabsorbed accumulated losses and the cessation of company's operation, no tax is payable for the current period whilst a total of RM3.4 million deferred tax liabilities has been written back during the current period.

**B6 Status of Corporate Proposals announced**

- i. On 13 March 2012, the Company announced that its wholly owned subsidiary, IRM Solar Sdn Bhd, 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 project is under development.
- ii. IRMSB, on 5 September 2013, had entered into a Sales and Purchase Agreement with Pyramid Presentations Sdn. Bhd. for the disposal of lands held under Geran 37838, Lot No. 2064 and Geran 29462, Lot 2065 both of Mukim Tebrau, District of Johor Bahru, State of Johor measuring approximately 5.4885 hectare for a total consideration of RM34 million. The disposal which is subject to the shareholders' approval is currently being evaluated by Bursa Malaysia.
- iii. IRMSB on 16 July 2013 had entered into a Memorandum of Understanding ("MoU") with Synthomer Sdn. Bhd. ("Synthomer") for the purpose of purchasing two (2) units of 5,000 ball tanks from IRMSB together with office block, instrumentation, pipeline, cooler, water tank, deluge and fire fighting units, gas generator and other equipments located at Lot 123, Jalan Cecair Dua, Kawasan Perdagangan Bebas, 81700 Pasir Gudang, Johor (all these assets are collectively referred to as the "Tank Farm") upon the terms and conditions stipulated among others the purchase price of the Tank Farm will be negotiated and agreed between IRMSB and Synthomer during the term of this MoU in the range of RM10,000,000.00 to RM15,000,000.00, taking into account the findings of any financial, environmental, technical and legal due diligence investigations.

The sale of Tank Farm by IRMSB to Synthomer above is currently pending finalisation of the sale and purchase agreement.

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

(a) The Group borrowings are as follows:

	@ 30 SEP 13			@ 30 SEP 12		
	<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:	34,609	4,650	39,258	30,138	10,303	40,441
Unsecured:	17,006	-	17,006	-	-	-
<b>Total</b>	<u>51,614</u>	<u>4,650</u>	<u>56,264</u>	<u>30,138</u>	<u>10,303</u>	<u>40,441</u>

(b) All borrowings are denominated in Ringgit Malaysia

**B8 Derivative Financial Instruments (Off balance sheet financial instruments)**

There is no outstanding derivative financial instruments outstanding as at end of 30 September 2013.

**B9 Material litigation**

Following are status of outstanding material litigation as at to date:

- i. Hong Leong Bank Berhad ("HLBB"), via its appointed solicitor Messrs. Shook Lin & Bok had issued a demand letter dated 20 August 2013 against the Company and Industrial Resins (Malaysia) Sdn. Bhd. ("IRMSB"), its wholly-owned subsidiary, demanding payment for an outstanding banking facility due of RM9,462,491.38 (as at 31 July 2013)

HLBB's appointed solicitor subsequently via its letter dated 22 October 2013 has recalled the banking facilities and demanding payment within seven days for the total outstanding amount due and payable under the banking facilities granted totalling to RM12,539,663.99.

The Group is currently in discussion with HLBB towards formulating a proposed settlement arrangement, expected to be sourced from disposal of identified assets.

- ii. CIMB Bank Berhad ("CIMB"), via its appointed solicitor Messrs. Anad & Noraini, on 23 September 2013 had issued a Letter of Demand against the IRMSB demanding payment of a sum of RM29,713,367.03 (As at 13 September 2013) together with the interest accruing thereon from 14 September 2013 till date of full settlement owing by IRMSB to CIMB.

CIMB's appointed solicitor subsequently on 23 September 2013 had issued a Letter of Demand against the Company being a Guarantor for a facility granted to IRMSB, demanding payment of a sum of RM26,402,833.27 (As at 13 September 2013) together with the interest accruing thereon from 14 September 2013 till date of full settlement owing by IRMSB to CIMB.

The above banking facility is secured by lands held under Geran 37838, Lot No. 2064 and Geran 29462, Lot 2065 both of Mukim Tebrau, District of Johor Bahru, State of Johor currently under disposal process pursuant to the Sales and Purchase Agreement entered between IRMSB and Pyramid Presentations Sdn. Bhd on 5 September 2013. The proceeds from the disposal of about RM34 million are expected to fully repay the outstanding amount.

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**B10 Dividends**

There is no dividend declared in respect of the financial period under review.

**B11 Earnings per share**

	Individual Quarter		Cummulative 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>@30 Sep 13</u>	<u>@30 Sep 12</u>	<u>@30 Sep 13</u>	<u>@30 Sep 12</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(14,483)	(2,478)	(24,376)	(6,354)
Weighted Average Number of shares in issue ( '000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(11.14)	(1.91)	(18.75)	(4.89)

b. Diluted

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

**B12 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 2013.