

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

Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2014
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-14 RM '000	Reclassified/Restated Unaudited 31-Mar-13 RM '000	Unaudited 31-Mar-14 RM '000	Reclassified/Restated Unaudited 31-Mar-13 RM '000
Revenue	50	6,530	50	6,530
Cost of Sales ##	55	(7,411)	55	(7,411)
Gross Profit/(Loss)	(5)	(881)	(5)	(881)
Other Income (include investment income)		-	-	-
Other Expenses		-	-	-
Other Operating Income / (Loss)	556	(188)	556	(188)
Depreciation Expense ##	(520)	(789)	(520)	(789)
Operating Expenses	(756)	(1,502)	(756)	(1,502)
Profit/(Loss) from Operations	(725)	(3,360)	(725)	(3,360)
Finance Costs	(720)	(672)	(720)	(672)
Interest Income		-	-	-
Profit/(Loss) before Taxation	(1,445)	(4,032)	(1,445)	(4,032)
Taxation		-	-	-
Profit/(Loss) after Taxation from Continuing Operations	(1,445)	(4,032)	(1,445)	(4,032)
(Loss)/Profit after Taxation from Discontinued / Disposal Group		-	-	-
Profit / (Loss) after Tax	(1,445)	(4,032)	(1,445)	(4,032)
Minority Interest ("MI")		-	-	-
Net Profit / (Loss) after MI	(1,445)	(4,032)	(1,445)	(4,032)
Profit / (Loss) attributable to:				
Owners of the Company	(1,445)	(4,032)	(1,445)	(4,032)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	(1,445)	(4,032)	(1,445)	(4,032)
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)	(1.11)	(3.10)	(1.11)	(3.10)
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 2013 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 2014
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-14 RM '000	Unaudited 31-Mar-13 RM '000	Unaudited 31-Mar-14 RM '000	Unaudited 31-Mar-13 RM '000
Profit / (Loss) for the period	(1,445)	(4,032)	(1,445)	(4,032)
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	(1,445)	(4,032)	(1,445)	(4,032)
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	(1,445)	(4,032)	(1,445)	(4,032)
Non-controlling interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	(1,445)	(4,032)	(1,445)	(4,032)

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2013 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-14 RM ' 000	Unaudited 31-Mar-13 RM ' 000	Unaudited 31-Mar-14 RM ' 000	Unaudited 31-Mar-13 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(520)	(789)	(520)	(789)
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 2014
CONDENSED CONSOLIDATED BALANCE SHEET
(The figure has not been audited)

	Unaudited 31-Mar-14 RM '000	Audited 31-Dec-13 RM '000
PROPERTY, PLANT & EQUIPMENT	19,322	19,841
DEVELOPMENT COST / INTANGIBLE ASSETS	16,787	11,125
CURRENT ASSETS		
Inventories	281	336
Trade debtors	232	232
Other debtors, deposits and prepayments	275	276
Taxation (Recoverable)	-	175
Deposit with licensed bank	233	233
Cash and bank balances	378	744
	<u>1,399</u>	<u>1,996</u>
Assets classified as Held for Sale	44,686	44,686
	<u>46,085</u>	<u>46,682</u>
CURRENT LIABILITIES		
Trade creditors	610	826
Finance Lease Liabilities (HP creditors)	244	138
Other creditors and accruals	20,561	14,900
Amount due to a Director	3	3
Short Term Borrowings	58,007	57,288
	<u>222</u>	<u>222</u>
	<u>79,647</u>	<u>73,377</u>
Liabilities associated with Assets classified as Held for Sale	-	-
	<u>79,647</u>	<u>73,377</u>
NET CURRENT ASSETS / (LIABILITIES)	(33,562)	(26,869)
	<u>2,547</u>	<u>4,097</u>
FINANCED BY		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	12,469	12,469
Retained profit / (Loss)	(78,251)	(46,672)
Profit / (Loss) for the period	(1,445)	(31,579)
Shareholders Fund	<u>(164)</u>	<u>1,281</u>
Minority Interest	-	-
	<u>(164)</u>	<u>1,281</u>
LONG TERM BORROWING		
Provision for Retirement benefits	162	160
DEFERRED TAXATION Liabilities	2,412	2,412
Finance Lease Liabilities (HP Creditors)	137	244
	<u>2,547</u>	<u>4,097</u>
Net Assets ("NA") per share (sen) #	<u>(1.26)</u>	<u>1.0</u>

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 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)
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Quarterly report on consolidated results for the 1ST QUARTER ended 31 MARCH 2014
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
UNAUDITED as at 31 MARCH 2014							
As at 1 January 2014	65,000	2,063	12,469	(78,251)	1,281	-	1,281
Other Comprehensive Income / (Loss):							
Revaluation Reserve arising from revalued assets	-	-	-	-	-	-	-
Transferred to deferred taxation	-	-	-	-	-	-	-
Total Other Comprehensive Income for the period	-	-	-	-	-	-	-
Net profit / (Loss) for the period	-	-	-	(1,445)	(1,445)	-	(1,445)
As at 31 March 2014	<u>65,000</u>	<u>2,063</u>	<u>12,469</u>	<u>(79,696)</u>	<u>(164)</u>	<u>-</u>	<u>(164)</u>
AUDITED as at 31 DECEMBER 2013							
Balance at 1 January 2013	65,000 *	2,063	14,293	(48,496)	32,860	-	32,860
Other Comprehensive Income / (Loss):							
Other comprehensive income for the financial year	-	-	(1,824)	1,824	-	-	-
Total comprehensive loss for the financial year	-	-	(1,824)	1,824	-	-	-
Loss for the financial year	-	-	-	(31,579)	(31,579)	-	(31,579)
Balance at 31 December 2013	<u>65,000</u>	<u>2,063</u>	<u>12,469</u>	<u>(78,251)</u>	<u>1,281</u>	<u>-</u>	<u>1,281</u>

This statement should be read in conjunction with the the audited financial statements for the year ended 31 December 2013 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 1ST QUARTER ended 31 MARCH 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figure has not been audited)

	Unaudited 31-Mar-14 RM '000	Audited 31-Dec-13 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continuing Operations	(1,445)	(32,112)
Discontinued Operations / Disposal Group	-	-
Adjustment for:		
Loss on disposal of Investment Properties	-	-
Deposit written off	-	5
Fair value loss/(gain) on derivative financial instrument	-	3
Other Income - Goodwills on Consolidation written off	-	2,911
Depreciation	520	4,175
(Gain) / Loss on Disposal of PPE	-	1,704
Allowance for Retirement benefits	-	10
Provision for Vol Separation Sch / (No longer required)	-	-
Unrealised Loss / (Gain) on Foreign Exchange	-	4,560
Interest expenses	720	1,397
Allowance for Doubtful Debts	-	(851)
Allowance for Doubtful Debts - No longer required	-	20
Bad Debts Written Off	-	6,061
Inventories Written Down	-	-
Interest income	-	(17)
Loss on disposal of property, plant & equipment	-	503
Provision for gratuity	-	245
Retrenchment expenses	-	3,803
Operating profit/(loss) before working capital changes	<u>(205)</u>	<u>(7,583)</u>
Changes in working capital:		
Inventories	55	8,356
Receivables	-	5,610
Payables	3,746	(9,119)
Net cash flows from/ (used in) operating activities	<u>3,596</u>	<u>(2,736)</u>
Retrenchment expenses paid	-	(203)
Taxation refund	-	204
Net cash generated from/(used in) operating activities	<u>3,596</u>	<u>(2,735)</u>
Acquisition of subsidiaries, net of cash	-	-
Deferred expenditure incurred	-	(8,527)
Development costs incurred	(5,662)	(7)
Interest income received	-	17
Proceeds from disposal of assets held for sale	-	-
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of property, plant and equipment	-	983
Purchase of property, plant and equipment	-	(164)
Net cash generated from/(used in) investing activities	<u>(5,662)</u>	<u>(7,698)</u>
Cash flows from/ (used in) financing activities	1,700	8,561
Proceeds from short term borrowings	-	-
Proceeds / (Repayments) of short term borrowings	2,420	13,174
Proceeds from Term Loan	-	(350)
Repayments of Term Loan	-	(288)
Hire Purchase proceeds / (repayment)	-	-
Interest paid	(720)	(3,975)
Bills Payable	-	-
Proceeds from issuance of shares	-	-
Proceeds from investment in associates	-	-
Drawdown/(placement) of fixed deposits	-	-
Net cash generated from/(used in) financing activities	<u>1,700</u>	<u>8,561</u>
Net increase/(decrease) in cash and cash equivalents	(366)	(1,878)
Cash and cash equivalents brought forward	(2,014)	135
Cash and cash equivalents carried forward	<u>(2,380)</u>	<u>(1,743)</u>
Cash and cash equivalent comprise of:		
Cash and Bank balances	378	744
Deposits with licensed banks	233	233
Overdraft (in Bank Borrowings)	(2,991)	(2,992)
	<u>(2,380)</u>	<u>(2,015)</u>

This statement should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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 2013. 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 2013.

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 2013 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 2013.

**A2b
Comparatives**

There 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 has ceased its vinyl 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, no A16 and B6.

Due to financial constraint and negative business environment, IRMSB has temporarily ceased its vinyl production.

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

	Current 1st Quarter	Preceding 1st Quarter	
	Profit/(Loss) after		Profit/(Loss) after
OPERATING UNITS' BUSINESS	N/A	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
Renewable Energy - Solar farm & Biomass power plant		-	-
PVC Resins and Compounds		5,897	(3,681)
Downstream Fabricated Applications - Pipes & Calendaring #		<u>928</u>	<u>(207)</u>
		6,825	(3,888)
less: Inter-Segment Sales	N/A	(295)	-
add: Holding Company		-	(144)
add: Goodwills / Assets Diminution / Interco debt		-	-
Total		<u><u>6,530</u></u>	<u><u>(4,032)</u></u>
		Cummulative	
		Preceding 1st Quarter	
			Profit/(Loss) after
OPERATING UNITS' BUSINESS	N/A	<u>Revenue</u> RM '000	<u>taxation</u> RM '000
Renewable Energy - Solar farm & Biomass power plant		-	-
PVC Resins and Compounds	N/A	5,897	(3,681)
Downstream Fabricated Applications - Pipes & Calendaring #		<u>928</u>	<u>(207)</u>
		6,825	(3,888)
less: Inter-Segment Sales		(295)	-
add: Holding Company		-	(144)
add: Goodwills / Assets Diminution	N/A	-	-
Total		<u><u>6,530</u></u>	<u><u>(4,032)</u></u>
		Preceding 1st Quarter	
		@ 31 MAR 2013	
SEGMENT ASSETS & LIABILITIES		Assets RM '000	Liabilities RM '000
Renewable Energy - Solar farm & Biomass power plant	N/A	4,642	2,103
PVC Resins and Compounds		98,380	64,327
Downstream Fabricated Applications - Pipes & Calendaring #		<u>6,326</u>	<u>10,887</u>
		109,348	77,317
less: Unallocated / Consolidation adjustments		(15,315)	(12,166)
Total		<u><u>94,033</u></u>	<u><u>65,151</u></u>

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

N/A - The Group has temporarily ceased its vinyl operations.

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 and any accumulated impairment losses. 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 2013.

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. The Company has cease its vinyl operations temporarily as part of a relocation plan for its current activities.

A12

Contingent liabilities

The contingent liabilities of the Group comprising bank guarantee for the performance bond amounting RM187,500.00

The gross banking facilities is approximately RM57 million (including Term Loan) provided for its subsidiary. 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 RM15.0 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 31-03-14 RM('000)	As at 31-12-13 RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	378	744
Deposits with licensed banks	233	233
Overdraft (In Bank Borrowings)	(2,991)	(2,991)
	<u>(2,380)</u>	<u>(2,014)</u>
A16 Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	<u>(2,380)</u>	<u>(2,014)</u>

Inventories

During the period under review, there were no further written down or allowance made for slow moving or obsolete inventories.

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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-13 RM' 000	CURRENT YEAR QUARTER ended 31-Mar-14 RM' 000	CHANGES RM' 000
Revenue - Continued Operations			
Consolidated Profit/(Loss) Before Tax less: Taxation			
Consolidated Profit/(Loss) After Tax		N/A	
Continuing Operations			
Discontinued Operations / Disposal Group			
Minority Interest (MI)			
Net Profit/(Loss) After MI			

As mentioned earlier the Group has temporarily ceased its vinyl operation for a relocation exercise.

Detailed Segment Analysis:

	Current 1st 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				
Downstream Fabricated Applications		N/A		
TOTAL				
less: Intersegment Sales				

B2 Variation of results against Immediate preceding quarter

	IMMEDIATE PRECEDING QUARTER ended 31-Dec-13 RM' 000	CURRENT QUARTER ended 31-Mar-14 RM' 000	CHANGES RM' 000
Revenue - Continued Operations			
Consolidated Profit/(Loss) Before Tax less: Taxation			
Consolidated Profit/(Loss) After Tax		N/A	
Continuing Operations			
Discontinued Operations / Disposal Group			
Minority Interest (MI)			
Net Profit/(Loss) After MI			

As mentioned earlier the Group has temporarily ceased its vinyl operation for a relocation exercise.

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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 Group has temporarily ceased its vinyl operation and it is now focused on completing the Solar Farm and preparing / reviewing plan for possible relocation of the vinyl plant and to uplift the Group from PN17 status.

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 its major assets namely a 2 pieces of lands in Tampoi for RM34 million and Chemical Storage Tank in Pasir Gudang for RM12.5 million where the proposed disposals have been approved by the shareholders in the general meeting held on 30 January 2014.
- ii. Disposal of other identified assets in order to further pare down outstanding borrowing;
- iii. Formulation and discussions with third parties on relocation plan.
- iv. Discussion with banks for the proposed settlement arrangement; and
- v. Have entered into an agreement with the Permintex Group to
 - a) Financing assistance to complete the solar farm
 - b) The injection of their motor components manufacturing business into a Newco.
 - c) Subsequent capital restructuring of the company and the injection into a Newco.
 - d) Placement of new shares of Newco and subsequent transfer of IRMGB listing status to Newco.

This was duly announced to the public via Bursa on the 8 May 2014.

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 <u>1st Quarter</u> <u>@31 Mar14</u> RM '000	Preceding Year <u>1st Quarter</u> <u>@31Mar13</u> RM '000	Current Year <u>1st Quarter</u> <u>@31Mar14</u> RM '000	Preceding Year <u>1stQuarter</u> <u>@31Mar13</u> RM '000
Current Year Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
Total Tax Expense	-	-	-	-
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%

In view of substantial unabsorbed accumulated losses and the cessation of company's vinyl operation, no tax is payable for the current period.

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B6 Status of Corporate Proposals announced

- i) 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 with maximum capacity of 5.0 MW at Perlis. The project is under development and progressing accordingly.
- ii) IRMSB, on 5 September 2013, had entered into a Sales and Purchase Agreement with Pyramid Presentations Sdn. Bhd. ("PPSB") 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 shareholders, during the general meeting held on 30 January 2014, had approved the proposal. Based on the agreement, the purchaser is now granted six (6) months to pay the remaining consideration and complete the transaction.
- iii. IRMSB had on 9 December 2013 entered into a conditional sale and purchase agreement ("SPA") with the Purchaser for the disposal of the Chemical Storage Terminal and the remainder of the Lease, or that the present Lease is to be terminated and a new lease entered into at the option of the Purchaser, for a total cash consideration of RM12,500,000. The shareholders, during the general meeting held on 30 January 2014, had approved the proposal. The transaction was duly completed on 21 April 2014.
- iv. The Company, in pursuant to the agreements entered with Permintex Group, had announced its proposal on 8 May 2014 for the Proposed Regularisation Plan to regularise the financial position of the Company. The proposal among other include :-
- a) Financial assistance to complete the solar farm project
 - b) The injection of their motor components manufacturing business into a Newco.
 - c) Subsequent capital restructuring of the Company and the injection into a Newco.
 - d) Placement of new shares of Newco and subsequent transfer of the Company's listing status to Newco.

B7 Group's borrowings and debt securities

(a) The Group borrowings are as follows:

	@ 31 MAR 14			@ 31 MAR 13		
	<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:	58,007	-	58,007	15,921	8,389	24,310
Unsecured:	-	-	-	21,650	-	21,650
Total	<u>58,007</u>	<u>-</u>	<u>58,007</u>	<u>37,571</u>	<u>8,389</u>	<u>45,960</u>

Above borrowings exclude LCs issued.

(b) All borrowings are denominated in Ringgit Malaysia

B8 Derivative Financial Instruments (Off balance sheet financial instruments)

There is no outstanding derivative financial instruments as at end of 31 MARCH 2014.

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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.

IRMSB, on 21 April 2014, has partially paid the outstanding amount utilised from the Tanks disposal proceeds. The Group as part of the regularisation plan, has also submitted a proposal for the settlement of the remaining balance of the outstanding loan.

- 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 balance proceeds to be received from the disposal are expected to partially repay the outstanding amount.

The Group as part of the regularisation plan, submitted a proposal for the settlement of the said loan.

- iii. Pejabat Tenaga Kerja Johor Bahru on 20 May 2014 upon hearing of the complaint received from 11 of IRMSB's former staff has requested IRMSB to pay a total of RM356,953.93 within 14 days to the office which we receive on behalf of the complainants , the company is currently consulting the solicitor for the appeal.

B10 Dividends

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

B11 Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>1st Quarter</u>	<u>1st Quarter</u>	<u>1st Quarter</u>	<u>1st Quarter</u>
	<u>31-Mar-14</u>	<u>31-Mar-13</u>	<u>31-Mar-14</u>	<u>31-Mar-13</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(1,445)	(1,055)	(1,445)	(1,055)
Weighted Average Number of shares in issue ('000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(1.11)	(0.81)	(1.11)	(0.81)

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 May 2014.