

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

Quarterly report on consolidated results for the 2nd QUARTER ended 30 JUNE 2014
CONDENSED CONSOLIDATED INCOME STATEMENT
(The figure has not been audited)

	2nd QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR Unaudited 30-Jun-14 RM '000	PRECEDING YEAR Unaudited 30-Jun-13 RM '000	CURRENT YEAR Unaudited 30-Jun-14 RM '000	PRECEDING YEAR Unaudited 30-Jun-13 RM '000
Revenue	1,541	848	1,591	7,378
Cost of Sales ##	1,413	(2,415)	1,468	(9,826)
Gross Profit/(Loss)	128	(1,567)	123	(2,448)
Other Income (include investment income)		(702)	-	(702)
Other Expenses			-	
Other Operating Income / (Loss)	931	(53)	1,487	(241)
Depreciation Expense ##	(514)	(751)	(1,034)	(1,540)
Operating Expenses	(796)	(1,402)	(1,552)	(2,904)
Profit/(Loss) from Operations	(251)	(4,475)	(976)	(7,835)
Finance Costs	(1,057)	(1,386)	(1,777)	(2,058)
Interest Income		-	-	-
Profit/(Loss) before Taxation	(1,308)	(5,861)	(2,753)	(9,893)
Taxation		-	-	-
Profit/(Loss) after Taxation from Continuing Operations	(1,308)	(5,861)	(2,753)	(9,893)
(Loss)/Profit after Taxation from Discontinued / Disposal Group		-	-	-
Profit / (Loss) after Tax	(1,308)	(5,861)	(2,753)	(9,893)
Minority Interest ("MI")		-	-	-
Net Profit / (Loss) after MI	<u>(1,308)</u>	<u>(5,861)</u>	<u>(2,753)</u>	<u>(9,893)</u>
Profit / (Loss) attributable to:				
Owners of the Company	(1,308)	(5,861)	(2,753)	(9,893)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	<u>(1,308)</u>	<u>(5,861)</u>	<u>(2,753)</u>	<u>(9,893)</u>
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)	(1.01)	(4.51)	(2.12)	(7.61)
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 2nd QUARTER ended 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figure has not been audited)

	2nd QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Jun-14 RM '000	Unaudited 30-Jun-13 RM '000	Unaudited 30-Jun-14 RM '000	Unaudited 30-Jun-13 RM '000
Profit / (Loss) for the period	(1,308)	(5,861)	(2,753)	(9,893)
Other Comprehensive Income/(Loss), Net of Tax:				
Realization of deferred tax liabilities on disposal of assets	2,158	-	2,158	-
Realization of revaluation reserves on disposal of assets	6,473	-	6,473	-
Other Comprehensive Income/(Loss) for the period	<u>8,631</u>	<u>-</u>	<u>8,631</u>	<u>-</u>
Total Comprehensive Income/(Loss) for the period	<u>(1,308)</u>	<u>(5,861)</u>	<u>5,878</u>	<u>(9,893)</u>
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	(1,308)	(5,861)	5,878	(9,893)
Non-controlling interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	<u>(1,308)</u>	<u>(5,861)</u>	<u>5,878</u>	<u>(9,893)</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.

NOTES TO STATEMENT OF COMPREHENSIVE INCOME: (Additional Information)	2nd QUARTER	2nd QUARTER	CUMMULATIVE	CUMMULATIVE
	CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR	PRECEDING YEAR
	Unaudited 30-Jun-14 RM ' 000	Unaudited 30-Jun-13 RM ' 000	Unaudited 30-Jun-14 RM ' 000	Unaudited 30-Jun-13 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(514)	(751)	(1,034)	(1,540)
Allowance for Impairment of Receivables	-	-	-	-
Allowance for Impairment of Receivables no longer required	-	-	-	-
Provision for and write off of Inventories	-	-	-	-
Write back of provision for doubtful debts	203	-	203	-
Gain or (Loss) on disposal of quoted and unquoted Investments or properties	-	(702)	-	(702)
Property Plant Equipment written off	-	-	-	-
Foreign Exchange gain or loss	-	-	-	-
Fair value Gain / (Loss) on derivative financial instruments	-	-	-	-
Exceptional Items:				
Insurance claim	-	-	-	-
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	645	-	1,201	-

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

Quarterly report on consolidated results for the 2nd QUARTER ended 30 JUNE 2014
CONDENSED CONSOLIDATED BALANCE SHEET

(The figure has not been audited)

	Unaudited 30-Jun-14 RM '000	Audited 31-Dec-13 RM '000
PROPERTY, PLANT & EQUIPMENT	18,221	19,841
DEVELOPMENT COST / INTANGIBLE ASSETS	24,781	11,125
CURRENT ASSETS		
Inventories	284	336
Trade debtors	470	232
Other debtors, deposits and prepayments	1,604	276
Deposit with licensed bank	233	233
Cash and bank balances	699	744
	<u>3,290</u>	<u>1,821</u>
Assets classified as Held for Sale	32,715	44,686
	<u>36,005</u>	<u>46,507</u>
CURRENT LIABILITIES		
Trade creditors	1,243	826
Finance Lease Liabilities (HP creditors)	350	138
Other creditors and accruals	28,551	14,902
Short Term Borrowings	47,541	57,288
Taxation payable	222	222
	<u>77,907</u>	<u>73,376</u>
Liabilities associated with Assets classified as Held for Sale	-	-
	<u>77,907</u>	<u>73,376</u>
NET CURRENT ASSETS / (LIABILITIES)	(41,902)	(26,869)
	<u>1,100</u>	<u>4,097</u>
FINANCED BY		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	5,996	12,469
Retained profit / (Loss)	(72,373)	(78,251)
Shareholders Fund	<u>686</u>	<u>1,281</u>
Minority Interest	-	-
	<u>686</u>	<u>1,281</u>
LONG TERM BORROWING		
Provision for Retirement benefits	160	160
DEFERRED TAXATION Liabilities	254	2,412
Finance Lease Liabilities (HP Creditors)	-	244
	<u>1,100</u>	<u>4,097</u>
Net Assets ("NA") per share (sen) #	<u>0.53</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.

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Quarterly report on consolidated results for the 2nd QUARTER ended 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(The figure has not been audited)

UNAUDITED as at 30 JUNE 2014	Non-Distributable		Non-Distributable		Distributable Retained Profit/(Loss) RM '000	Total RM '000	Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Non-Distributable Revaluation Reserve RM '000				
As at 1 January 2014	65,000	2,063	12,469	(78,251)	1,281	-	1,281	
Other Comprehensive Income / (Loss):								
Realization of deferred tax liabilities on disposal of assets	-	-	-	2,158	2,158	-	2,158	
Realization of revaluation reserves on disposal of assets	-	-	(6,473)	6,473	-	-	-	
Total Other Comprehensive Income for the period	-	-	(6,473)	8,631	2,158	-	2,158	
Net profit / (Loss) for the period	-	-	-	(2,753)	(2,753)	-	(2,753)	
As at 30 June 2014	65,000	2,063	5,996	(72,373)	686	-	686	

AUDITED as at 31 DECEMBER 2013	Non-Distributable		Non-Distributable		Distributable Retained Profit/(Loss) RM '000	Total RM '000	Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	Share Premium RM '000	Revaluation Reserve RM '000	Non-Distributable Revaluation Reserve RM '000				
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	65,000	2,063	12,469	(78,251)	1,281	-	1,281	

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.

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Quarterly report on consolidated results for the 2nd QUARTER ended 30 JUNE 2014
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(The figure has not been audited)

	Unaudited 30-Jun-14 RM '000	Audited 31-Dec-13 RM '000
Cash flows from/ (used in) operating activities		
Profit/(Loss) before taxation -		
Continuing Operations	(2,753)	(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	1,034	4,175
(Gain) / Loss on Disposal of PPE	(1,201)	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	1,777	1,397
Allowance for Doubtful Debts	-	(851)
Allowance for Doubtful Debts - No longer required	(203)	20
Bad Debts Written Off	-	6,061
Inventories Written Down	-	-
Interest Income	3	(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>(1,344)</u>	<u>(7,583)</u>
Changes in working capital:		
Inventories	52	8,356
Receivables	(2,044)	5,610
Payables	14,744	(9,119)
Net cash flows from/ (used in) operating activities	<u>11,408</u>	<u>(2,736)</u>
Retrenchment expenses paid	-	(203)
Taxation refund	-	204
Net cash generated from/(used in) operating activities	<u>11,408</u>	<u>(2,735)</u>
Acquisition of subsidiaries, net of cash	-	-
Deferred expenditure incurred	-	(8,527)
Development costs incurred	(13,656)	(7)
Interest Income received	-	17
Proceeds from disposal of assets held for sale	12,500	-
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of property, plant and equipment	1,258	983
Purchase of property, plant and equipment	-	(164)
Net cash generated from/(used in) investing activities	<u>102</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	(11,365)	13,174
Proceeds from Term Loan	-	(350)
Repayments of Term Loan	-	(288)
Hire Purchase proceeds / (repayment)	(191)	-
Interest paid	-	(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>(11,556)</u>	<u>8,561</u>
Net increase/(decrease) in cash and cash equivalents	(46)	(1,878)
Cash and cash equivalents brought forward	(2,014)	(136)
Cash and cash equivalents carried forward	<u>(2,060)</u>	<u>(2,014)</u>
Cash and cash equivalent comprise of:		
Cash and Bank balances	699	744
Deposits with licensed banks	233	233
Overdraft (in Bank Borrowings)	(2,992)	(2,991)
	<u>(2,060)</u>	<u>(2,014)</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.

A2 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.

A3 Comparatives

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

A4 Audit report of preceding annual financial statements

The preceding year annual audited financial statements were not subject to any qualification.

A5 Seasonal or cyclical factors

The Company has ceased its vinyl operation temporarily. Therefore no seasonal and cyclical factors is relevant.

A6 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 and B6.

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

A7 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.

A8 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.

A9 Dividend paid

No dividend has been paid in the current financial quarter.

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A10 Segment Information

The Group was set up comprising into 3 different business segments as follows:

- (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)

The Group has ceased its manufacturing of PVC Resins and Compounds (vinyl production) and downstream fabricated applications whilst the solar farm is under construction.

SEGMENT ASSETS & LIABILITIES	@ 30 JUN 2014		Previous Year Corresponding Period	
	Assets	Liabilities	Assets	Liabilities
	RM '000	RM '000	RM '000	RM '000
Renewable Energy - Solar farm & Biomass power plant	25,817	19,882	5,304	1,291
PVC Resins and Compounds	63,027	58,839	95,215	65,600
Downstream Fabricated Applications - Pipes & Calendering #	1,833	11,262	5,768	10,512
	90,677	89,983	106,287	77,403
less: Unallocated / Consolidation adjustments	(11,670)	(11,662)	(13,336)	(7,419)
Total	79,007	78,321	92,951	69,984

A11 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.

A12 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 B10 of the announcement.

A13 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 ceased its vinyl operations temporarily as part of a relocation plan for its current activities.

A14 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 RM47 million (including Term Loan) provided for its subsidiary. The company has given corporate guarantee for all the banking facilities.

A15 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 RM12.5 million.

A16 Significant related party transactions

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

A17 Cash and cash equivalents

	As at 31 June 14	As at 31 Dec13
	RM('000)	RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	699	744
Deposits with licensed banks	233	233
Overdraft (in Bank Borrowings)	(2,992)	(2,991)
	(2,060)	(2,014)
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	(2,060)	(2,014)

A18 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

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

B2 Variation of results against immediate preceding quarter

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

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, as announced on 8 May 2014, had entered into Head of Agreement with Permintex Automotive Sdn Bhd (PASB) on the Company's proposal to undertake the Proposed Regularisation Plan to regularise the financial position of the Company.

The Group, subsequent to the application made to Bursa Securities, has been given an extension of time to submit the Regularisation Plan up to 31 August 2014. The Group is presently working with the advisers towards finalising the plan for submission to Bursa Securities. In view to the delay in formulation and finalising the plan, the Group on 15 August 2014, had submitted another application to Bursa Securities for further extension of time to 31 December 2014.

In addition to the above and as part of the plan to regularize its financial condition, the Group has undertaken and undertakes the following measures:

- i. Disposal of its Chemical Storage Tank in Pasir Gudang for RM12.5 million where the disposal has been completed on 21 April 2014;
- ii. Disposal of a 2 pieces of lands in Tampoi for RM34 million approved by the shareholders in the general meeting held on 30 January 2014 which is expected to be completed in September 2014;
- iii. Disposal of other identified assets in order to further pare down outstanding borrowing and finance its operation;
- iv. Engaged a third party contractor for the dismantling of plants for relocation;
- v. Discussion with banks for the proposed settlement arrangement; and
- vi. Mobilize all available resources towards completion of Solar Farm.

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>2nd Quarter @30 Jun 14</u>	<u>2nd Quarter @30 Jun 13</u>	<u>2nd Quarter @30 Jun 14</u>	<u>2nd Quarter @30 Jun 13</u>
	RM '000	RM '000	RM '000	RM '000
Current Year Taxation	-	-	-	-
Deferred Taxation	-	-	-	-
Total Tax Expense	-	-	-	-
Effective Tax Rate	0.0%	0.0%	0.0%	0.0%

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 (SEDA) 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.

SEDA, vide its letter dated 29 May 2014, has granted to IRM Solar an extension of time for the Initial Operation Date (IOD) and Feed-in Tariff Commencement Date (FitCD) on 30 September 2014 and 31 October 2014 respectively.

- 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 has been granted six (6) months from the unconditional date falled on 6 February 2014 to pay the remaining consideration and complete the transaction.

IRMSB, on 7 August 2014, granted an extension of time of one month until 6 September 2014 for PPSB to pay the balance consideration subject to interest of eight percent (8%) per annum from 6 August 2014.

- iii) The Company, in pursuant to the agreement 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 :-
- Financing assistance to complete the solar farm;
 - The injection of PASB motor components manufacturing business into a Newco;
 - Subsequent capital restructuring of the Group and the injection into a Newco; and
 - Placement of new shares of Newco and subsequent transfer of IRMGB listing status to Newco.

B7 Status utilisation of proceeds raised from corporate proposal

Following is the status of the utilisation of proceeds received from the disposal of tank farms

<u>Purposes</u>	<u>Proposed Utilisation</u> RM '000	<u>Actual Utilised</u> RM '000	<u>Balance To Be Utilised</u> RM '000	<u>Intended Timeframe for Utilisation</u>	<u>Deviation</u>		<u>Explanations</u>
					RM '000	%	
i Repayment to banks	10,366	11,365	-		(999)	-10%	Payment based on actual redemption sum
ii Operating expenses	1,401	159	243	Immediate	999	71%	Amount reallocated to banks repayme
iii Repayment of creditors	633	340	293	Immediate	-	0%	
iv. Disposal expenses	100	40	60	Immediate	-	0%	
	<u>12,500</u>	<u>11,904</u>	<u>596</u>		<u>(0)</u>		

B8 Group's borrowings and debt securities

- (a) The Group borrowings are as follows:

	<u>@ 30 JUNE 14</u>			<u>@ 31 DEC 13</u>		
	<u>Short term</u> RM'000	<u>Long term</u> RM'000	<u>Total</u> RM'000	<u>Short term</u> RM'000	<u>Long term</u> RM'000	<u>Total</u> RM'000
Secured:	47,541	-	47,541	57,288	-	57,288
Unsecured:	-	-	-	-	-	-
Total	<u>47,541</u>	<u>-</u>	<u>47,541</u>	<u>57,288</u>	<u>-</u>	<u>57,288</u>

- (b) All borrowings are denominated in Ringgit Malaysia

B9 Derivative Financial Instruments (Off balance sheet financial instruments)

There is no outstanding derivative financial instruments as at end of 30 June 2014.

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B10 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

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 and currently in discussion with the bank 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 Purchaser has deposited a total of RM6.8 million into the Company's solicitor's account for the differential sum and the balance RM24 million to be disbursed by the Purchaser's bank which the loan is currently being processed.

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 being the outstanding retrenchment benefit, within 14 days to the office to be received on behalf of the complainants.

IRMSB has appointed a solicitor to act against the demand.

B11 Dividends

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

B12 Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>2nd Quarter</u>	<u>2nd Quarter</u>	<u>2nd Quarter</u>	<u>2nd Quarter</u>
	<u>30-Jun-14</u>	<u>30-Jun-13</u>	<u>30-Jun/14</u>	<u>30/Jun/13</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(1,308)	(5,861)	(2,753)	(9,893)
Weighted Average Number of shares in issue ('000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(1.01)	(4.51)	(2.12)	(7.61)

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 August 2014.