

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

Quarterly report on consolidated results for the 3rd QUARTER ended 30 SEPTEMBER 2014  
CONDENSED CONSOLIDATED INCOME STATEMENT

(The figure has not been audited)

	3rd QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR Unaudited 30-Sep-14 RM '000	PRECEDING YEAR Unaudited 30-Sep-13 RM '000	CURRENT YEAR Unaudited 30-Sep-14 RM '000	PRECEDING YEAR Unaudited 30-Sep-13 RM '000
Revenue	428	832	2,019	8,210
Cost of Sales ##	(383)	(1,642)	(1,851)	(11,468)
Gross Profit/(Loss)	45	(810)	168	(3,258)
Other Income (include investment income)	-	-	-	(702)
Other Operating Income / (Loss)	1,449	(83)	2,936	(324)
Depreciation Expense ##	(288)	(686)	(1,322)	(2,226)
Operating Expenses	(16,139)	(15,290)	(17,691)	(18,194)
Profit/(Loss) from Operations	(14,933)	(16,869)	(15,909)	(24,704)
Finance Costs	(801)	(1,086)	(2,578)	(3,144)
Interest Income	5	-	5	-
Profit/(Loss) before Taxation	(15,729)	(17,955)	(18,482)	(27,848)
Taxation	-	3,472	-	3,472
Profit/(Loss) after Taxation from Continuing Operations	(15,729)	(14,483)	(18,482)	(24,376)
(Loss)/Profit after Taxation from Discontinued / Disposal Group	-	-	-	-
Profit / (Loss) after Tax	(15,729)	(14,483)	(18,482)	(24,376)
Minority Interest ("MI")	-	-	-	-
Net Profit / (Loss) after MI	(15,729)	(14,483)	(18,482)	(24,376)
Profit / (Loss) attributable to: Owners of the Company	(15,729)	(14,483)	(18,482)	(24,376)
Non Controlling Interests	-	-	-	-
Profit / (Loss) for the period	(15,729)	(14,483)	(18,482)	(24,376)
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)	(12.10)	(11.14)	(14.22)	(18.75)
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 3rd QUARTER ended 30 SEPTEMBER 2014  
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-14 RM '000	Unaudited 30-Sep-13 RM '000	Unaudited 30-Sep-14 RM '000	Unaudited 30-Sep-13 RM '000
Profit / (Loss) for the period	(15,729)	(14,483)	(18,482)	(24,376)
Other Comprehensive Income/(Loss), Net of Tax:				
Realization of deferred tax liabilities on disposal of assets	254	-	2,412	-
Realization of revaluation reserves on disposal of assets	5,996	-	12,469	-
Other Comprehensive Income/(Loss) for the period	6,250	-	14,881	-
Total Comprehensive Income/(Loss) for the period	(9,479)	(14,483)	(3,601)	(24,376)
Total Comprehensive Income/(Loss) attributable to:				
Owners of the Company	(9,479)	(14,483)	(3,601)	(24,376)
Non-controlling Interests	-	-	-	-
Total Comprehensive Income/(Loss) for the period	(9,479)	(14,483)	(3,601)	(24,376)

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.

NOTES TO STATEMENT OF COMPREHENSIVE INCOME:  
(Additional Information)

	3rd QUARTER CURRENT YEAR	3rd QUARTER PRECEDING YEAR	CUMMULATIVE CURRENT YEAR	CUMMULATIVE PRECEDING YEAR
	Unaudited 30-Sep-14 RM ' 000	Unaudited 30-Sep-13 RM ' 000	Unaudited 30-Sep-14 RM ' 000	Unaudited 30-Sep-13 RM ' 000
Profit / (Loss) for the period is arrived at after charging and crediting the following:				
Depreciation and Amortization	(288)	(686)	(1,322)	(2,226)
Provision for impairment of PPE	(14,000)	(3,000)	(14,000)	(3,000)
Provision for impairment of Development Expenditure	-	(2,552)	-	(2,552)
Allowance for impairment of Receivables	-	(1,250)	-	(1,250)
Allowance for impairment of Receivables no longer required	-	-	-	-
Provision for and write off of Inventories	-	(6,000)	-	(6,000)
Write back of provision for doubtful debts	47	-	250	-
Write back of accruals	-	2,207	-	2,207
Write back of deferred tax	-	3,472	-	3,472
Write back of provision for inventories	200	-	200	-
Gain or (Loss) on disposal of quoted and unquoted investments or properties	-	-	-	(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 Retirement Benefit / Gratuity	(714)	(3,600)	(714)	(3,600)
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	1,285	-	2,486	-

**IRM GROUP BERHAD (628000-T)**  
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**Quarterly report on consolidated results for the 3rd QUARTER ended 30 SEPTEMBER 2014**  
**CONDENSED CONSOLIDATED BALANCE SHEET**

(The figure has not been audited)

	<b>Unaudited 30-Sep-14 RM '000</b>	<b>Audited 31-Dec-13 RM '000</b>
PROPERTY, PLANT & EQUIPMENT	3,320	19,841
DEVELOPMENT COST / INTANGIBLE ASSETS	26,232	11,125
<b>CURRENT ASSETS</b>		
Inventories	101	336
Trade debtors	34	232
Other debtors, deposits and prepayments	1,668	276
Deposit with licensed bank	238	233
Cash and bank balances	142	744
	<u>2,183</u>	<u>1,821</u>
Assets classified as Held for Sale	-	44,686
	<u>2,183</u>	<u>46,507</u>
<b>CURRENT LIABILITIES</b>		
Trade creditors	728	826
Finance Lease Liabilities (HP creditors)	302	138
Other creditors and accruals	26,817	14,902
Short Term Borrowings	18,455	57,288
Taxation payable	222	222
	<u>46,524</u>	<u>73,376</u>
Liabilities associated with Assets classified as Held for Sale	-	-
	<u>46,524</u>	<u>73,376</u>
<b>NET CURRENT ASSETS / (LIABILITIES)</b>	<b>(44,341)</b>	<b>(26,869)</b>
	<u><b>(14,789)</b></u>	<u><b>4,097</b></u>
<b>FINANCED BY</b>		
Share capital	65,000	65,000
Share Premium	2,063	2,063
Revaluation Reserves	-	12,469
Retained profit / (Loss)	(81,852)	(78,251)
Shareholders Fund	<u>(14,789)</u>	<u>1,281</u>
Minority Interest	-	-
	<u>(14,789)</u>	<u>1,281</u>
<b>LONG TERM BORROWING</b>		
Provision for Retirement benefits	-	160
DEFERRED TAXATION Liabilities	-	2,412
Finance Lease Liabilities (HP Creditors)	-	244
	<u>(14,789)</u>	<u>4,097</u>
<b>Net Assets ("NA") per share (sen) #</b>	<b>(11.38)</b>	<b>1.0</b>

*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 3rd QUARTER ended 30 SEPTEMBER 2014  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
(The figure has not been audited)

UNAUDITED as at 30 SEPT 2014	Non-Distributable		Non-Distributable		Distributable		Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Retained Profit/(Loss)	RM '000	RM '000			
As at 1 January 2014	65,000	2,063	12,469	(78,251)	1,281	1,281	1,281	-	1,281
Other Comprehensive Income / (Loss):	-	-	-	2,412	2,412	2,412	2,412	-	2,412
Realization of deferred tax liabilities on disposal of assets	-	-	(12,469)	12,469	-	-	-	-	-
Realization of revaluation reserves on disposal of assets	-	-	(12,469)	14,881	2,412	2,412	2,412	-	2,412
Total Other Comprehensive Income for the period	-	-	-	(18,482)	(18,482)	(18,482)	(18,482)	-	(18,482)
Net profit / (Loss) for the period	-	-	-	(81,852)	(81,852)	(81,852)	(81,852)	-	(14,789)
As at 30 Sept 2014	65,000	2,063	0	-	(14,789)	(14,789)	(14,789)	-	(14,789)

AUDITED as at 31 DECEMBER 2013	Non-Distributable		Non-Distributable		Distributable		Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Revaluation Reserve	Retained Profit/(Loss)	RM '000	RM '000			
Balance at 1 January 2013	65,000	2,063	14,293	(48,496)	32,860	32,860	32,860	-	32,860
Other Comprehensive Income / (Loss):	-	-	-	1,824	-	-	-	-	-
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)	(31,579)	-	(31,579)
Balance at 31 December 2013	65,000	2,063	12,469	(78,251)	1,281	1,281	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.

IRM GROUP BERHAD (628000-T)  
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Quarterly report on consolidated results for the 3rd QUARTER ended 30 SEPTEMBER 2014  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
(The figure has not been audited)

	Unaudited 30-Sep-14 RM '000	Audited 31-Dec-13 RM '000
<b>Cash flows from/ (used in) operating activities</b>		
Profit/(Loss) before taxation -		
Continuing Operations	(18,482)	(32,112)
Discontinued Operations / Disposal Group	-	-
<b>Adjustment for:</b>		
Loss on disposal of Investment Properties	-	-
Deposit written off	-	5
Fair value loss/(gain) on derivative financial instrument	-	3
Depreciation	1,322	2,911
Provision for impairment PPE	14,000	4,175
(Gain) / Loss on Disposal of PPE	(2,486)	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	2,578	1,397
Allowance for Doubtful Debts	-	(851)
Allowance for Doubtful Debts - No longer required	(250)	20
Bad Debts Written Off	-	6,061
Inventories Written Down / (write-back)	(200)	-
Interest income	(5)	(17)
Loss on disposal of property, plant & equipment	-	503
Provision for retrenchment / gratuity	714	245
Retrenchment expenses	-	3,803
<b>Operating profit/(loss) before working capital changes</b>	<b>(2,809)</b>	<b>(7,583)</b>
<b>Changes in working capital:</b>		
Inventories	234	8,356
Receivables	(954)	5,610
Payables	15,174	(9,119)
<b>Net cash flows from/ (used in) operating activities</b>	<b>11,645</b>	<b>(2,736)</b>
Retrenchment expenses paid	-	(203)
Taxation refund	-	204
<b>Net cash generated from/(used in) operating activities</b>	<b>11,645</b>	<b>(2,735)</b>
<b>Investing activities</b>		
Acquisition of subsidiaries, net of cash	-	-
Deferred expenditure incurred	-	(8,527)
Development costs incurred	(15,106)	(7)
Interest Income received	-	17
Proceeds from disposal of assets held for sale	43,100	-
Proceeds from disposal of investment properties	-	-
Proceeds from disposal of property, plant and equipment	1,258	983
Purchase of property, plant and equipment	-	(164)
<b>Net cash generated from/(used in) investing activities</b>	<b>29,252</b>	<b>(7,698)</b>
<b>Financing activities</b>		
Proceeds from short term borrowings	1,700	8,561
Proceeds / (Repayments ) of short term borrowings	-	-
Proceeds from Term Loan	(41,410)	13,174
Repayments of Term Loan	-	(350)
Hire Purchase proceeds / (repayment)	-	(288)
Interest paid	(79)	-
Bills Payable	-	(3,975)
Proceeds from issuance of shares	-	-
Proceeds from investment in associates	-	-
Drawdown/(placement) of fixed deposits	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(41,489)</b>	<b>8,561</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(592)</b>	<b>(1,878)</b>
Cash and cash equivalents brought forward	(2,014)	(136)
Cash and cash equivalents carried forward	<b>(2,607)</b>	<b>(2,014)</b>
<b>Cash and cash equivalent comprise of:</b>		
Cash and Bank balances	142	744
Deposits with licensed banks	238	233
Overdraft (in Bank Borrowings)	(2,992)	(2,991)
	<b>(2,612)</b>	<b>(2,014)</b>

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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**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

**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 temporarily ceased its manufacturing of PVC Resins and Compounds (vinyl production) whilst the solar farm is under construction. Year to date revenue was primarily generated from supply of pipes for government contract and to a smaller extent from sale of existing stocks.

Following are the performance analysis between quarters:

OPERATING UNITS' BUSINESS	Current 3rd Quarter		Preceding Year 3rd Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	Revenue RM '000	taxation RM '000	Revenue RM '000	taxation RM '000
PVC Resins and Compounds	394	(15,611)	730	(14,434)
Downstream Fabricated Applications - Pipes & Calendering	34	(40)	103	61
Renewable Energy - Solar farm & Biomass power plant	-	(13)	-	-
	428	(15,664)	833	(14,373)
add: Other Income (reclassified into restated Total Revenue)	-	-	-	-
less: Inter-Segment Sales	-	-	-	-
add: Holding Company	-	(65)	-	(110)
add: Goodwills / Assets Diminution / Interco debt	-	-	-	-
Total	428	(15,729)	833	(14,483)

OPERATING UNITS' BUSINESS	Current 3rd Quarter		Current Year Preceding Quarter	
	Profit/(Loss) after		Profit/(Loss) after	
	Revenue RM '000	taxation RM '000	Revenue RM '000	taxation RM '000
PVC Resins and Compounds	394	(15,611)	71	(951)
Downstream Fabricated Applications - Pipes & Calendering #	34	(40)	1,470	(84)
Renewable Energy - Solar farm & Biomass power plant	-	(13)	-	(11)
	428	(15,664)	1,541	(1,046)
add: Other Income (reclassified into restated Total Revenue)	-	-	-	-
less: Inter-Segment Sales	-	-	-	-
add: Holding Company	-	(65)	-	(262)
add: Goodwills / Assets Diminution	-	-	-	-
Total	428	(15,729)	1,541	(1,308)

SEGMENT ASSETS & LIABILITIES	Previous Year Corresponding Period			
	@ 30 Sep 2014		@ 30 Sept 2013	
	Assets RM '000	Liabilities RM '000	Assets RM '000	Liabilities RM '000
PVC Resins and Compounds	11,707	25,941	84,970	69,355
Downstream Fabricated Applications - Pipes & Calendering	1,191	11,009	2,847	7,425
Renewable Energy - Solar farm & Biomass power plant	27,638	21,715	8,136	6,850
	40,536	58,665	95,953	83,630
less: Unallocated / Consolidation adjustments	(8,801)	(12,142)	(17,674)	(13,835)
Total	31,735	46,523	78,279	69,795

**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

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**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 RM18.5 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 save for a subsidiary IRM Solar Sdn Bhd that has issued conditional contracts for supplies of plant and equipment for the Solar farm project totalling to RM9.5 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 30-Sep-14 RM('000)	As at 31-Dec-13 RM('000)
Cash and cash equivalent comprise of:		
Cash and Bank balances	142	744
Deposits with licensed banks	238	233
Overdraft (In Bank Borrowings)	(2,992)	(2,991)
	<u>(2,612)</u>	<u>(2,014)</u>
Cash and Bank Balance classified as held for Sale	-	-
Fixed Deposits with Banks classified as held for Sale	-	-
	<u>(2,612)</u>	<u>(2,014)</u>

**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**

Following is the summary of the current quarter financial performance in comparison to the corresponding period last year:

	<b>CURRENT YEAR QUARTER ended 30-Sep-14 RM' 000</b>	<b>CORRESPONDING PRECEDING YEAR QUARTER ended 30-Sep-13 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue	428	833	(405)
Consolidated Profit/(Loss) Before Tax	(15,729)	(14,483)	(1,246)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(15,729)	(14,483)	(1,246)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(15,729)	(14,483)	(1,246)

Loss recorded during the period under review mainly due to additional provision for impairment of property, plants & equipments of RM14 million and additional provision for retrenchment benefit/ gratuity of RM714 thousand.

**Detailed Segment Analysis:**

	<b>Current 3rd Quarter Revenue RM '000</b>	<b>Profit/Loss after Tax RM '000</b>	<b>Cummulative Quarter Revenue RM '000</b>	<b>Profit/Loss after Tax RM '000</b>
PVC Resins & Compounds	394	(15,611)	515	(18,008)
Downstream Fabricated Applications	34	(40)	1,504	(124)
Renewable Energy Operations	-	(13)	-	(25)
HQ	-	(65)	-	(327)
<b>TOTAL</b>	<b>428</b>	<b>(15,729)</b>	<b>2,019</b>	<b>(18,484)</b>

**B2 Variation of results against immediate preceding quarter**

Following is the summary of the current quarter financial performance in comparison to the preceding quarter:

	<b>CURRENT QUARTER ended 30-Sep-14 RM' 000</b>	<b>IMMEDIATE PRECEDING QUARTER ended 30-Jun-14 RM' 000</b>	<b>CHANGES  RM' 000</b>
Revenue	428	1,541	(1,113)
Consolidated Profit/(Loss) Before Tax	(15,729)	(1,308)	(14,421)
less: Taxation	-	-	-
Consolidated Profit/(Loss) After Tax			
Continuing Operations	(15,729)	(1,308)	(14,421)
Discontinued Operations / Disposal Group	-	-	-
Minority Interest (MI)	-	-	-
Net Profit/(Loss) After MI	(15,729)	(1,308)	(14,421)

As mentioned above, the Loss recorded during the period under review mainly due to additional provision for impairment of property, plants & equipments of RM14 million and additional provision for retrenchment benefit/ gratuity of RM714 thousand.

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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 the Proposed Reverse Take Over (RTO) Exercise 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 Automotiva 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 applications made to Bursa Securities, has been given an extension of time to submit the Regularisation Plan up to 19 December 2014. The Group is presently working with the advisers towards finalising the plan for submission to Bursa Securities.

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 of which the sale consideration has been fully received on 26 September 2014;
- iii. Disposal of other identified assets in order to further pare down outstanding borrowing and finance its operation;
- iv. Relocation of plants;
- 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 3rd Quarter @30 Sept 14 RM '000	Preceding Year 3rd Quarter @30 Sept 13 RM '000	Current Year 3rd Quarter @30 Sept 14 RM '000	Preceding Year 3rd Quarter @30 Sept 13 RM '000
Current Year Taxation	-	-	-	-
Deferred Taxation	-	3,472	-	3,472
Total Tax Expense	-	3,472	-	3,472
Effective Tax Rate	0.0%	19.3%	0.0%	12.5%

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. The construction is currently 80% completed. IRM Solar plans to seek further extension of time.

- 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.

IRMSB, on 26 September 2014, had fully received the sale consideration from the Purchaser.

- iii) The Company, had previously entered into Head of Agreements and Conditional Share Sale Agreement with Permintex Automotive Sdn Bhd ("PASB") and its shareholder for the Proposed Regularisation Plan to regularise the financial position of the Company. The Proposed Regularisation Plan with PASB is on-going.

**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:

Purposes	Proposed Utilisation RM '000	Actual Utilised RM '000	Deviation RM '000	%	Explanations
i Repayment to banks	10,366	11,365	(999)	-10%	Higher redemption sums imposed by the banks
ii Operating expenses	1,401	695	706	50%	Amount allocated has been utilised for bank repayment
iii Repayment of creditors	633	340	293	46%	Amount allocated has been utilised for bank repayment
iv. Disposal expenses	100	100	-	0%	
	<u>12,500</u>	<u>12,500</u>			

Following is the status of the utilisation of proceeds received from the disposal of Tampoi Land:

Purposes	Proposed Utilisation RM '000	Actual Utilised RM '000	Deviation RM '000	%	Explanations
i Repayment to banks	28,400	30,600	(2,200)	-8%	Higher redemption sum imposed by the bank
ii Repayment to creditors	3,400	3,400	-	0%	
iii Relocation expenses	1,750	-	1,750	100%	Amount utilised for bank repayment
iv. Disposal expenses	450	-	450	100%	Amount utilised for bank repayment
	<u>34,000</u>	<u>34,000</u>			

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**B8 Group's borrowings and debt securities**

(a) The Group borrowings are as follows:

	@ 30 Sep 14			@ 31 Dec 13		
	Short term RM'000	Long term RM'000	Total RM'000	Short term RM'000	Long term RM'000	Total RM'000
Secured:	18,455	-	18,455	57,288	-	57,288
Unsecured:	-	-	-	-	-	-
<b>Total</b>	<b>18,455</b>	<b>-</b>	<b>18,455</b>	<b>57,288</b>	<b>-</b>	<b>57,288</b>

(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 Sep 2014.

**B10 Realised and Unrealised Profits / (Losses) Disclosures**

	As at 30-Sep-14 RM '000	As at 31-Dec-13 RM '000
Total unappropriated profit of IRMGB and Its subsidiaries:		
Realised	(131,201)	(127,600)
Unrealised	(3)	(3)
	(131,204)	(127,603)
Consolidation Adjustments	49,352	49,352
<b>Total group unappropriated profit as per Consolidated Accounts:</b>	<b>(81,852)</b>	<b>(78,251)</b>

**B11 Material litigation**

The are no new litigations. Following are status of outstanding material litigation:

- 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 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 ("the Lands"). IRMSB subsequent to the Sales and Purchase Agreement entered with Pyramid Presentations Sdn. Bhd on 5 September 2013 had paid CIMB RM30.6 million on 26 September 2014 sourced from the balance proceeds received from the sale of the

The Group as part of the regularisation plan, submitted a proposal for the settlement of the remaining outstanding balance of about RM2 million.

- 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, through an appointed solicitor, has filed an appeal against the demand.

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**B12 Dividends**

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

**B13 Earnings per share**

	Individual Quarter		Cummulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	<u>3rd Quarter</u>	<u>3rd Quarter</u>	<u>3rd Quarter</u>	<u>3rd Quarter</u>
	<u>30-Sep-14</u>	<u>30-Sep-13</u>	<u>30/Sep/14</u>	<u>30/Sep/13</u>
a. Basic				
Net Profit / (Loss) for the period (RM '000)	(15,729)	(14,483)	(18,482)	(24,376)
Weighted Average Number of shares in issue ('000)	130,000	130,000	130,000	130,000
Basic Earnings / (Loss) per share (sen)	(12.10)	(11.14)	(14.22)	(18.75)

b. Diluted

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

**B14 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 27 November 2014.