铁货 IRC

IRC Limited 鐵江現貨有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1029)

IRC: 2011 ANNUAL RESULTS

(Wednesday 22nd February 2012 — Hong Kong) IRC Limited ("IRC" or the "Company", stock code 1029) is pleased to announce its Annual Results for 2011 and Annual Report are now available.

Key Highlights

- Production targets exceeded at Kuranakh Mine generating a US$20 million segmental profit
- 3.7 times increase in revenue
- Maiden full year profit of US$1 million
- K&S construction advancing with funding in place
- Increases in Group resources and reserves

Commenting on the announcement, Jay Hambro, Executive Chairman of IRC said: "I am delighted to report to shareholders IRC's excellent progress in 2011. We are proud to report that we have continued to build on our track record of delivering on promises in 2011, notably exceeding production targets at Kuranakh and generating a profit whilst de-risking the K&S Project as we move on now with the construction programme, with funding available from the US$340 million project finance facility.

The success of 2011 is reflected in a maiden profit for the year of US$1 million. This first year of profit is a small start but is an exciting step forward for our development company. We believe IRC offers significant medium-term growth potential as the investment in our K&S Project grows and it is therefore pleasing that even at this early stage, we have already generated our first profit.

We hope that the 2011 annual report we are publishing today presents a clear and transparent picture of IRC's evolution from explorer, to developer and now also profitable producer.

We are excited that 2012 will be a rewarding and challenging year. We have outlined some ambitious production targets at Kuranakh, construction and development milestones at K&S and at our exploration properties we have detailed how we plan to add value. Our 2012 work programme is already underway and I am pleased to report that we are making good progress. It is pleasing to see our share price recovering and I hope that with these results and a clear set of goals for 2012 and beyond, the market will continue to see value in IRC's unique combination of geology and geography."

The full results and annual report can be downloaded at www.ircgroup.com.hk

FINANCIAL HIGHLIGHTS

— IRC achieved a maiden profit of US$l.0 million in 2011, as compared to a loss of US$82.4 million in 2010

— Positive contribution from the first production mine, Kuranakh, with a segmental profit of US$20.2 million (2010: loss of US$2.3 million)

— Revenue increased by 374% from US$25.8 million in 2010 to US$122.2 million in 2011

— The first drawing from the ICBC project finance facility and the Group is well funded for significant near term growth

OPERATING HIGHLIGHTS

— 800,291 tonnes of iron ore concentrate and 63,490 tonnes of ilmenite concentrate were produced, both were comfortably ahead of the published production targets

— Produced our one-millionth tonne of iron ore concentrate at Kuranakh

— Ore resources increased by 16% to 1,345 million tonnes; ore reserves increased by 24% to 801 million tonnes

— Continued construction at K&S, targeted for commissioning in mid 2014

— Production commenced from the Steel Slag Reprocessing Plant in North-Eastern China

— Good progress of development projects

The board of directors of IRC Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2011, which have been reviewed by the Company's Audit Committee, comprising of independent non-executive directors.

CHAIRMAN'S STATEMENT

We have successfully completed a year of firsts, testimony to the operational excellence of IRC and our ability to deliver on our promises:

- First annual profit
- First million tonnes of iron ore concentrate produced at Kuranakh
- First brick laid on the K&S Beneficiation Plant
- First shipments of ilmenite concentrate
- First production from Steel Slag Reprocessing Plant (SRP) in North-Eastern China
- First drawdown from ICBC project loan facility

Further to this impressive series of achievements I would like to remind our shareholders of IRC's proven ability to deliver. At the outset of trading in Hong Kong we promised the market that we would deliver on a series of promises — reserve increase, debt drawdown and construction contract agreement. In last year's report I was pleased to report delivery on these promises and now we have progressed further. We have ramped-up iron ore production to full capacity at our first operation, the Kuranakh Mine. This has enabled us to deliver a maiden profit for this year. With our eye on the future, we have continued development at the larger K&S Project, delivering on all our 2011 construction targets.

IRC: Vision, Objectives and Strategy

IRC's vision is to generate superior shareholder value by building a Sino-Russian champion in industrial commodities. Our objectives are:

1. In the near-term we will develop our Russian asset base to be a lower cost and preferred supplier of iron ore to China.
2. In the long-term, we aim to leverage our iron ore platform to become a regional profit leader for industrial commodities and Sino-Russian Trade.

Our strategy is to harness our unique geological and geographic advantage and a near two-decade heritage to explore, develop and operate industrial commodity projects. In turn, we will develop our sales and marketing activities to be a preferred supplier of commodities.

Corporate Governance

Our Board has sought to further enhance the business in all areas including reporting, transparency and accountability.

2011 in Review

I said earlier that we aim to explore, develop, produce and sell commodity products. Let us therefore briefly review the progress in that order:

Exploration activities

Early in the year we announced the threefold increase in our reserves to 648 million tonnes of JORC compliant iron ore. With an additional 512 million tonnes of resource, the favourable shift in the ratio to reserves comfortably provides the geological foundation needed to sustain our growth ambitions.

During 2011 we further increased group ore resources by 16% to 1,345 million tonnes and reserves by 24% to 801 million tonnes.

Development

The pace and scale of development at our second operation, the K&S Project, has been astounding. Mining and infrastructure works have progressed to near completion and so now, together with our Chinese partners we are focussing on the 30-month long construction of the beneficiation plant that will lead to first production being achieved in the first half of 2014.

Production

Through the ongoing ramp-up of production at the Kuranakh Mine, we have affirmed our position as the principal iron ore producer in the Far East of Russia. Production for the year was 800,291 tonnes of iron ore concentrate and 63,490 tonnes of ilmenite concentrate, both comfortably ahead of our published guidance.

Sales

We continue to see positive progress in our sales and marketing strategies, reflected in strong demand for our products. Sales were in line with production for the year. We have broadened our customer base for iron ore concentrates whilst our ilmenite concentrate is proving a popular product domestically and in international markets. Material from the K&S Project has been tested by a number of steel mills in the same region, all confirming that the material is acceptable and paving the way to a diverse customer base.

Financials

We reported pleasing financial results for the year to 31 December 2011. Suffice to say, that a profit at Kuranakh as production of iron ore achieved full capacity levels in October is in line with expectations. For the group as a whole we turned a small profit, which is rewarding given our position as a small producer today, whilst funding the building of growth for tomorrow.

Fundamental to our growth plan is the balance sheet supporting future development and I am pleased to report that with the recent initial drawdown of our long term and low cost facility with ICBC, we remain well funded.

2012 and Beyond

As a frequent traveller around Asia, talking with our customers and other market participants, I remain bullish on the outlook for iron ore. Clearly there has been some slowing in Chinese growth, but I sense that as 2011 closed, we witnessed a soft landing for the economy as a whole and not the hard-landing feared by many. Indeed, looking forward, my much coined phrase for the iron ore industry "stronger for longer" seems as relevant for 2012 and beyond. It's pleasing therefore to announce that we forecast significant production growth next year that will feed into strong prices, targeting annual production of 820,000 tonnes of iron ore and 125,000 tonnes of ilmenite concentrates respectively, whilst we will continue to work hard to advance other long-term growth projects.

Thank you

I would like to take this opportunity to thank all for their support. We remain fortunate in having a human resource that is more valuable to us than the geological one. Some developing companies forget the importance of the human capital base required to deliver shareholder value and we are lucky to be able to draw upon a broad and talented team with an impressive track record of delivery. This team includes the Board of Directors, Executive Committee, Operations Committee and all operational and support staff within our Group and I would like to thank you all as well as our supportive shareholder base.

George Jay Hambro
Executive Chairman, IRC Limited

2011 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement

For the year ended 31 December 2011

	NOTES	2011 US$'000	2010 US$'000
Revenue	4	**122,208**	25,792
Operating expenses	5	**(131,389)**	(61,584)
Impairment charges	6	**—**	(35,972)
		(9,181)	(71,764)
Share of results of an associate		**87**	—
Share of results of joint ventures		**(515)**	(135)
Net operating loss		**(9,609)**	(71,899)
Other gains and losses and other expenses	7	**12,708**	(5,570)
Financial income	8	**716**	10,929
Financial expenses	9	**(555)**	(11,813)
Profit (loss) before taxation		**3,260**	(78,353)
Taxation expense	10	**(1,684)**	(3,676)
Profit (loss) for the year		**1,576**	(82,029)
Profit (loss) for the year attributable to:			
Owners of the Company		**1,001**	(82,358)
Non-controlling interests		**575**	329
		1,576	(82,029)
Earnings (loss) per share (US cents)	12		
Basic		**0.03**	(3.62)
Diluted		**0.03**	(3.62)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011

	2011	2010
	US$'000	*US$'000*
Profit (loss) for the year	**1,576**	(82,029)
Other comprehensive income (expenses) for the year:		
Exchange differences on translation of foreign operations and translation to presentation currency	**(420)**	766
Reclassification adjustment on translation difference upon acquisition of additional interest in Jiatai Titanium project	**(882)**	—
Total comprehensive income (expenses) for the year	**274**	(81,263)
Total comprehensive income (expenses) attributable to:		
Owners of the Company	**(25)**	(81,552)
Non-controlling interests	**299**	289
	274	(81,263)

Consolidated Statement of Financial Position
At 31 December 2011

	NOTES	2011 US$'000	2010 US$'000
NON-CURRENT ASSETS			
Intangible assets	13	**44,493**	31,533
Property, plant and equipment	14	**568,385**	499,270
Goodwill	18	**6,061**	—
Interest in an associate		**703**	—
Interests in joint ventures		**7,086**	10,346
Other non-current assets		**98,360**	44,550
Restricted bank deposit		**6,000**	—
		731,088	585,699
CURRENT ASSETS			
Inventories		**41,301**	27,121
Trade and other receivables	15	**57,005**	29,231
Cash and cash equivalents		**33,188**	225,468
		131,494	281,820
TOTAL ASSETS		**862,582**	867,519
CURRENT LIABILITIES			
Trade and other payables	16	**(21,616)**	(57,085)
Current income tax payable		**(293)**	(185)
Bank borrowings — due within one year	17	**(15,000)**	—
		(36,909)	(57,270)
NET CURRENT ASSETS		**94,585**	224,550
TOTAL ASSETS LESS CURRENT LIABILITIES		**825,673**	810,249

	NOTE	2011 US$'000	2010 US$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**(2,160)**	(2,024)
Provision for close down and restoration costs		**(4,092)**	(3,607)
Bank borrowings — due more than one year	17	**(6,343)**	—
		(12,595)	(5,631)
TOTAL LIABILITIES		**(49,504)**	(62,901)
NET ASSETS		**813,078**	804,618
CAPITAL AND RESERVES			
Share capital		**4,330**	4,330
Share premium		**1,029,131**	1,028,468
Treasury shares		**(43,000)**	(43,000)
Capital reserve		**17,918**	16,946
Reserves		**35,209**	29,684
Accumulated losses		**(235,135)**	(236,136)
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		**808,453**	800,292
NON-CONTROLLING INTERESTS		**4,625**	4,326
TOTAL EQUITY		**813,078**	804,618

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out in the annual report.

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in the announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the announcement.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied a number of new and revised Standards, Amendments and Interpretation issued by the HKICPA that are mandatorily effective for the 2011 financial year.

The application of the new and revised Standards, Amendments and Interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax — Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

HK(IFRIC)-Int 20 Stripping Costs in the Production Phase of a Surface Mine

HK(IFRIC)-Int 20 *Stripping Costs in the Production Phase of a Surface Mine* applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). Under the Interpretation, the costs from this waste removal activity ("stripping") which provide improved access to ore is recognised as a non-current asset ("stripping activity asset") when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with HKAS 2 *Inventories*. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

HK(IFRIC)-Int 20 is effective for annual periods beginning on or after 1 January 2013 with transitional provisions. The directors anticipate that the Interpretation will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The Directors anticipate that the adoption of HK(IFRIC)-Int 20 in the future may affect the period in which the stripping costs is charged to profit or loss. Under the existing policy, during production phase, the Group would defer the portion of stripping costs in which the tonnage of the waste mined to the quantity of the ore mined exceeds the life-to-mine ratio to a subsequent period.

3. Segment Information

HKFRS 8 *Operating Segments* requires the Group to disclose reported segments in accordance with internal reports that are provided to the Group's chief operating decision maker. The Group considers its Executive Committee to be the chief operating decision maker. For management purposes, the Group is organised into four operating segments, Mines in Production, Mines in Development, Engineering, and Other. These operating segments form the basis on which the Group's Executive Committee makes decisions about resource allocation and performance assessment. The Group has four reportable segments under HKFRS 8:

- Mines in Production segment ("Mines in Production"), comprises iron ore projects in production phase. This segment includes the Kuranakh project* upon its commencement of production in September 2010.

- Mines in Development segment ("Mines in Development"), comprises iron ore projects in the exploration and development phase. This segment includes the Kuranakh project* and the K&S project, and mines in the exploration and evaluation stage including the Garinskoye project and the Bolshoi Seym project (held by an associate) as well as the Kostenginskoye and Garinskoye Flanks projects.

- Engineering segment ("Engineering"), comprises in-house engineering and scientific expertise related to Giproruda.

- Other segment ("Other") primarily includes the Group's interest in joint venture arrangements for the design and development of a titanium sponge production plant in the People's Republic of China ("PRC"), the Group's interest in joint venture arrangements for the production of vanadium pentoxides and related products in the PRC as well as various other projects, which have similar economic characteristic and activities. In 2011, the Group successfully acquired the remaining 35% interest in Jiatai Titanium project (as defined in note 18) from the joint venture partner pursuant to which Heilongjiang Jiatai Titanium Co., Limited becomes a wholly-owned subsidiary of the Group. There is no change in the reporting segment for the Jiatai Titanium project after the acquisition.

* *The Kuranakh project was grouped under Mines in Development when it was under exploration and development phase. Upon the commencement of production, it is reported as a separate segment, Mines in Production, since September 2010.*

Segment results represent the results earned by each segment without the allocation of central administration costs, central depreciation and amortisation, other gains and losses and other expenses, financial income, financial expenses and taxation.

Segment results represents the profit (loss) generated by each segment for the purpose of monitoring segment performance.

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than central cash and cash equivalents; and

- all liabilities are allocated to reportable segments other than deferred tax and bank borrowings.

For the year ended 31 December 2011

	Mines in production US$'000	Mines in development US$'000	Engineering US$'000	Other US$'000	Total US$'000
Segment revenue					
External sales	110,388	—	11,820	—	122,208
Total revenue	110,388	—	11,820	—	122,208
Site operating expenses and service costs	(90,141)	(887)	(9,555)	(4,209)	(104,792)
Site operating expenses and service costs include:					
Depreciation	(7,241)	(3,041)	(529)	(92)	(10,903)
Share of results of an associate	—	87	—	—	87
Share of results of joint ventures	—	—	—	(515)	(515)
Segment results	20,247	(800)	2,265	(4,724)	16,988
Central administrative expenses					(26,214)
Central depreciation and amortisation					(383)
Other gains and losses and other expenses					12,708
Financial income					716
Financial expenses					(555)
Profit before taxation					3,260
Other segment information					
Additions to non-current assets:					
— Capital expenditure	12,331	74,896	345	352	87,924
Exploration and evaluation expenditure capitalised within intangible assets	—	12,960	—	—	12,960
Segment assets	156,896	648,848	21,300	20,750	847,794
Central cash and cash equivalents					14,788
Total assets					862,582
Segment liabilities	(12,192)	(3,994)	(3,250)	(6,565)	(26,001)
Bank borrowings					(21,343)
Deferred tax liabilities					(2,160)
Total liabilities					(49,504)

For the year ended 31 December 2010

	Mines in production *US$'000*	Mines in development *US$'000*	Engineering *US$'000*	Other *US$'000*	Total *US$'000*
Segment revenue					
External sales	12,634	—	13,158	—	25,792
Total revenue	12,634	—	13,158	—	25,792
Site operating expenses and service costs	(14,947)	(7,796)	(10,863)	(40,597)	(74,203)
Site operating expenses and service costs include:					
Impairment charges	—	(1,028)	—	(34,944)	(35,972)
Depreciation	(2,368)	(1,402)	(621)	(28)	(4,419)
Share of results of joint ventures	—	—	—	(135)	(135)
Segment results	(2,313)	(7,796)	2,295	(40,732)	(48,546)
Central administrative expenses					(22,847)
Central depreciation and amortisation					(506)
Other gains and losses and other expenses					(5,570)
Financial income					10,929
Financial expenses					(11,813)
Loss before taxation					(78,353)
Other segment information					
Additions to non-current assets:					
— Capital expenditure	—	113,545	353	7,946	121,844
Interests in joint ventures	—	—	—	4,731	4,731
Exploration and evaluation expenditure capitalised within intangible assets	—	3,323	—	—	3,323
Segment assets	132,191	495,596	19,492	17,412	664,691
Central cash and cash equivalents					202,828
Total assets					867,519
Segment liabilities	(8,763)	(31,640)	(2,597)	(17,877)	(60,877)
Deferred tax liabilities					(2,024)
Total liabilities					(62,901)

Revenue by geographical location[a]

	2011	2010
	US$'000	*US$'000*
Russia	**11,820**	13,184
PRC	**110,388**	12,608
	122,208	25,792

(a) Based on the location to which the product was shipped or in which the services were provided.

Non-current assets by location of asset[b]

	2011	2010
	US$'000	*US$'000*
Russia	**717,295**	575,237
PRC	**7,765**	10,411
Hong Kong	**28**	51
	725,088	585,699

(b) Excluding financial assets.

Information about major customers

The Group's revenue included revenue arising from sales of iron ore concentrate and rendering engineering services to a number of individual third party customers during the years ended 31 December 2011 and 2010. Revenue from customers of the corresponding years contributing over 10% are described below.

For the year ended 31 December 2011 sales were made to Heilongjiang Jianlong Steel Company Limited (US$107,288,000) attributable to the Mines in Production segment comprising 88% of the total revenue. There were no other customers that contributed over 10% on the total revenue of the Group during the year ended 31 December 2011.

For the year ended 31 December 2010 sales were made to Heilongjiang Jianlong Steel Company Limited (US$12,593,000) attributable to the Mines in Production segment, OJSC Arkhangelskgeoldobycha (US$4,688,000) and OJSC Apatit (US$4,040,000) attributable to the Engineering segment, respectively comprising 49%, 18% and 16% of the total revenue.

4. Revenue

An analysis of the Group's revenue is as follows:

	2011	2010
	US$'000	*US$'000*
Revenue		
Sales of goods	**110,388**	12,634
Rendering of services	**11,820**	13,158
	122,208	25,792

5. Operating Expenses

	2011	2010
	US$'000	*US$'000*
Operating expenses		
Site operating expenses and service costs	**104,792**	38,231
Central administration expenses	**26,597**	23,353
	131,389	61,584

6. Impairment Charges

At 31 December 2011 and 2010, the Company considered whether further impairment or the need to reverse previously recognised impairment existed at Kuranakh project and K&S, a magnetite project, which is at the developing stage and is located in the Evreyskaya Avtonomnaya Region of the Russian Federation ("EAO Region"). Management concluded that neither further impairment charge nor reversal of impairment charge is required.

The Group has a 49% stake in LLC Uralmining, holding a licence to develop the Bolshoi Seym deposit. Due to uncertainties about the commercial viability of the project and the progression of the development of the project, it was decided to write off the loans advanced of US$1,028,000 in 2010. In 2011, the Group made an additional investment of US$616,000 in the associate for the finalisation of an exploration project. There was no impairment indicator found to this additional investment as at 31 December 2011 as the management considered that the exploration project is now seen as commercially viable to progress.

In 2010, the Group was advised that its joint venture partner Aluminium Corporation of China Limited ("Chinalco") had decided to withdraw from some of its non-core ventures and consequently no longer wishes to proceed with the Jiatai Titanium project. As of 31 December 2010, the Group had invested approximately US$20.8 million in the joint venture, and a further US$15.3 million on the titanium sponge processing technology, which was expected to be recharged to the joint venture. As a consequence the building of the plant was deferred and there is uncertainty as to the eventual outcome of the joint venture activities and the recoverability of the amounts invested. As a result, the directors concluded that the most appropriate course of action was to provide for impairment against the invested amounts of US$34.9 million. This impairment was allocated to intangible assets (US$0.7 million), property, plant and equipment (US$14.6 million) and interests in joint ventures (US$19.6 million). The impairment took into account the recoverable value of the Group's share of the joint venture of US$3.5 million which reflected the Group's 65% share of the cash within the joint venture, net of its liabilities.

In 2011, the Group has successfully acquired the remaining 35% interest in Jiatai Titanium project from the joint venture partner and plan to proceed with the project while seeking a different joint venture partner. Please see note 18 for details. For the purposes of impairment testing, goodwill has been allocated to one CGU, comprising a subsidiary holding the Jiatai Titanium project in the segment category "Other". During the year ended 31 December 2011, management of the Group determined that there was no impairment of the CGU containing goodwill. The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation use cash flow projections based on financial budgets approved by management covering a 3-year period, the cash flow beyond 3-year period are extrapolated using a steady 2% growth rate, which is based on the relevant industry growth forecasts, and a discount rate of 10.8%. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted revenue and net operating expenses, such estimation is based on the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the aggregate carrying amount of the above CGU to exceed the aggregate recoverable amount of the above CGU.

7. Other Gains and Losses and Other Expenses

	2011	2010
	US$'000	*US$'000*
Change in fair value of financial instruments at fair value through profit or loss	**—**	1,711
Net foreign exchange gain	**700**	2,074
Reversal of (provision for) listing expenses[(a)]	**3,198**	(9,355)
Gain on acquisition of an additional interest in Jiatai Titanium project *(note 18)*		
— Provisional gain on remeasurement of previously held equity interest	**428**	—
— Reclassification of foreign exchange translation gain of Jiatai Titanium project previously accumulated in translation reserve	**882**	—
Derecognition of financial liability[(b)]	**7,500**	—
	12,708	(5,570)

(a) The amounts represented the proportion of the costs in relation to the listing of the Company on the Stock Exchange that relate to existing shares listed.

(b) The amount represented derecognition of a third party payable relating to acquisition of a technology know-how. Effective on 30 December 2011, the Group and the third party entered into a novation agreement pursuant to which the obligations owed to each other were discharged and the Group surrendered its exclusive right in the technology know-how and was required to make a final payment of US$448,000. Having considered the final payment, the payable of US$7,500,000 was derecognised and credited to profit or loss.

8. Financial Income

	2011	2010
	US$'000	*US$'000*
Interest income on loans receivable from related parties	**—**	10,585
Interest income on cash and cash equivalents	**706**	275
Interest income on other loans and receivables	**10**	69
	716	10,929

9. Financial Expenses

	2011	2010
	US$'000	*US$'000*
Interest expenses on loan wholly repayable to related parties within five years	**—**	11,254
Unwinding of discount on environmental obligation	**291**	549
Interest expenses on bank borrowings wholly repayable within five years	**264**	10
	555	11,813

10. Taxation Expense

	2011	2010
	US$'000	*US$'000*
UK current tax	**(700)**	(3,062)
Cyprus current tax	**13**	(49)
Russia current tax	**(465)**	(481)
PRC Enterprise Income Tax	**(270)**	—
Current tax expense	**(1,422)**	(3,592)
Deferred tax expense	**(262)**	(84)
	(1,684)	(3,676)

UK corporation tax is calculated at 26.5% and 28% of the estimated assessable profit for the years ended 31 December 2011 and 2010 respectively.

Cyprus corporation tax is calculated at a rate of 10% of the estimated assessable profit for both years.

Russian corporation tax is calculated at a rate of 20% of the estimated assessable profit for both years.

Along with acquisition of a PRC subsidiary during the year ended 31 December 2011, the Group is subject to PRC tax. Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No Hong Kong profits tax was provided for as the Group had no assessable profit arising in or derived from Hong Kong.

11. Dividends

An interim dividend of US$644,437,000 was proposed and approved by the directors of Aricom on 22 June 2010. Of this amount US$22,460,000 was paid in cash and the remainder was offset against amounts owing to Petropavlovsk PLC prior to the listing of the Company's shares on the Stock Exchange under the group re-organisation.

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2010.

No dividend was paid or proposed during 2011, nor has any dividend been proposed since the end of the reporting period.

12. Earnings/Loss Per Share

The calculation of the basic and diluted earnings/loss per share attributable to owners of the Company is based on the following data:

Profit (loss)

	2011	2010
	US$'000	*US$'000*
Earnings/loss for the purposes of basic and diluted earnings/loss per ordinary share being profit (loss) attributable to owners of the Company	**1,001**	(82,358)

Number of shares

	2011	2010
	Number	*Number*
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings/loss per ordinary share	**3,245,900**	2,265,032
Effect of dilutive potential ordinary shares:		
Shares awarded under Long-term Incentive Plan	**33,046**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/loss per ordinary share	**3,278,946**	2,265,032

The number of ordinary shares for the purpose of calculating basic loss per share for 2010 has been retrospectively adjusted for the share sub-division, the deemed bonus element relating to the shares of the Company issued to Cayiron Limited in August 2010 and the capitalisation issue of the shares of the Company.

For the year ended 31 December 2010, the denominators used are the same as those detailed above for both basic and diluted earnings per share.

Note: The computation of diluted loss per share for the years ended 31 December 2010 does not assume the conversion of Aricom's outstanding warrants and share options, shares awarded under the Company's Long-term Incentive Plan since their exercise would result in a decrease in loss per share.

13. Intangible Assets

	2011	2010
	US$'000	*US$'000*
At the beginning of year	**31,533**	28,690
Additions	**12,960**	3,323
Transfers from plant, property and equipment	**—**	237
Impairment *(see note 6)*	**—**	(717)
At the end of year	**44,493**	31,533

Garinskoye and the Garinskoye and Kostengiskoye Flanks are classified as exploration and evaluation assets within intangible assets. Additions in both 2011 and 2010 mainly related to exploration and evaluation expenses capitalised in intangible assets.

In 2010, the impairment represented the amount paid to acquire licences for intellectual property in relation to the processing of titanium sponge, as set out in note 6. The carrying amount of these licenses was nil as at 31 December 2011 and 2010.

14. Property, Plant and Equipment

	Mine development costs *US$'000*	Mining assets *US$'000*	Non-mining assets *US$'000*	Capital construction in progress *US$'000*	Total *US$'000*
COST					
At 1 January 2010	809,630	—	68,116	9,158	886,904
Additions	110,201	—	3,364	8,279	121,844
Disposals	(6,068)	—	(308)	—	(6,376)
Transfers	(70,981)	83,960	(12,006)	(973)	—
Transfers to intangible assets	(237)	—	—	—	(237)
Transfer to joint venture[(a)]	—	—	—	(1,828)	(1,828)
Exchange adjustments	—	—	(60)	—	(60)
At 31 December 2010 and 1 January 2011	842,545	83,960	59,106	14,636	1,000,247
Additions	82,177	839	320	4,588	87,924
Disposals	(701)	—	(203)	—	(904)
Transfers	(5,464)	6,850	419	(1,805)	—
Acquired on acquisition of a subsidiary *(see note 18)*	—	—	658	—	658
Exchange adjustments	—	—	(550)	—	(550)
At 31 December 2011	918,557	91,649	59,750	17,419	1,087,375
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 January 2010	(451,623)	—	(30,540)	—	(482,163)
Depreciation charge for the year	(1,456)	(2,332)	(1,979)	—	(5,767)
Eliminated on disposals	1,459	—	51	—	1,510
Transfers	(2,130)	(158)	2,288	—	—
Impairment *(see note 6)*	—	—	—	(14,572)	(14,572)
Exchange adjustments	—	—	15	—	15
At 31 December 2010 and 1 January 2011	(453,750)	(2,490)	(30,165)	(14,572)	(500,977)
Depreciation charge for the year	(2,792)	(13,519)	(2,206)	—	(18,517)
Eliminated on disposals	280	—	66	—	346
Exchange adjustments	—	—	158	—	158
At 31 December 2011	(456,262)	(16,009)	(32,147)	(14,572)	(518,990)
CARRYING AMOUNTS					
At 31 December 2011	462,295	75,640	27,603	2,847	568,385
At 31 December 2010	388,795	81,470	28,941	64	499,270

(a) This amount relates to costs on capital construction in progress that has now been considered to form part of investment in joint ventures as capital injection.

15. Trade and Other Receivables

	2011	2010
	US$'000	*US$'000*
VAT recoverable	**28,588**	12,399
Advances to suppliers	**13,401**	8,871
Amounts due from customers under engineering contracts	**2,514**	1,511
Trade receivables	**6,165**	5,054
Other debtors	**6,337**	1,396
	57,005	29,231

Amounts due from customers under engineering contracts are expected to be billed and settled within one year, and relate to the long-term contracts in progress.

Amounts included in trade receivables at 31 December 2011 and 2010 related to both iron ore concentrate sold and services performed under engineering contracts and invoiced to those customers.

The Group has concentration of credit risk as 81.3% (31 December 2010: 72.7%) of the total trade receivables was due from the Group's largest customer during the year. The Group has implemented policies that require appropriate credit checks on potential customers before granting credit. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure and credit ratings of its counterparties are monitored by management. The maximum credit risk of such financial assets is represented by the carrying value of the asset.

Before accepting new customers, the Group uses an internal credit scoring system to assess the potential customers' credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. 97% (2010: 80%) of the trade receivables that are neither past due nor impaired are with good credit quality based on their settlement records.

In determining recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period and no impairment is necessary for these balances which are not past due.

Below is an aged analysis of the Group's trade receivables based on invoice date.

	2011	2010
	US$'000	*US$'000*
Less than one month	**5,976**	4,039
One month to three months	**177**	462
Over three months to six months	**3**	10
Over six months	**9**	543
Total	**6,165**	5,054

The Group allows credit periods ranging from 5 days to 45 days to individual third party customers. The Directors considered that the carrying value of trade and other receivables is approximately equal to their fair value.

Below is an aged analysis of trade receivables based on invoice date which are past due but not impaired:

	2011	2010
	US$'000	*US$'000*
Less than one month	**—**	—
One to three months	**5**	4
Over three months to six months	**3**	3
Over six months	**3**	543
Total	**11**	550

The Group has not provided for impairment loss on trade receivables which are past due as there has not been a significant change in the credit quality and amounts are still considered recoverable based on historical experience.

The following shows an analysis of movements in the allowances for doubtful debts in respect of trade receivables:

	2011	2010
	US$'000	*US$'000*
At the beginning of year	**3,130**	3,718
Change in allowance for doubtful debts	**(190)**	(42)
Amounts written off as uncollectible	**(707)**	—
Exchange adjustments	**(65)**	(546)
At the end of year	**2,168**	3,130

Included in the allowance for doubtful debts was impaired trade receivables of US$2,168,000 and US$3,130,000 as at 31 December 2011 and 2010, respectively. The amount mainly represented full impairment for a trade debtor at Olekma. The Group did not hold any collateral over these balances.

16. Trade and Other Payables

	2011	2010
	US$'000	*US$'000*
Trade creditors	**10,512**	12,360
Advances from customers	**2,992**	1,261
Insurance premium payable	**—**	24,218
Accruals and other payables	**8,112**	19,246
	21,616	57,085

For individual third party trade creditors, the average credit period on purchases of goods and services for the year was 32 days (2010: 22 days).

The Directors consider that the carrying amount of trade creditors and other payables approximates their fair value.

Below is an aged analysis of the Group's trade creditors based on invoice date.

	2011	2010
	US$'000	*US$'000*
Less than one month	**6,254**	7,414
One month to three months	**1,327**	1,711
Over three months to six months	**380**	1,418
Over six months	**763**	29
	8,724	10,572
Trade payables not yet billed	**1,788**	1,788
Total	**10,512**	12,360

17. Bank Borrowings

	2011	2010
	US$'000	*US$'000*
Bank loans		
Asian Pacific Bank	**15,000**	—
Industrial and Commercial Bank of China ("ICBC")	**6,343**	—
Total	**21,343**	—
Secured	**6,343**	—
Unsecured	**15,000**	—
Total	**21,343**	—
Carrying amount repayable		
Within one year	**15,000**	—
More than two years, but not exceeding five years	**6,343**	—
Total	**21,343**	—

18. Acquisition of a Subsidiary

In accordance with the terms of the joint venture agreement between the Company and a PRC partner signed and approved by the Chinese Ministry of Commerce on 12 August 2008 for establishment of a jointly control Chinese titanium sponge processing joint venture project, Heilongjiang Jiatai Titanium Co. Limited was established in the PRC with 65% interest held by the Group and the remaining 35% held by a joint venture partner.

As discussed in note 6, the Company was advised in 2010 that the joint venture partner had decided to withdraw from some of its non-core ventures and consequently no longer wished to proceed with the Jiatai Titanium project. With a view to proceed with the project alone or with a different joint venture partner, the Group entered into an agreement with the joint venture partner on 25 August 2010 pursuant to which, and subject to certain conditions, the Group would bid, in the public listing and bidding process to be implemented in accordance with PRC laws, for the joint venture partner's stake in the Jiatai Titanium project.

On 11 April 2011, the Group successfully acquired the remaining 35% equity stake from the joint venture partner for US$11.5 million pursuant to which Heilongjiang Jiatai Titanium Co. Limited becomes a wholly-owned subsidiary of the Group. Pursuant to the equity transfer agreement, upon completion of the acquisition by the Group, the joint venture partner waived and released Jiatai Titanium project from its obligations to pay to the joint venture partner's subsidiary an amount of US$3.5 million relating to engineering design, management contracting and other services that the joint venture partner's subsidiary has previously made to the Jiatai Titanium project.

Consideration transferred

	US$'000
Cash paid	11,535
Adjustment on part relating to waiver of debt of Jiatai Titanium project by the joint venture partner	(3,512)
	8,023

Acquisition-related costs were insignificant and recognised as an expense within the administrative expenses in the consolidated income statement.

The provisional fair value of assets acquired and liabilities assumed at the date of acquisition

	US$'000
Current assets	
Cash and cash equivalents	9,350
Other receivables	76
Non-current assets	
Property, plant and equipment	658
Current liabilities	
Other payables	(4,479)
	5,605

The initial accounting for the acquisition has only been provisionally determined at the end of the reporting period. At the date of issue of these consolidated financial statements, the necessary market valuation of the property, plant and equipment held by the Jiatai Titanium project, purchase price allocation of other net identifiable assets and liabilities and fair value of the previously held equity interest had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair value. The directors expects that any additional identification, and the market valuation, of the assets acquired and the liabilities assumed at the date of acquisition would be completed before April 2012 and the Company will then adjust these provisional amounts retrospectively.

The provisional fair value of other receivables acquired approximated the gross contractual amounts. There are no contractual cash flows not expected to be collected.

Provisional goodwill arising on acquisition

	US$'000
Consideration transferred	8,023
Plus: Provisional fair value of the previously held equity interest (65%)	3,643
Less: Recognised amount of provisional fair value of identifiable net assets acquired	(5,605)
	6,061

Goodwill arose in the acquisition of Jiatai Titanium project because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies of Jiatai Titanium project. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Net cash outflow arising on acquisition

	US$'000
Consideration paid in cash	11,535
Less: Cash and cash equivalent balances acquired	(9,350)
	2,185

Impact of acquisition of the remaining 35% equity stake in Jiatai Titanium project on the results of the Group

(1) An aggregate provisional gain of US$1,310,000 was recognised as a result of remeasurement of the previously held equity interest (65%) and the reclassification of foreign translation gain of the project previously recognised in translation reserve (note 7).

(2) Included in the profit for the year is a post-acquisition loss of US$2,542,000 attributed to Jiatai Titanium project which has not yet started to generate revenue since the date of the acquisition.

(3) Had the acquisition of the remaining 35% equity stake in Jiatai Titanium project been effected at 1 January 2011, the revenue of the Group for the year ended 31 December 2011 would have remained at approximately US$122,208,000 and the profit for the year would have been US$904,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at 1 January 2011, nor is intended to be a projection of future results.

RESULTS OF OPERATIONS

It is important to note that IRC's first mine moved into normalised operation and achieved full production capacity for iron ore concentrate in the second half of 2011. Therefore, results for the year 2011, in many important respects, are not directly comparable to those in 2010.

Revenue

Revenue increased by US$96.4 million to US$122.2 million in 2011 as compared to that of 2010. This was primarily due to the full ramp-up of the iron ore concentrate circuit at Kuranakh, our first producing mine, in the second half of 2011. We have sold approximately 770,000 tonnes of iron ore concentrate and recorded a revenue of US$110.4 million. In addition, approximately 52,000 tonnes of ilmenite were sold in 2011.

Engineering service revenues from our Giproruda, our small complementary mine design business, decreased compared to 2010 by 10% from US$13.2 million to US$11.8 million reflecting decreased billing of our consulting services.

Operating expenses

Site operating expenses and service costs

In 2011, we commenced our normal operations of the Kuranakh Processing Plant and incurred more mining and processing expenses to support the full ramp-up of our iron ore concentrate circuit in the second half of 2011, including the staff costs of the plant, increased cost of fuel and consumables, associated costs of marketing and selling iron ore and railway tariffs. As a consequence, our site operating expenses and service costs increased by US$66.6 million to US$104.8 million in 2011. Total site operating expenses and service costs for Kuranakh in 2011 amounted to approximately US$90.1 million (2010: US$14.9 million), of which approximately US$33.7 million was railway tariffs and related transportation costs.

During 2011, we produced approximately 800,000 tonnes of iron ore concentrate to which we incurred approximately US$53 million of production cash cost. The table below details the key cash cost components:

	Production cost *(US$ mn)*	**Production cost per tonne** *(US$/t)*
Mining	24.4	30.5
Processing	22.0	27.5
Transportation to plant	6.0	7.4
Site administration and others	10.0	12.5
Contribution from ilmenite concentrate by-product* and others	(9.4)	(11.7)
Total	53.0	66.2

* *net of tariff and other railway charges for ilmenite*

During the year, we have also incurred operating expenses of approximately US$5.1 million for the projects under development primarily relating to infrastructure projects, while in 2010 we incurred operating expenses of US$12.4 million for projects under development primarily relating to Kuranakh, K&S and other infrastructure projects.

Central Administration Expenses

IRC's administrative expenses increased by 14% to US$26.6 million (2010: US$23.4 million) which was mainly was due to the full year operation of the Company as a Hong Kong listed entity and the cost associated with the employee incentive plans.

Impairment Charges

There is no impairment charge in 2011, while we recognised impairment charges of US$36.0 million in 2010, US$34.9 million of which was related to the Jiatai Titanium joint venture. The remaining balance of US$1.1 million recorded in 2010 was related to the impairment of amounts in connection with the Bolshoi Seym Project.

In 2011, we successfully obtained full control of the Jiatai Titanium project by acquiring the remaining 35% stake from our joint venture partner and we are actively looking for a new joint venture partner.

Net Operating Loss

As a result of the above, our net operating loss in 2011 decreased by US$62.3 million, or 87%, to US$9.6 million, mainly resulted from the positive contribution from Kuranakh.

Other Gains and Losses and Other Expenses

In 2011, we recorded a derecognition of a third party payable of US$7.5 million relating to acquisition of a technology know-how. We further recorded a reversal of provision of listing expenses of US$3.2 million. Other expenses in 2010 of US$5.6 million were primarily one-off listing expenses (US$9.3 million) incurred for the initial public offering, partly offset by US$3.7 million of net foreign exchange gain and change in fair value of financial instruments.

Financial Income

Financial income decreased by US$10.2 million, or 93% from US$10.9 million in 2010 to US$0.7 million in 2011, due to the reduction of interest income received on amounts loaned by IRC to the Petropavlovsk Group. All related loans were fully settled in the second half of 2010 and therefore no interest income from related parties has been recorded in 2011.

Financial Expenses

Similar to financial income above-mentioned, financial expenses decreased by US$11.3 million, or 95%, from US$11.8 million in 2010 to US$0.6 million in 2011, attributable to the settlement of amounts due to the Petropavlovsk Group in the second half of 2010 and since then, there is no interest expense incurred on such amount.

Taxation

Our tax charge decreased by US$2.0 million to US$1.7 million in 2011. While Russian tax remained flat, the decrease was primarily attributable to a decrease of UK corporate tax expense.

Profit/(Loss) for the Year Attributable to the Owners of the Company

As a result of the above, we recorded a profit attributable to the owners of the Company of US$1.0 million in 2011 (2010: Loss of US$82.4 million).

Liquidity, Financial and Capital Resources

Cash position and capital expenditure

As at 31 December 2011, the carrying amount of the Group's cash and bank balances was approximately US$39.2 million (31 December 2010: US$225.5 million), of which US$6.0 million is under restricted cash deposit. It represents a decrease of US$186.3 million, of which the majority was spent on the mine development for K&S project and placing of deposits to contractors under the EPC contract. It is anticipated that most of the future capital expenditure for the development of the K&S project would be funded by the US$340 million ICBC loan facility.

Below is a breakdown of our capital expenditure in 2011:

	US$m
Kuranakh, primarily sustaining capital expenditure:	15.8
K&S development:	
Deposits to contractors	62.8
Other capital expenditure	60.1
	122.9
Exploration projects and others	19.9
Total capital expenditure	158.6

Borrowings and Charges

As of 31 December 2011, the Group had a gross borrowing of US$21.3 million (31 December 2010: Nil). After taking into account the cash and bank balance of US$39.2 million, the Group is in a net cash position of US$17.9 million. All of the Group's borrowings were denominated in US dollars. Of the gross borrowings, US$15 million is unsecured bank borrowing repayable within one year while the remaining balance represents primarily long term borrowing drawn from the US$340 million ICBC loan facility which is guaranteed by Petropavlovsk. The Group has kept its borrowing costs at market level, with its weighted average interest rate at approximately 8.70% per annum.

Risk of Exchange Rate Fluctuation

The Group undertakes certain transactions denominated in foreign currencies, principally Russian Roubles and is therefore exposed to exchange rate risk associated with fluctuations in the relative values of US Dollars. Exchange rate risks are mitigated to the extent considered necessary by the Board of Directors, primarily through holding the relevant currencies. At present, the Group does not undertake any foreign currency transaction hedging.

Employees and Emolument Policies

As at 31 December 2011, the Group employed a total of approximately 2,237 employees. The total staff costs excluding share based payments incurred were approximately US$46.2 million for the year of 2011 (2010: US$29.6 million). The emolument policy of the employees of the Group is set up by the Executive Committee on the basis of their merit, qualifications and competence.

OTHER INFORMATION

New JORC findings

In conjunction with rule 18.14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), IRC commissioned a new report from an independent geologist. This report has found substantial material newly-accredited to the JORC standard. This presents the possibility of increased mine life and capacity at IRC's major production sites.

Further details of the resources are set out in IRC's annual report.

Corporate governance

The Management and Board of IRC are committed to promoting good corporate governance to safeguard the interests of the shareholders and to enhance the Group's performance. Throughout the year, the Company was in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the standard set out in the Model Code throughout the year ended 31 December 2011.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and of the Company (www.ircgroup.com.hk). The annual report of the Company for the year ended 31 December 2011 containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on or around the date of this announcement.

By Order of the Board
G. JAY HAMBRO
Executive Chairman

Hong Kong, People's Republic of China
Wednesday, 22nd February 2012

As at the date of this announcement, the Executive Directors of the Company are Mr G. Jay Hambro, Mr Yury Makarov, and Mr Raymond Kar Tung Woo. The Non-Executive Director is Mr Simon Murray, CBE, Chevalier de la Légion d'honneur. The Independent Non-Executive Directors are Mr Daniel Bradshaw, Mr Jonathan Martin Smith and Mr Chuang-Fei Li.

For further information please visit www.ircgroup.com.hk or contact:

Nicholas Bias
Head of Communications, IRC Limited
Telephone: +852 2772 0007
Mobile: +852 9088 1029
Email: nb@ircgroup.com.hk

IRC Limited
6H, 9 Queen's Road Central
Hong Kong
Tel: +852 2772 0007
Email: ir@ircgroup.com.hk
Website: www.ircgroup.com.hk

Media: Racepoint Limited
Tony Turner
Tel: +852 3111 9928
Email: tturner@racepointgroup.com

Monika Yeung
Tel: +852 3111 9964
Email: myeung@racepointgroup.com