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Reports And Financial Statements

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DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of technology consulting and the implementation of trusted identification, payment, transportation and sustainable development.

The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities during the financial year.

RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year, net of tax	(12,865)	(1,224)
Attributable to:		
Owners of the Company	(11,022)	(1,224)
Non-controlling interests	(1,843)	–
	(12,865)	(1,224)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2021.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects of COVID-19 outbreak as disclosed in Note 32 to the financial statements; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
continued

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 150,000,000 new ordinary shares pursuant to private placement exercises to eligible investors at an average issue price of RM0.28325 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in respects with the existing ordinary shares of the Company.

During the financial year, no new issue of debentures was made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Tan Sri Nik Mohamed Bin Nik Yaacob	
Dato' Mohamed Khadar Bin Merican	
Dato' Dr. Abu Talib Bin Bachik	
Dr. Poh Soon Sim *	
Ling Hee Keat	
Hussein Bin Ismail	
Shaiful Zahrin Bin Subhan *	(Appointed on 1 March 2021)
H'ng Boon Harng	(Appointed on 1 March 2021)
Dato' Poh Yang Hong *	(Resigned on 1 March 2021)

* *Directors of the Company and certain subsidiaries*

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES			
	AT DATE OF APPOINTMENT/ 1.4.2020	BOUGHT	SOLD	AT 31.3.2021
Direct interests:				
Dr. Poh Soon Sim	23,755,000	12,245,000	–	36,000,000
Ling Hee Keat	102,800,000	4,000,000	–	106,800,000
Shaiful Zahrin Bin Subhan	9,500,000	–	–	9,500,000
H'ng Boon Harng	1,000,000	–	–	1,000,000
Indirect interests:				
Dr. Poh Soon Sim *	346,790,200	800,000	–	347,590,200
Tan Sri Nik Mohamed Bin Nik Yaacob **	12,000	–	–	12,000

* *Deemed interests pursuant to Section 8 of the Companies Act 2016 in Malaysia via Poh Associates Sdn. Bhd. and Orientalgold Equity Sdn. Bhd. and by virtue of his son's direct shareholdings under Section 59 of the Companies Act 2016 in Malaysia.*

** *Deemed interests by virtue of the shares held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016 in Malaysia.*

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as disclosed in Note 22 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than any deemed benefit which may arise from transactions as disclosed in Note 28 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity insurance coverage and insurance premium paid for the directors and certain officers of Company and the subsidiaries were RM5,000,000 and RM45,000 respectively.

Directors' Report
continued

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 8 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 32 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN SRI NIK MOHAMED BIN NIK YAACOB
Director

DR. POH SOON SIM
Director

Date: 18 August 2021

STATEMENTS OF FINANCIAL POSITION

As At 31 March 2021

		GROUP		COMPANY		
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	01.04.2019 RM'000 (RESTATED)
ASSETS						
Non-current assets						
Property, plant and equipment	5	88,276	92,965	87,808	92,347	88,237
Intangible assets	6	131,110	132,342	2,842	4,074	9,402
Operating financial assets	7	9,290	10,398	9,290	10,398	11,427
Investment in subsidiaries	8	–	–	77,865	77,865	74,865
Investment in associates	9	4,464	4,450	5,000	5,000	5,000
Investment in joint ventures	10	–	–	–	–	–
Total non-current assets		233,140	240,155	182,805	189,684	188,931
Current assets						
Inventories	11	20,292	15,826	20,070	15,826	18,595
Operating financial assets	7	1,107	1,029	1,107	1,029	956
Trade and other receivables	12	85,181	146,416	96,733	149,741	109,856
Prepayments		2,155	313	1,430	304	1,526
Contract assets	13	7,416	6,491	7,354	6,468	7,267
Current tax assets		929	947	929	774	7,465
Cash and short-term deposits	14	117,273	76,750	80,060	52,168	94,467
Total current assets		234,353	247,772	207,683	226,310	240,132
TOTAL ASSETS		467,493	487,927	390,488	415,994	429,063

Statements of Financial Position

As At 31 March 2021
continued

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)	COMPANY 01.04.2019 RM'000 (RESTATED)
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	15	582,090	539,602	582,090	539,602	539,602
Other reserves	16	32,247	33,110	9,417	9,699	9,983
Accumulated losses		(296,606)	(286,547)	(444,148)	(443,206)	(444,285)
		317,731	286,165	147,359	106,095	105,300
Non-controlling interests	8(d)	(22,699)	(20,856)	–	–	–
TOTAL EQUITY		295,032	265,309	147,359	106,095	105,300
Non-current liabilities						
Loans and borrowings	17	6,250	18,750	6,250	18,750	31,250
Deferred tax liabilities	18	13,254	10,714	13,254	10,714	3,274
Total non-current liabilities		19,504	29,464	19,504	29,464	34,524
Current liabilities						
Loans and borrowings	17	12,500	12,500	12,500	12,500	22,500
Current tax liabilities		778	4	–	–	–
Trade and other payables	19	139,664	176,748	211,112	264,033	262,880
Contract liabilities	13	15	3,902	13	3,902	3,859
Total current liabilities		152,957	193,154	223,625	280,435	289,239
TOTAL LIABILITIES		172,461	222,618	243,129	309,899	323,763
TOTAL EQUITY AND LIABILITIES		467,493	487,927	390,488	415,994	429,063

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 March 2021

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Continuing operations					
Revenue	20	106,618	229,587	100,860	222,325
Cost of sales		(93,688)	(181,013)	(84,141)	(177,000)
Gross profit		12,930	48,574	16,719	45,325
Other income		18,218	12,118	16,423	10,412
Administrative expenses		(31,682)	(27,120)	(24,035)	(25,876)
Net impairment losses on financial instruments		(3,754)	(5,935)	(2,628)	(13,532)
Other expenses		(3,091)	(5,849)	(3,012)	(4,117)
Operating (loss)/profit		(7,379)	21,788	3,467	12,212
Finance costs	21	(2,204)	(3,399)	(1,999)	(3,335)
Share of results of associates, net of tax		14	4	–	–
(Loss)/Profit before tax	22	(9,569)	18,393	1,468	8,877
Income tax expense	23	(3,296)	(8,419)	(2,692)	(8,082)
(Loss)/Profit for the financial year from continuing operations		(12,865)	9,974	(1,224)	795
Discontinued operation					
Profit for the financial year from discontinued operation, net of tax	24	–	5,479	–	–
(Loss)/Profit for the financial year		(12,865)	15,453	(1,224)	795
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		100	(128)	–	–
Other comprehensive income/(loss) for the financial year		100	(128)	–	–
Total comprehensive (loss)/income for the financial year		(12,765)	15,325	(1,224)	795

Statements of Comprehensive Income

For The Financial Year Ended 31 March 2021
continued

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
(Loss)/Profit attributable to:					
Owners of the Company					
- From continuing operations		(11,022)	8,233	(1,224)	795
- From discontinued operation		–	5,479	–	–
		(11,022)	13,712	(1,224)	795
Non-controlling interests	8(d)	(1,843)	1,741	–	–
		(12,865)	15,453	(1,224)	795
Total comprehensive (loss)/ income attributable to:					
Owners of the Company					
- From continuing operations		(10,922)	8,105	(1,224)	795
- From discontinued operation		–	5,479	–	–
		(10,922)	13,584	(1,224)	795
Non-controlling interests	8(d)	(1,843)	1,741	–	–
		(12,765)	15,325	(1,224)	795
(Loss)/Earnings per share attributable to owners of the Company (sen per share)					
Basic	25(a)				
- From continuing operations		(0.37)	0.28		
- From discontinued operation		–	0.18		
		(0.37)	0.46		
Diluted	25(b)				
- From continuing operations		(0.37)	0.28		
- From discontinued operation		–	0.18		
		(0.37)	0.46		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 March 2021

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2020		539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
Total comprehensive (loss)/income for the financial year								
Loss for the financial year		–	–	–	(11,022)	(11,022)	(1,843)	(12,865)
Other comprehensive income for the financial year		–	100	–	–	100	–	100
Total comprehensive income/(loss)		–	100	–	(11,022)	(10,922)	(1,843)	(12,765)
Transactions with owners								
Issue of ordinary shares	15	42,488	–	–	–	42,488	–	42,488
Total transaction with owners		42,488	–	–	–	42,488	–	42,488
Realisation of revaluation reserve	16	–	–	(963)	963	–	–	–
At 31 March 2021		582,090	130	32,117	(296,606)	317,731	(22,699)	295,032

Statements of Changes In Equity

For The Financial Year Ended 31 March 2021
continued

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2019		539,602	158	34,043	(301,222)	272,581	(22,597)	249,984
Total comprehensive income for the financial year								
Profit for the financial year		–	–	–	13,712	13,712	1,741	15,453
Other comprehensive loss for the financial year		–	(128)	–	–	(128)	–	(128)
Total comprehensive income		–	(128)	–	13,712	13,584	1,741	15,325
Realisation of revaluation reserve	16	–	–	(963)	963	–	–	–
At 31 March 2020		539,602	30	33,080	(286,547)	286,165	(20,856)	265,309

Statements of Changes In Equity

For The Financial Year Ended 31 March 2021
continued

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
COMPANY	NOTE	SHARE CAPITAL RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 2019					
- As previously reported		539,602	9,983	(439,084)	110,501
- Retrospective restatement	33	–	–	(5,201)	(5,201)
Restated balance at 1 April 2019		539,602	9,983	(444,285)	105,300
Total comprehensive income for the financial year					
Profit for the financial year		–	–	795	795
Total comprehensive income		–	–	795	795
Realisation of revaluation reserve	16	–	(284)	284	–
At 31 March 2020		539,602	9,699	(443,206)	106,095
At 31 March 2020					
- As previously reported		539,602	9,699	(436,705)	112,596
- Retrospective restatement	33	–	–	(6,501)	(6,501)
Restated balance at 1 April 2020		539,602	9,699	(443,206)	106,095
Total comprehensive loss for the financial year					
Loss for the financial year		–	–	(1,224)	(1,224)
Total comprehensive loss		–	–	(1,224)	(1,224)
Transactions with owners					
Issue of ordinary shares	15	42,488	–	–	42,488
Total transaction with owners		42,488	–	–	42,488
Realisation of revaluation reserve	16	–	(282)	282	–
At 31 March 2021		582,090	9,417	(444,148)	147,359

STATEMENTS OF CASH FLOWS

For The Financial Year Ended 31 March 2021

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000 (RESTATED)	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)
Cash flows from operating activities					
(Loss)/Profit before tax					
- Continuing operations		(9,569)	18,393	1,468	8,877
- Discontinued operation		–	5,479	–	–
		(9,569)	23,872	1,468	8,877
Adjustments for:					
Amortisation of intangible assets		1,409	5,359	1,409	5,359
Bad debts written off		51	158	42	5
Depreciation of property, plant and equipment		5,310	4,840	5,049	4,538
Effect of accretion of interest on operating financial assets		(866)	(939)	(866)	(939)
Finance costs		2,204	3,399	1,999	3,335
Gain on capital reduction in investment in an associate		–	(580)	–	–
Gain on disposal of investment in subsidiaries		–	(5,479)	–	–
Gain on disposal of property, plant and equipment		(143)	(607)	(100)	(185)
Impairment loss on trade and other receivables		12,918	6,776	8,599	22,401
Interest income		(1,351)	(2,979)	(824)	(2,252)
Reversal of inventories written down		(1,215)	(5,226)	(1,099)	(4,682)
Property, plant and equipment written off		–	32	–	1
Reversal of impairment loss on trade and other receivables		(9,164)	(841)	(5,971)	(8,869)
Operating (loss)/profit before changes in working capital, carried forward		(416)	27,785	9,706	27,589

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Operating (loss)/profit before changes in working capital, brought forward		(416)	27,785	9,706	27,589
Adjustments for:					
Share of results of associates		(14)	(4)	–	–
Unrealised (gain)/loss on foreign exchange		(2,125)	21	(2,049)	(1,638)
		(2,555)	27,802	7,657	25,951
Changes in working capital:					
Contract assets/(liabilities)		(4,812)	819	(4,775)	842
Inventories		(3,251)	7,995	(3,145)	7,451
Operating financial assets		1,896	1,895	1,896	1,895
Trade and other payables		(31,116)	(45,619)	(34,681)	(36,405)
Trade and other receivables		53,030	(16,523)	33,105	(14,226)
Prepayments		(1,842)	1,232	(1,126)	1,222
Net cash from/(used in) operations		11,350	(22,399)	(1,069)	(13,270)
Interest paid		(2,204)	(3,399)	(1,999)	(3,335)
Interest received		1,351	2,979	824	2,252
Income tax (paid)/refunded		(449)	5,848	(307)	6,049
Net cash from/(used in) operating activities		10,048	(16,971)	(2,551)	(8,304)
Cash flows from investing activities					
Addition in investment in subsidiaries		–	–	–	(3,000)
Acquisition of development expenditure		(177)	(31)	(177)	(31)
Proceeds from capital reduction of an associate		–	7,034	–	–
Proceeds from disposal of plant and equipment		143	818	100	389
Purchase of plant and equipment		(621)	(8,798)	(510)	(8,853)
Net cash used in investing activities		(655)	(977)	(587)	(11,495)

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Cash flows from financing activities					
Payment of hire purchase and lease obligations	(a)	–	(210)	–	–
Proceeds from issuance of new shares		42,488	–	42,488	–
Repayment of revolving loans	(a)	–	(10,000)	–	(10,000)
Repayment of term loans	(a)	(12,500)	(12,500)	(12,500)	(12,500)
Net cash from/(used in) financing activities		29,988	(22,710)	29,988	(22,500)
Net increase/(decrease) in cash and cash equivalents		39,381	(40,658)	26,850	(42,299)
Cash and cash equivalents at the beginning of the financial year		76,750	117,408	52,168	94,467
Effect of exchange rate changes on cash and cash equivalents		1,142	–	1,042	–
Cash and cash equivalents at the end of the financial year	14(a)	117,273	76,750	80,060	52,168

* *Represent amount less than RM1,000*

(a) Reconciliation of liabilities arising from financing activities:

GROUP	01.04.2020 RM'000	CASH FLOWS RM'000	31.03.2021 RM'000
Term loans	31,250	(12,500)	18,750

GROUP	01.04.2019 RM'000	CASH FLOWS RM'000	31.03.2020 RM'000
Term loans	43,750	(12,500)	31,250
Hire purchase payables	210	(210)	–
Revolving loans	10,000	(10,000)	–
	53,960	(22,710)	31,250

Statements of Cash Flows

For The Financial Year Ended 31 March 2021
continued

(a) Reconciliation of liabilities arising from financing activities (continued):

COMPANY	01.04.2020 RM'000	CASH FLOWS RM'000	31.03.2021 RM'000
Term loans	31,250	(12,500)	18,750

COMPANY	01.04.2019 RM'000	CASH FLOWS RM'000	31.03.2020 RM'000
Term loans	43,750	(12,500)	31,250
Revolving loans	10,000	(10,000)	–
	53,750	(22,500)	31,250

(b) Total cash outflows for leases as a lessee

During the financial year, the Group and the Company had total cash outflows for leases of RM235,000 and RM163,000 (31.03.2020: RM662,000 and RM364,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

IRIS Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur.

The principal activities of the Company are that of technology consulting and the implementation of trusted identification, payment, transportation and sustainable development.

The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of the activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 18 August 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* *Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020 or/and 6 April 2021.*

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of amendments/improvements to MFRSs (continued)

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statement of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023

Notes to the Financial Statements
continued

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued):

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
Amendments/Improvements to MFRSs (continued)		
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018 - 2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

2. BASIS OF PREPARATION (CONTINUED)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/ improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below (continued).

Amendments to MFRS 101 Presentation of Financial Statements (continued)

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

(c) The financial effects of the adoption of the applicable amendments/improvements to MFRSs that have been issued, but yet to be effective are currently still being assessed by the Group and the Company.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

Notes to the Financial Statements
continued

2. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation and economic entities

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries, associates and joint ventures used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(a) to the financial statements.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(a) Subsidiaries and business combination (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates is accounted for in the consolidated financial statements using the equity method.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(c) Associates (continued)

Under the equity method, the investment in associates is initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decrease but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Joint arrangements

Joint arrangements arise when the Group and another party or parties are bound by a contractual arrangement, and the contractual arrangement gives the Group and the other party or parties, joint control of the arrangement. Joint control exists when there is contractually agreed sharing of control of an arrangement whereby decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as a "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to the arrangement. The Group accounts for its share of its assets (including its share of any assets held jointly), its liabilities (including its share of any liabilities incurred jointly), its revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

- A joint arrangement is classified as "joint venture" when the Group has rights to the net assets of the arrangements. The Group accounts for its interests in the joint ventures using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures.*

The Group has assessed the nature of its joint arrangement and determined it to be joint ventures and accounted for its interest in the joint ventures using the equity method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (continued)

(e) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries, associates and joint ventures are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.12(b) to the financial statements.

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group's entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslate at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Foreign currency transactions and operations (continued)

(a) Translation of foreign currency transactions (continued)

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Debt instruments (continued)

■ **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.12(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

■ **Fair value through profit or loss ("FVPL")**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset).

Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(d) Derecognition (continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than leasehold land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Leasehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and any impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the asset's carrying amount is decreased as results of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(a) Recognition and measurement (continued)

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.16 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and their cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

All property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	USEFUL LIVES (YEARS)
Leasehold buildings	50 years
Office equipment, furniture and fittings	3-10 years
Motor vehicles	5 years
Plant and machinery	3-13 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases

(a) Definition of lease

At inception of a contract, the Group and the Company assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset;
- the Group and the Company have the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in Note 5 to the financial statements.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group and the Company expect to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b) to the financial statements, then it classifies the sub-lease as an operating lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

3.7 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Development costs

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- the Group and the Company intend to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (continued)

(b) Development costs (continued)

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The development costs are amortised on a straight-line basis over the period of 5 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(b) to the financial statements.

(c) Intellectual properties

Intellectual properties consist of the acquisition costs of the exclusive rights of a suite of software modules, including the trademarks, licenses, copyright, source codes and associated documentation. The acquisition costs are capitalised as intangible assets as they are able to generate future economic benefits to the Group and the Company.

The intellectual properties are amortised on a straight-line basis over the period range from 10 years to 20 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.12(b) to the financial statements.

When the indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

(d) Concession rights

Service concession arrangements are recognised using the intangible assets model as the Group and the Company receive a right to charge users of the public service. The policy for the recognition and measurement of service concession arrangements are disclosed in Note 3.9 to the financial statements.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Service concession arrangements

The Group and the Company entered into various public-to-private service concession arrangements to construct, operate and maintain infrastructures used to provide a public service for a specified period of time. Under these concession arrangements, the grantor controls significant residual interest in the infrastructure at the end of the concession period.

The service concession arrangements are accounted for based on the nature of the consideration as follows:

- the intangible asset model is used to the extent that the Group and the Company receive a right (a license) to charge users of the public service;
- the financial asset model is used when the Group and the Company have an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services; or
- when the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component.

(a) Financial assets model

The Group and the Company account for their service concession arrangements under the financial assets model as the Group and the Company have unconditional rights to receive cash or another financial asset from or at the direction of the grantor for the construction services. The consideration received and receivable is allocated by reference to the relative stand-alone selling prices of the various services delivered when the amounts are separately identifiable. The Group and the Company estimate the relative stand-alone selling prices of the services by reference to the costs of providing each service plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at the amount of consideration to which the Group and the Company expect to be entitled. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire.

(b) Intangible asset model

The intangible asset model is used to the extent that the Group and the Company receive a right (a license) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

The Group and the Company measure the consideration indirectly by reference to the stand-alone selling price of the construction services by reference to the costs of providing such services plus a reasonable profit margin.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Service concession arrangements (continued)

(b) Intangible asset model (continued)

The Group and the Company amortise its concession intangible asset in a way that reflects the pattern in which the asset's economic benefits are consumed by the Group and the Company, starting from the date when the right to operate begins. Based on these principles, the intangible asset is amortised in line with the actual usage of the specific public facility, up to the maximum of the duration of the concession.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire or when no future economic benefits are expected from its use or disposal.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's and the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.12(a) to the financial statements.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or have billed the customer.

3.11 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.12 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables, contract assets, a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 *Financial Instruments* which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

For trade receivables, contract assets and lease receivables, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the counterparty is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the counterparty;
- a breach of contract, such as a default of past due event;
- the lender(s) of the counterparty, for economic or contractual reasons relating to the counterparty's financial difficulty, having granted to the counterparty a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statements of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.13 Share capital

Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.14 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Employee benefits (continued)

(b) Defined contribution plans

As required by law, the companies in Malaysia make contributions to the Employees Provident Fund ("EPF"), the national defined contribution plan. Some of the Group's foreign subsidiaries' companies make contributions to their respective countries' statutory pension scheme. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

3.15 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the expected cost-plus-margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Financing components

The Group and the Company have applied the practical expedient for not to adjust the promised amount of consideration for the effects of a significant financing components if the Group and the Company expect that the period between the transfer of the promised goods or services to the customer and payment by the customer will be one year or less.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(a) Sale of goods

Revenue from manufactures and sales of goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

Where consideration is collected from customer in advance for sale of good, a contract liability is recognised for the customer deposits. Contract liability would be recognised as revenue upon sale of goods to the customer.

Based on the terms of the contracts with certain customers, it is the Group's and the Company's obligation to repair or replace for faulty products under different warranty terms to customers.

(b) Rendering of services

The Group and the Company provide maintenance services, technical support and other services to contract customers. Depending on contracts with customers, service contracts comprise multiple deliverables that require significant integration service will be accounted as a single performance obligation.

Whereas, contracts with customers which include multiple distinct promises to customers will be accounted for as separate performance obligations. In the contract with customer contains more than one performance obligation, when the stand-alone selling price are not directly observable, they are estimated based on expected cost-plus-margin approach.

Based on the terms of the contracts with different customers, services are recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the actual costs incurred for work performed to-date plus a margin (an input method).

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers for services based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers, then the Group and the Company recognise a contract liability for the difference.

(c) Interest income

Interest income is recognised using the effective interest method.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Revenue and other income (continued)

(d) Rental income

Rental income is recognised on a straight-line basis over the term of the lease.

(e) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control of the asset is transferred over time as the Group and the Company create or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to-date plus a margin (an input method).

Sales are made with a credit term of 30 to 60 days, therefore, no element of financing is deemed present. The Group and the Company become entitled to invoice customers based on achieving a series of performance-related milestones.

The Group and the Company recognised a contract asset for any excess of revenue recognised to-date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to-date and any deposit or advances received from customers, then the Group and the Company recognise a contract liability for the difference.

Based on the terms of the contracts with certain customers, defect liability period are usually 24 months from the date of certificate of practical completion as provided in the contracts with customers.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.17 Taxes

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (continued)

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Taxes (continued)

(c) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST.

The net amount of GST refundable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The GST in Malaysia was abolished and replaced by the sales and services tax effective from 1 September 2018.

(d) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.18 Discontinued operation

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Deputy Chairman, Group's Chief Executive Officer and the Group's Finance Director, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision-makers that make strategic decisions.

3.20 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

There were no transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.21 Earnings per ordinary share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.22 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Notes to the Financial Statements
continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 Contingencies (continued)

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group and the Company incur to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group and the Company expect those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all the following criteria are met:

(i) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(ii) the costs generate or enhance resources of the Group and the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(iii) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

(c) Impairment

Impairment losses are recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

(i) the remaining amount of consideration that the Group and the Company expect to receive in exchange for the goods or services to which the asset relates; less

(ii) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs (continued)

(c) Impairment (continued)

Before an impairment loss is recognised for contract costs, the Group and the Company shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group and the Company shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets* to that cash-generating unit.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group and the Company have applied the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity would have recognised is one year or less.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flows projections, including forecast growth rates, near-term impact of COVID-19 pandemic, inflation rates and gross profit margins.

The economic uncertainties from COVID-19 pandemic may result in higher level of estimation uncertainty to the inputs and assumptions used in the value-in-use calculation. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for cash-generating unit, including sensitivity analysis, are disclosed in Note 6(a) to the financial statements.

Notes to the Financial Statements
continued

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

(b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and their expected loss. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's history, existing market conditions as well as forward-looking estimates including the possible impact of COVID-19 pandemic at the end of each reporting period.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 26(b)(i) to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation						
At 1 April 2020	67,000	24,206	3,312	70,113	16,000	180,631
Additions	–	596	–	25	–	621
Disposals	–	–	(1,723)	–	–	(1,723)
Written off	–	(511)	–	–	–	(511)
Exchange differences	–	(1)	–	–	–	(1)
At 31 March 2021	67,000	24,290	1,589	70,138	16,000	179,017
Accumulated depreciation and impairment loss						
At 1 April 2020	1,896	21,913	2,467	60,937	453	87,666
Depreciation charge for the financial year	1,896	858	228	1,875	453	5,310
Disposals	–	–	(1,723)	–	–	(1,723)
Written off	–	(511)	–	–	–	(511)
Exchange differences	–	(1)	–	–	–	(1)
At 31 March 2021	3,792	22,259	972	62,812	906	90,741
Carrying amounts						
At 31 March 2021	63,208	2,031	617	7,326	15,094	88,276

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

GROUP	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation							
At 1 April 2019	67,000	6,606	27,786	5,405	71,795	16,000	194,592
Additions	–	–	1,888	–	6,910	–	8,798
Disposals	–	–	(258)	(2,080)	(1,605)	–	(3,943)
Written off	–	(6,606)	(5,211)	(13)	(6,987)	–	(18,817)
Exchange differences	–	–	1	–	–	–	1
At 31 March 2020	67,000	–	24,206	3,312	70,113	16,000	180,631
Accumulated depreciation and impairment loss							
At 1 April 2019	–	6,604	26,552	4,280	67,906	–	105,342
Depreciation charge for the financial year	1,896	–	591	277	1,623	453	4,840
Disposals	–	–	(50)	(2,077)	(1,605)	–	(3,732)
Written off	–	(6,604)	(5,181)	(13)	(6,987)	–	(18,785)
Exchange differences	–	–	1	–	–	–	1
At 31 March 2020	1,896	–	21,913	2,467	60,937	453	87,666
Carrying amounts							
At 31 March 2020	65,104	–	2,293	845	9,176	15,547	92,965

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation						
At 1 April 2020	67,000	22,695	2,894	70,095	16,000	178,684
Additions	–	485	–	25	–	510
Disposals	–	–	(1,646)	–	–	(1,646)
Written off	–	(1)	–	–	–	(1)
At 31 March 2021	67,000	23,179	1,248	70,120	16,000	177,547
Accumulated depreciation and impairment loss						
At 1 April 2020	1,896	20,983	2,090	60,915	453	86,337
Depreciation charge for the financial year	1,896	648	177	1,875	453	5,049
Disposals	–	–	(1,646)	–	–	(1,646)
Written off	–	(1)	–	–	–	(1)
At 31 March 2021	3,792	21,630	621	62,790	906	89,739
Carrying amounts						
At 31 March 2021	63,208	1,549	627	7,330	15,094	87,808

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

COMPANY	LEASEHOLD BUILDINGS RM'000 (AT VALUATION)	BUILDINGS RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	RIGHT-OF-USE ASSETS RM'000 (AT VALUATION)	TOTAL RM'000
Cost/Valuation							
At 1 April 2019	67,000	6,600	25,895	2,535	70,233	16,000	188,263
Additions	–	–	1,328	615	6,910	–	8,853
Disposals	–	–	(245)	(256)	(1,605)	–	(2,106)
Written off	–	(6,600)	(4,283)	–	(5,443)	–	(16,326)
At 31 March 2020	67,000	–	22,695	2,894	70,095	16,000	178,684
Accumulated depreciation and impairment loss							
At 1 April 2019	–	6,600	24,794	2,277	66,355	–	100,026
Depreciation charge for the financial year	1,896	–	512	69	1,608	453	4,538
Disposals	–	–	(41)	(256)	(1,605)	–	(1,902)
Written off	–	(6,600)	(4,282)	–	(5,443)	–	(16,325)
At 31 March 2020	1,896	–	20,983	2,090	60,915	453	86,337
Carrying amounts							
At 31 March 2020	65,104	–	1,712	804	9,180	15,547	92,347

Notes to the Financial Statements
continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Assets pledged as security

Property plant and equipment with net carrying amount of RM78,302,000 (31.03.2020: RM80,651,100) of the Group and of the Company have been pledged to a financial institution as security for banking facilities as disclosed in Note 17 to the financial statements.

(b) Revaluation on right-of-use assets and leasehold buildings

Had the revalued right-of-use assets and leasehold buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the leasehold buildings and right-of-use assets that would have been included in the financial statement of the Group and the Company are as follows:

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Leasehold buildings	25,048	26,223
Right-of-use assets		
- Leasehold land	7,775	8,085

Fair value information

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Level 3		
Right-of-use assets and leasehold buildings	83,000	83,000

There is no transfer between the levels of fair value hierarchy during the financial year ended 31 March 2021.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in valuation models.

DESCRIPTION	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Right-of-use assets and leasehold buildings	Income approach	Estimated average rental rate per square feet per month RM1.90	The higher the estimated rental/ average rental rate per square feet per month, the higher the fair value

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Revaluation on right-of-use assets and leasehold buildings (continued)

Valuation process applied by the Group and the Company

The fair value of right-of-use assets and leasehold buildings are determined based on the valuation performed by an external independent firm of professional valuers, Knight Frank Malaysia Sdn. Bhd., a member of the Institute of Valuers in Malaysia on 29 June 2020.

Highest and best use

In estimating the fair value of the right-of-use assets and leasehold buildings, the highest and best use of the right-of-use assets and buildings is their current use.

(c) Right-of-use assets

The Group and the Company lease land for their office space and operation site. The lease land has remaining lease term of 34 years (31.03.2020: 35 years).

Notes to the Financial Statements
continued

6. INTANGIBLE ASSETS

GROUP	GOODWILL ON CONSOLIDATION RM'000	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	CONCESSION ASSET RM'000	TOTAL RM'000
Cost					
At 1 April 2020	129,689	16,274	40,391	19,581	205,935
Additions	–	177	–	–	177
At 31 March 2021	129,689	16,451	40,391	19,581	206,112
Accumulated amortisation and impairment loss					
At 1 April 2020	1,421	16,238	36,353	19,581	73,593
Amortisation charge for the financial year	–	23	1,386	–	1,409
At 31 March 2021	1,421	16,261	37,739	19,581	75,002
Carrying amounts					
At 31 March 2021	128,268	190	2,652	–	131,110
Cost					
At 1 April 2019	129,689	16,243	40,391	19,581	205,904
Additions	–	31	–	–	31
At 31 March 2020	129,689	16,274	40,391	19,581	205,935
Accumulated amortisation and impairment loss					
At 1 April 2019	1,421	16,235	34,913	15,665	68,234
Amortisation charge for the financial year	–	3	1,440	3,916	5,359
At 31 March 2020	1,421	16,238	36,353	19,581	73,593
Carrying amounts					
At 31 March 2020	128,268	36	4,038	–	132,342

6. INTANGIBLE ASSETS (CONTINUED)

COMPANY	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	CONCESSION ASSET RM'000	TOTAL RM'000
Cost				
At 1 April 2020	16,274	40,391	19,581	76,246
Additions	177	–	–	177
At 31 March 2021	16,451	40,391	19,581	76,423
Accumulated amortisation				
At 1 April 2020	16,238	36,353	19,581	72,172
Amortisation charge for the financial year	23	1,386	–	1,409
At 31 March 2021	16,261	37,739	19,581	73,581
Carrying amounts				
At 31 March 2021	190	2,652	–	2,842
Cost				
At 1 April 2019	16,243	40,391	19,581	76,215
Additions	31	–	–	31
At 31 March 2020	16,274	40,391	19,581	76,246
Accumulated amortisation				
At 1 April 2019	16,235	34,913	15,665	66,813
Amortisation charge for the financial year	3	1,440	3,916	5,359
At 31 March 2020	16,238	36,353	19,581	72,172
Carrying amounts				
At 31 March 2020	36	4,038	–	4,074

(a) Goodwill on consolidation

Impairment of goodwill

The Group reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating unit ("CGU") which is also reportable operating segment, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

Notes to the Financial Statements
continued

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

The carrying amount of goodwill allocated to the CGU of the Group, according to operating segment is as follows:

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
Trusted identification	128,268	128,268

Goodwill is assessed at each reporting period regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the CGU.

The recoverable amount of CGU has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by the directors covering a ten-year period. The same method has also been used in the previous financial year.

In the current financial year, the estimated recoverable amount of the CGU exceeds the carrying amount. As a result of the analysis, the directors did not identify any impairment for this CGU. Based on the sensitivity analysis performed, the directors believe that there is no reasonably possible change in key assumptions that would cause the carrying value of the CGU to exceed its recoverable amount.

The value-in-use calculation is most sensitive to the following key assumptions:

	CGU
31.03.2021	
Average gross margin	21%
Discount rate	17%

	CGU
31.03.2020	
Average gross margin	24%
Discount rate	16%

These key assumptions have been used for the analysis of the CGU within the operating segments. The values assigned to the key assumptions represent directors' assessment of future trends in the trusted identification industry and are based on both external sources and internal sources (historical data).

6. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

The calculation of value-in-use for the CGU is most sensitive to the following assumptions:

- Sales volume is based on the forecasted unbilled orders and annual growth rate over the ten-year projection period. It is based on the average growth levels experienced over the past ten years.
- Sales price is based on the contracted price with customers and the forecasted annual growth rate over the ten-year projection period.
- Gross margin is the forecasted margin as a percentage of revenue over the ten-year projection period.
- Cash flows beyond the ten-year projection period are extrapolated without any growth rate.
- Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects directors' estimate of the risks specific to the CGU at the date of assessment.

(b) Development costs

The development costs principally comprise internally generated expenditure incurred for developing the devices and software where it is reasonably anticipated that the costs will be recovered through future activities.

(c) Intellectual properties

The intellectual properties mainly consist of trademarks, patents, licenses and copyright.

(d) Concession asset

Intangible assets model

The Group and the Company had entered into an agreement with the Government of Republic of Senegal on 2 May 2016 to produce and supply 10 million multi-application identity biometric cards over a period of five years. Intangible asset model is used to the extent that the Group and the Company receive a right (a license) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service.

The supply of 10 million multi-applicable identity biometric cards was fully delivered in previous financial year and the concession period on the maintenance work and other services was ended on 2 May 2021.

(e) Amortisation

All the amortisation of development costs, intellectual properties and concession asset of the Group and the Company are included in cost of sales.

Notes to the Financial Statements
continued

7. OPERATING FINANCIAL ASSETS

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
At the beginning of the financial year	11,427	12,383
Add: Effect on accretion of interest from discounting	866	939
Less: Payment received	(1,896)	(1,895)
At the end of the financial year	10,397	11,427
Non-current	9,290	10,398
Current	1,107	1,029
	10,397	11,427

The Group and the Company had entered into the following concession agreements:

Financial assets model

(a) The Group and the Company had entered into a concession agreement with the Government of Republic of Senegal on 3 September 2007 for the Built-Own-Transfer ("BOT") implementation of electronic passport system for a period of 20 years comprising 6 months of construction work and 19 years and 6 months of maintenance work and supply of products. Upon the expiry of the concession period, the Group and the Company are required to handover the facilities and infrastructure at no cost to the Government of Republic of Senegal in a well-maintained condition, fair of wear and tear.

(b) The Group and the Company had entered into a concession agreement with the Government of Republic of Guinea on 4 October 2013 for the establishment of information and management system of electronic passport, visa and permanent residence ID for a period of 15 years comprising of 6 months of construction work and 14 years and 6 months of maintenance work and supply of products. Upon the expiry of the concession period, the Group and the Company are required to handover the facilities and infrastructure at no cost to the Government of Republic of Guinea in a well-maintained condition, fair of wear and tear.

(c) The Group and the Company had entered into a concession agreement with the Government of Solomon Islands on 24 November 2015 for the establishment of information and management system of electronic passport and border control for a period of 20 years comprising of 6 months of construction work and 19 years and 6 months of maintenance work and supply of products. Upon the expiry of the concession period, the Group and the Company are required to handover the facilities and infrastructure at no cost to the Government of Solomon Islands in a well-maintained condition, fair of wear and tear.

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. They carry interest at the rates ranging from 7.41% to 7.63% (31.03.2020: 7.41% to 7.63%) per annum repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession assets.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
At cost		
Unquoted shares		
At the beginning of the financial year	231,091	228,091
Add: Additions during the financial year	–	3,000
At the end of the financial year	231,091	231,091
Less: Accumulated impairment losses		
At the beginning/end of the financial year	153,226	153,226
Carrying amounts		
At the end of the financial year	77,865	77,865

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
IRIS AMS Sdn. Bhd.	Malaysia	100	100	Provision of attendance management solution and other trusted identification related products.
IRIS Information Technology Systems Sdn. Bhd.	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S.) and marketing of contact and contactless smart technology based products.
IRIS Advancetech Sdn. Bhd. *(formerly known as IRIS Agrotech Sdn. Bhd.)*	Malaysia	100	100	Professional dealers for the design, construction and maintenance of automatic watering and feeding system for agricultural horticultural and other purposes.

Notes to the Financial Statements
continued

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Details of the subsidiaries are as follows (continued):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
IRIS Koto (M) Sdn. Bhd.	Malaysia	51	51	Manufacture and supply of intergrated building system ("IBS") and building material.
IRIS Project Management Sdn. Bhd. *(formerly known as IRIS Land Sdn. Bhd.)*	Malaysia	100	100	Provision of trusted identification related products, services, maintenance and business solution.
IRIS eServices Sdn. Bhd.	Malaysia	100	100	Investment holding.
Warisan Atlet (M) Sdn. Bhd. ^	Malaysia	49	49	Dormant.
IRIS RK Sdn. Bhd. *(formerly known as IRIS Rimbunan Kaseh Sdn. Bhd.)*	Malaysia	100	100	Farm management of modern intergrated farms.
IRIS Corporation (Bangladesh) Limited * +	Bangladesh	100	100	Provision of trusted identification related products, services and maintenance and business solution.
RB Biotech Sdn. Bhd.	Malaysia	66.67	66.67	Dormant.
IRIS Tech Ventures Sdn. Bhd.	Malaysia	100	100	Dormant.
Subsidiary of IRIS Advancetech Sdn. Bhd.				
Endah Farm Sdn. Bhd.	Malaysia	60	60	Dormant.

* *Subsidiaries without audited financial statement and auditors' report but the unaudited financial statements of the subsidiaries were reviewed for the purpose of the financial statements of the Group.*

\+ *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

^ *The Group has control over the subsidiary.*

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of additional interest in IRIS Information Technology Systems Sdn. Bhd.

In the previous financial year, the Company subscribed additional RM3,000,000 interest (representing 3,000,000 ordinary shares) in IRIS Information Technology Systems Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

(c) Disposal of subsidiaries

For the financial year ended 31 March 2020

On 7 May 2019, the Group entered into a Shares Sales Agreement with Prior Vital Sdn. Bhd. (Company No. 1273016-T), a company incorporated in Malaysia, to dispose of its entire equity interests in IRIS Land (PNG) Limited ("ILPNG"), a wholly owned subsidiary of the Group, which is incorporated in Papua New Guinea, for a total cash consideration of RM1.00 only. Consequently, ILPNG ceased to be the subsidiary of the Group.

The summary effects of the disposal of the investment in a subsidiary on the financial position of the Group were as follows:

	31.03.2020 IRIS LAND (PNG) LIMITED RM'000
Liabilities	
Trade and other payables	(5,479)
Fair value of net liabilities identified	(5,479)
Cash consideration received	– *
Gain on disposal of a subsidiary	(5,479)
Cash flows	
Cash consideration received	– *
Less: Cash and cash equivalents of subsidiary disposed	–
Net cash outflows on disposal	–

* *Represent amount less than RM1,000*

Notes to the Financial Statements
continued

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(d) Non-controlling interests in subsidiaries

The financial information of the Group's and the Company's subsidiaries that have material non-controlling interests are as follows:

Equity interest held by non-controlling interests:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		31.03.2021 %	31.03.2020 %
IRIS Koto (M) Sdn. Bhd. ("IRIS Koto")	Malaysia	49	49
Warisan Atlet (M) Sdn. Bhd.	Malaysia	51	51
RB Biotech Sdn. Bhd.	Malaysia	33.33	33.33
Endah Farm Sdn. Bhd.	Malaysia	40	40

Carrying amount of material non-controlling interests:

NAME OF COMPANY	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto	(20,854)	(18,703)
Other subsidiaries	(1,845)	(2,153)
	(22,699)	(20,856)

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto	(2,151)	1,748
Other subsidiaries	308	(7)
	(1,843)	1,741

8. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(e) Summarised financial information of material non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's and Company's subsidiaries that have material non-controlling interests are as follows:

	31.03.2021 RM'000	31.03.2020 RM'000
IRIS Koto Sdn. Bhd.		
Summarised statement of financial position		
As at 31 March		
Current assets	152	4,600
Current liabilities	(22,711)	(22,770)
Net liabilities	(22,559)	(18,170)
Summarised statement of comprehensive income		
Financial year ended 31 March		
Revenue	–	–
(Loss)/profit for the financial year	(4,389)	3,567
Total comprehensive (loss)/income	(4,389)	3,567
Summarised statement of cash flows information		
Financial year ended 31 March		
Cash flows used in operating activities	(88)	(89)
Cash flows from investing activities	–	–
Cash flows from financing activities	90	71
Net increase/(decrease) in cash and cash equivalents	2	(18)

(f) Strike off shares in IRIS Corporation North America Limited

For the financial year ended 31 March 2020

IRIS Corporation North America Limited ("ICNA"), a wholly owned subsidiary of the Group was stuck off from the Division of Corporations by Department of State. Accordingly, ICNA has ceased to be subsidiary of the Group.

Notes to the Financial Statements
continued

9. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At cost				
Unquoted shares	5,500	5,500	5,500	5,500
Share of post-acquisition reserves, net of dividend received	(536)	(550)	–	–
	4,964	4,950	5,500	5,500
Less: Impairment losses	(500)	(500)	(500)	(500)
	4,464	4,450	5,000	5,000

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES/ NATURE OF RELATIONSHIP
Multimedia Display Technologies Sdn. Bhd. ("MDT") + *	Malaysia	44.4	44.4	Research, development, marketing and distribution of CRT/LCD display monitors and Radio frequency identity system (RFID). The activities contribute to the Group's trusted identification business segment.
Neuralogy Sdn. Bhd. + #	Malaysia	20	20	Research and development in electronics and IT.
Associate of IRIS Advancetech Sdn. Bhd.				
Ubud Tower Sdn. Bhd.	Malaysia	50	50	Dormant.

+ *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

* *The financial year end of this associate is not coterminous with the Group. As such, for the purpose of applying equity method of accounting, the management financial statements of the associate for the financial period ended 31 March 2021 have been used.*

The audited financial statements and auditors' report of the associates are not available. The management accounts have been used for the purpose of consolidation.

9. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate

The following table illustrates the summarised financial information of the Group's material associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate:

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
MDT		
Assets and liabilities:		
Current assets	7,170	7,093
Non-current assets	1,218	1,221
Current liabilities	(586)	(544)
Net assets	7,802	7,770
Results:		
Profit from continuing operations	31	10
Other comprehensive income	–	–
Total comprehensive income	31	10
Included in the total comprehensive income is:		
Revenue	799	841
Reconciliation of net assets to carrying amount:		
Share of net assets at fair value	4,000	4,000
Goodwill on acquisition	1,000	1,000
Cost of investment	5,000	5,000
Less: Share of post-acquisition loss	(536)	(550)
	4,464	4,450
Less: Accumulated impairment loss	–	–
Carrying amount in the statements of financial statements	4,464	4,450
Group's share of results		
Group's share of profit or loss during the financial year from:		
- Continuing operations	14	4
Group's share of other comprehensive income	–	–
Group's share of total comprehensive income	14	4

Notes to the Financial Statements
continued

9. INVESTMENT IN ASSOCIATES (CONTINUED)

(a) Unrecognised share of losses of Ubud Tower Sdn. Bhd. and Neuralogy Sdn. Bhd.

The Group has not recognised its share of losses of Ubud Tower Sdn. Bhd. and Neuralogy Sdn. Bhd. amounting to RM3,501 (31.03.2020: RM1,313) because the Group's cumulative share of losses has exceeded its interest in the associates and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM419,831 (31.03.2020: RM416,330).

(b) Capital reduction in IRIS Global Blue TRS Malaysia Sdn. Bhd. ("IGB")

For the financial year ended 31 March 2020

IRIS Global Blue TRS Sdn. Bhd. ("IGB") had on 14 February 2019 passed a special resolution whereas its existing paid-up share capital was approved to be reduced from RM36,910,000 divided into 36,910,000 ordinary shares (collectively the "IGB Shares" and each an "IGB Share") to RM1,000 divided into 1,000 IGB shares, by cancelling the paid-up share capital of RM36,909,000 divided into 36,909,000 IGB Shares, and by effecting a capital repayment of RM27,000,000 in cash to the shareholders of those 36,909,000 IGB Shares which are being cancelled, representing approximately RM0.73 for each existing IGB Share which is being cancelled, rounded to the nearest RM10 for each shareholder.

On 2 July 2019, the Group received the Notice of Confirming Reduction of IGB Share from Companies Commission of Malaysia dated 24 June 2019. After the completion of the capital reduction, IGB had ceased to become an associate of the Group.

The summary effects of the capital reduction on investment in IGB are as follows:

	GROUP
	31.03.2020 RM'000
Net cost of investment	6,454
Cash consideration received for capital reduction	7,034
Gain on capital reduction in an associate recognised in profit or loss	580

10. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At cost				
Unquoted shares	39,037	39,037	39,037	39,037
Share of post-acquisition reserves	(30,493)	(30,493)	–	–
	8,544	8,544	39,037	39,037
Less: Impairment losses	(8,752)	(8,752)	(39,037)	(39,037)
Add: Exchange differences	208	208	–	–
	–	–	–	–

Details of joint ventures are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 31.03.2021 %	OWNERSHIP INTEREST 31.03.2020 %	PRINCIPAL ACTIVITIES
Plaman Resources Limited ("Plaman") +	New Zealand	51	51	In liquidation.
Subsidiary of Plaman Resources Limited				
Plaman Services Limited + #	New Zealand	100	100	In liquidation.
Plaman Services (Australia) Pty Ltd. + #	Australia	100	100	In liquidation.
Plaman Services Corporation + #	United States of America	100	100	Dormant.

\+ *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*

\# *The financial statements of the subsidiaries have not been consolidated in Plaman's financial statements as all the subsidiaries have not commenced their business operations and two of the subsidiaries were newly incorporated in the previous financial year.*

Plaman Resources Limited ("Plaman"), a company incorporated in New Zealand, had on 13 June 2019, passed a shareholders' special resolution to wind up Plaman by way of voluntary liquidation and had appointed Conor McElhinney and Andrew Grenfell of the firm McGrath Nicol, of Auckland New Zealand as joint and several liquidators for the purpose of winding up of the affairs and distributing the assets of Plaman, where necessary.

The voluntary liquidation is not expected to have any material impact on the earnings and net assets of the Group and the Company as the investment in Plaman had been fully impaired in the previous financial years and the Company does not provide any corporate guarantee to Plaman.

Notes to the Financial Statements
continued

10. INVESTMENT IN JOINT VENTURES (CONTINUED)

Shares pledged as security

The Company's ordinary shares in Plaman has been pledged as security for Plaman's term loan.

The summarised financial information of Plaman was not presented for the current financial year as Plaman is under liquidation process now.

11. INVENTORIES

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At cost:				
Raw materials	9,822	6,572	9,822	6,572
Work-in-progress	4,668	4,307	4,668	4,307
Finished goods	5,802	4,947	5,580	4,947
	20,292	15,826	20,070	15,826

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM23,741,647 (31.03.2020: RM58,410,906) and RM21,141,931 (31.03.2020: RM49,111,116) respectively.

The cost of inventories of the Group and of the Company recognised as income in cost of sales in respect of reversal of written down of inventories to net realisable value are RM(1,215,493) (31.03.2020: RM(5,225,791)) and RM(1,099,328) (31.03.2020: RM(4,682,134)) respectively as results of technology obsolescence on certain products in trusted identification segment and decreased in sales price in certain markets.

12. TRADE AND OTHER RECEIVABLES

	NOTE	GROUP 31.03.2021 RM'000	GROUP 31.03.2020 RM'000	COMPANY 31.03.2021 RM'000	COMPANY 31.03.2020 RM'000 (RESTATED)	COMPANY 01.04.2019 RM'000 (RESTATED)
Current:						
Trade						
Third parties	(a)	94,633	155,761	82,373	131,628	81,606
Less: Accumulated impairment losses		(21,777)	(28,188)	(10,451)	(15,137)	(13,958)
		72,856	127,573	71,922	116,491	67,648
Non-trade						
Other receivables	(b)	22,580	23,016	18,197	13,922	22,495
Goods and service tax and value added tax refundable		3,064	3,484	2,807	3,140	3,135
Withholding tax refundable		2,765	5,544	2,765	5,544	5,544
Deposits	(b)	19,516	20,789	13,374	14,282	15,799
Advances to suppliers		6,132	5,192	6,132	5,192	5,063
Amount owing by subsidiaries	(b)	–	–	198,938	201,953	188,909
Amount owing by associates	(b)	40	33	40	33	19
		54,097	58,058	242,253	244,066	240,964
Less: Accumulated impairment losses						
- other receivables	(b)	(18,826)	(18,895)	(14,550)	(10,550)	(7,059)
- Goods and service tax and value added tax refundable		(2,596)	(2,596)	(2,596)	(2,596)	(1,742)
- withholding tax refundable		(2,765)	(146)	(2,765)	(146)	–
- deposits	(b)	(17,545)	(17,545)	(11,684)	(11,684)	(11,684)
- amount owing by subsidiaries	(b)	–	–	(185,807)	(185,807)	(178,271)
- amount owing by associates	(b)	(40)	(33)	(40)	(33)	–
		(41,772)	(39,215)	(217,442)	(210,816)	(198,756)
		12,325	18,843	24,811	33,250	42,208
Total trade and other receivables		85,181	146,416	96,733	149,741	109,856

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit term offered by the Group and the Company ranging from 30 to 60 days (31.03.2020: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements
continued

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At 1 April	28,188	30,332	15,137	13,958
Charge for the financial year				
- Individually assessed	6,292	1,228	1,973	1,227
Reversal of impairment losses				
- Individually assessed	(7,055)	(473)	(5,971)	(458)
Written off for the financial year	(4,960)	(3,309)	–	–
Exchange differences	(688)	410	(688)	410
At 31 March	21,777	28,188	10,451	15,137

Included in trade receivables is an amount owing of RM48,364,726 (31.03.2020: RM50,210,001) owing by a contract customer of which credit enhanced by a security deposit received as disclosed in Note 19(c) to the financial statements.

The information about the credit exposures is disclosed in Note 26(b)(i) to the financial statements.

(b) Other receivables, deposits, amount owing by subsidiaries and associates

The non-trade amounts owing by subsidiaries and associates are unsecured, interest-free, repayable on demand and are expected to be settled in cash.

The reconciliation of movement in the Group's and the Company's impairment of other receivables, deposits and non-trade amount owing by subsidiaries and associates are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
At 1 April	39,215	58,222	210,816	198,756
Charge for the financial year	6,626	5,548	6,626	21,174
Reversal for the financial year	(2,109)	(368)	–	(8,411)
Written off for the financial year	(1,960)	(24,187)	–	(703)
At 31 March	41,772	39,215	217,442	210,816

Notes to the Financial Statements
continued

13. CONTRACT ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Contract assets relating to contract works with customers	7,416	6,491	7,354	6,468
Contract liabilities relating to contract works with customers	(15)	(3,902)	(13)	(3,902)

(a) Significant changes in contract balances

	31.03.2021		31.03.2020	
GROUP	CONTRACT ASSETS INCREASE/ (DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/ DECREASE RM'000	CONTRACT ASSETS INCREASE/ (DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/ DECREASE RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	–	3,902	–	870
Increases due to consideration received from customers, but revenue not recognised	–	(15)	–	(913)
Increases due to unbilled revenue recognised	4,991	–	4,038	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,066)	–	(4,814)	–
COMPANY				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	3,902	–	870
Increases due to consideration received from customers, but revenue not recognised	–	(13)	–	(913)
Increases due to unbilled revenue recognised	4,915	–	4,015	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,029)	–	(4,814)	–

Notes to the Financial Statements
continued

13. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	3,902	870	3,902	870

14. CASH AND SHORT-TERM DEPOSITS

(a) For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Cash and bank balances	21,382	24,796	5,218	6,932
Short-term deposits placed with licensed banks	95,891	51,954	74,842	45,236
	117,273	76,750	80,060	52,168

(b) Included in cash and bank balances and short-term deposits placed with licensed banks of the Group and of the Company are amounts of RM38,653,491 and RM22,273,013 respectively (31.03.2020: RM13,523,828 and RM13,523,828) pledged to licensed banks for bank guarantee facilities and credit facilities granted to the Group and the Company as disclosed in Note 17 to the financial statements and hence, are not available for general use.

(c) The weighted average effective interest rates of the short-term deposits at the end of the reporting date ranged from 1.35% to 5.50% (31.03.2020: 2.30% to 7.00%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (31.03.2020: 30 days).

15. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	31.03.2021 UNIT'000	31.03.2020 UNIT'000	31.03.2021 RM'000	31.03.2020 RM'000
Ordinary shares				
Issued and fully paid up:				
At 1 April	2,966,282	2,966,282	539,602	539,602
Issued during the financial year	150,000	–	42,488	–
At 31 March	3,116,282	2,966,282	582,090	539,602

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

During the financial year, the Company issued 150,000,000 new ordinary shares pursuant to private placement exercises at average issue price of RM0.28325 per ordinary share for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

16. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Foreign exchange translation reserve	(a)	130	30	–	–
Revaluation reserve	(b)	32,117	33,080	9,417	9,699
		32,247	33,110	9,417	9,699

(a) Foreign exchange translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

(b) Revaluation reserve

The revaluation reserve represented surpluses which arose from the valuation of the property.

Notes to the Financial Statements
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17. LOANS AND BORROWINGS

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Non-current:		
Secured		
Term loan	6,250	18,750
Current:		
Secured		
Term loan	12,500	12,500
Total loans and borrowings	18,750	31,250

Term loan of RM18,750,000 (31.03.2020: RM31,250,000) bears interest at 7.00% (31.03.2020: 7.00%) per annum and is repayable by quarterly instalments of RM3,125,000 over eight years commencing from 1 December 2014 and is secured by fixed charges over the leasehold land and buildings as disclosed in Note 5 to the financial statements.

18. DEFERRED TAX LIABILITIES

Deferred tax relates to the following:

GROUP AND COMPANY	AT 1 APRIL 2020 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2021 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(14,812)	(1,159)	(15,971)
Deferred tax assets:			
Unutilised tax losses	2,862	(1,639)	1,223
Other items	1,236	258	1,494
	4,098	(1,381)	2,717
	(10,714)	(2,540)	(13,254)

GROUP AND COMPANY	AT 1 APRIL 2019 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2020 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(14,335)	(477)	(14,812)
Deferred tax assets:			
Unutilised tax losses	8,661	(5,799)	2,862
Other items	2,400	(1,164)	1,236
	11,061	(6,963)	4,098
	(3,274)	(7,440)	(10,714)

Notes to the Financial Statements
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18. DEFERRED TAX LIABILITIES (CONTINUED)

Presented after appropriate offsetting as follows:

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Deferred tax liabilities	(13,254)	(10,714)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Temporary differences on property, plant and equipment	780	(81)	–	–
Unabsorbed capital allowances	25,966	25,519	–	–
Unutilised tax losses	114,346	109,325	–	–
Impairment loss for trade receivables	10,451	15,137	10,451	15,137
Other items	21,416	22,515	21,416	22,515
	172,959	172,415	31,867	37,652
Potential deferred tax assets not recognised at 24% (31.03.2020: 24%)	41,510	41,380	7,648	9,036

Unutilised tax losses which are available for offset against future taxable income will expire in the following years:

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
2026	97,400	97,433
2027	10,933	10,933
2028	959	959
2029	5,054	–
	114,346	109,325

Notes to the Financial Statements
continued

19. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Current:					
Trade					
Third parties	(a)	40,527	62,711	27,721	49,595
Amount owing to subsidiaries	(b)	–	–	17,325	30,134
		40,527	62,711	45,046	79,729
Non-trade					
Other payables		5,674	4,250	3,676	1,583
Goods and services tax, sales and services tax and value added tax payable		211	1,617	131	1,541
Deposits	(c)	51,672	53,687	50,936	52,973
Accruals		41,580	54,483	31,953	48,813
Amount owing to subsidiaries	(b)	–	–	79,370	79,394
		99,137	114,037	166,066	184,304
Total trade and other payables		139,664	176,748	211,112	264,033

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group and the Company ranging from 30 to 120 days (31.03.2020: 30 to 120 days).

(b) Amount owing to subsidiaries

The trade amount owing is subject to the normal trade credit terms ranging from 30 to 90 days (31.03.2020: 30 to 90 days). The amount owing is expected to be settled in cash.

The non-trade amounts owing represent unsecured, interest free advances, payments made on behalf, repayable on demand and are expected to be settled in cash.

(c) Deposits

Included in deposits is an amount of RM50,875,957 (31.03.2020: RM52,925,221) represents the security deposits made by a contract customer.

For explanations on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii) to the financial statements.

20. REVENUE

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Revenue from contract customers:				
Sales of goods	66,786	116,757	64,839	113,263
Maintenance and services	11,374	12,441	7,563	8,673
Construction contracts	1,689	2,927	1,689	2,927
Concession arrangements *	26,769	97,462	26,769	97,462
	106,618	229,587	100,860	222,325

* *These relate to construction revenue recognised in accordance with IC Interpretation 12 Service Concession Arrangements and MFRS 15 Revenue from Contracts with Customers in respect of the construction of public services pursuant to the concession arrangements as disclosed in Note 6(d) and Note 7 to the financial statements.*

(a) Disaggregation of revenue

The Group reports the following major segments: trusted identification, property development and construction and food and agro technology in accordance with MFRS 8 *Operating Segments*. For disclosure of disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services and timing of revenue recognition (i.e. goods transferred at a point in time or services transferred over time).

For information about disaggregation of revenue into primary geographical market, refer to Note 30 to the financial statements.

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
31.03.2021			
Major goods or services:			
Sale of goods	66,701	85	66,786
Maintenance and services	11,374	–	11,374
Construction contracts	–	1,689	1,689
Concession arrangements	26,769	–	26,769
	104,844	1,774	106,618
Timing of revenue recognition:			
At a point in time	66,701	85	66,786
Over time	38,143	1,689	39,832
	104,844	1,774	106,618

Notes to the Financial Statements
continued

20. REVENUE (CONTINUED)

(a) Disaggregation of revenue (continued)

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
31.03.2020			
Major goods or services:			
Sale of goods	116,549	208	116,757
Maintenance and services	12,441	–	12,441
Construction contracts	–	2,927	2,927
Concession arrangements	97,462	–	97,462
	226,452	3,135	229,587
Timing of revenue recognition:			
At a point in time	116,549	208	116,757
Over time	109,903	2,927	112,830
	226,452	3,135	229,587
Company			
31.03.2021			
Major goods or services:			
Sale of goods	64,839	–	64,839
Maintenance and services	7,563	–	7,563
Construction contracts	–	1,689	1,689
Concession arrangements	26,769	–	26,769
	99,171	1,689	100,860
Timing of revenue recognition:			
At a point in time	64,839	–	64,839
Over time	34,332	1,689	36,021
	99,171	1,689	100,860
31.03.2020			
Major goods or services:			
Sale of goods	113,263	–	113,263
Maintenance and services	8,673	–	8,673
Construction contracts	–	2,927	2,927
Concession arrangements	97,462	–	97,462
	219,398	2,927	222,325
Timing of revenue recognition:			
At a point in time	113,263	–	113,263
Over time	106,135	2,927	109,062
	219,398	2,927	222,325

(b) Transaction price allocated to the remaining performance obligations

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less. Also, Group and the Company do not disclose information about remaining performance obligations that have original expected durations of more than one year as it is impractical to disclose.

21. FINANCE COSTS

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Interest expense on:				
- hire purchase and lease liabilities	–	6	–	–
- term loans	1,787	2,669	1,787	2,669
- revolving loans	–	401	–	401
- others	417	323	212	265
	2,204	3,399	1,999	3,335

22. (LOSS)/PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Auditors' remuneration:				
- audit services				
- current year	425	439	320	324
- prior year	30	25	(7)	25
- other services	10	10	10	10
Amortisation of intangible assets	1,409	5,359	1,409	5,359
Bad debts written off	51	158	42	5
Depreciation of property, plant and equipment	5,310	4,840	5,049	4,538
Directors' fee	412	457	412	457
Directors' remuneration:				
- salaries and other remuneration	1,288	1,048	1,288	1,048
- defined contribution plans	152	126	152	126
- others	5	3	5	3
Effect of accretion of interest on operating financial assets	(866)	(939)	(866)	(939)
Expenses relating to short-term leases	219	425	147	337
Expenses relating to lease of low value assets	16	27	16	27
Gain on capital reduction in investment in an associate	–	(580)	–	–
Gain on disposal of investment in subsidiaries	–	(5,479)	–	–*
Gain on disposal of property, plant and equipment	(143)	(607)	(100)	(185)

Notes to the Financial Statements
continued

22. (LOSS)/PROFIT BEFORE TAX (CONTINUED)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at (loss)/profit before tax (continued):

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Continuing operations				
Impairment loss on trade and other receivables	12,918	6,776	8,599	22,401
Interest income	(1,351)	(2,979)	(824)	(2,252)
Loss/(gain) on foreign exchange:				
- realised	56	464	52	466
- unrealised	(2,125)	21	(2,049)	(1,638)
Net reversal of inventories written down	(1,215)	(5,226)	(1,099)	(4,682)
Property, plant and equipment written off	–	32	–	1
Reversal of impairment loss on trade and other receivables	(9,164)	(841)	(5,971)	(8,869)
Staff costs:				
- salaries and other remuneration	21,991	25,107	20,095	21,868
- defined contribution plans	2,323	3,235	2,132	2,888

* *Represent amount less than RM1,000*

23. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2021 and 31 March 2020 are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Statements of comprehensive income				
Continuing operations				
Current income tax:				
- current year	795	803	200	506
- prior years	(39)	176	(48)	136
	756	979	152	642
Deferred tax:				
Origination of temporary differences	2,540	7,440	2,540	7,440
	2,540	7,440	2,540	7,440
Income tax expense recognised in profit or loss	3,296	8,419	2,692	8,082

23. INCOME TAX EXPENSE (CONTINUED)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.03.2020: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
(Loss)/Profit before tax				
- Continuing operations	(9,569)	18,393	1,468	8,877
- Discontinued operation	–	5,479	–	–
	(9,569)	23,872	1,468	8,877
Tax at Malaysian statutory income tax rate of 24% (31.03.2020: 24%)	(2,297)	5,729	352	2,130
Adjustments:				
Income not subject to tax	(1,287)	(1,959)	(332)	(1,755)
Non-deductible expenses	5,325	2,451	2,231	5,850
Deferred tax not recognised on tax losses and temporary differences	130	(855)	(1,388)	(841)
Tax effect on share of results of associates	(3)	(1)	–	–
Utilisation of previously unrecognised tax losses	33	531	–	–
Adjustment in respect of income tax of prior years	(39)	176	(48)	136
Adjustment in respect of deferred tax of prior years	1,966	2,651	1,966	2,651
Adjustment in respect of revaluation reserves	(304)	(304)	(89)	(89)
Effect of changes in tax rate	(228)	–	–	–
Income tax expense	3,296	8,419	2,692	8,082

Notes to the Financial Statements
continued

24. DISCOUNTINUED OPERATION

As disclosed in Note 8(c) to the financial statements, the Group had disposed of IRIS Land (PNG) Limited ("ILPNG"). ILPNG which operates in Papua New Guinea. The assets and liabilities related to ILPNG have been presented as held for sale since the previous financial years.

Analysis of the results of discontinued operation and the results recognised on the disposal group is as follows:

	GROUP 31.03.2020 RM'000
Gain on disposal of subsidiary (Note 8(c))	(5,479)
Loss after tax for the financial year from discontinued operation, net of tax	(5,479)

25. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per ordinary share

Basic (loss)/earnings per share are based on the (loss)/profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
(Loss)/Profit attributable to owners of the Company:		
- Continuing operations	(11,022)	8,233
- Discontinued operation	–	5,479
	(11,022)	13,712
	UNIT'000	UNIT'000
Weighted average number of ordinary shares for basic (loss)/ earnings per share	2,998,749	2,966,282
Basic (loss)/earnings per ordinary share (sen):		
- Continuing operations	(0.37)	0.28
- Discontinued operation	-	0.18
	(0.37)	0.46

(b) Diluted (loss)/earnings per ordinary share

The basic and diluted (loss)/earnings per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
As 31 March 2021		
Financial assets		
Group		
Operating financial assets	10,397	10,397
Trade and other receivables #	78,581	78,581
Cash and short-term deposits	117,273	117,273
	206,251	206,251
Company		
Operating financial assets	10,397	10,397
Trade and other receivables #	90,390	90,390
Cash and short-term deposits	80,060	80,060
	180,847	180,847
As 31 March 2021		
Financial liabilities		
Group		
Loans and borrowings	(18,750)	(18,750)
Trade and other payables *	(139,453)	(139,453)
	(158,203)	(158,203)
Company		
Loans and borrowings	(18,750)	(18,750)
Trade and other payables *	(210,981)	(210,981)
	(229,731)	(229,731)

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned (continued):

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
As 31 March 2020		
Financial assets		
Group		
Operating financial assets	11,427	11,427
Trade and other receivables #	134,938	134,938
Cash and short-term deposits	76,750	76,750
	223,115	223,115
Company		
Operating financial assets	11,427	11,427
Trade and other receivables #	138,607	138,607
Cash and short-term deposits	52,168	52,168
	202,202	202,202
As 31 March 2020		
Financial liabilities		
Group		
Loans and borrowings	(31,250)	(31,250)
Trade and other payables *	(175,131)	(175,131)
	(206,381)	(206,381)
Company		
Loans and borrowings	(31,250)	(31,250)
Trade and other payables *	(262,492)	(262,492)
	(293,742)	(293,742)

Excluded prepayments, advances to suppliers, goods and services tax and value added tax refundable and withholding tax refundable.

* *Excluded goods and service tax, sales and service tax and value added tax payable.*

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not use derivative financial instruments to hedge certain exposures and do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by their carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile

The Group and the Company determine the credit risk concentration of its trade receivables and contract assets by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables and contract assets at the reporting date are as follows:

	GROUP			
	31.03.2021		31.03.2020	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	66,500	83	113,122	84
Others	6,356	8	14,451	11
	72,856	91	127,573	95
Contract assets				
Trusted identification, payment and transportation	7,416	9	6,491	5
	80,272	100	134,064	100

	COMPANY			
	31.03.2021		31.03.2020	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	65,566	83	106,481	87
Others	6,356	8	10,010	8
	71,922	91	116,491	95
Contract assets				
Trusted identification, payment and transportation	7,354	9	6,468	5
	79,276	100	122,959	100

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on geographical region, shared credit characteristics and the days past due. The impairment losses also incorporate forward-looking information.

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows:

	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS RM'000	NET BALANCE RM'000
At 31 March 2021			
Group			
Contract assets	7,416	–	7,416
Trade receivables			
Current (not past due)	9,397	–	9,397
1 - 90 days past due	8,409	–	8,409
91 - 180 days past due	76	–	76
More than 181 days past due	54,974	–	54,974
Credit impaired (individually assessed)	21,777	(21,777)	–
	94,633	(21,777)	72,856
	102,049	(21,777)	80,272
Company			
Contract assets	7,354	–	7,354
Trade receivables			
Current (not past due)	8,955	–	8,955
1 - 90 days past due	8,267	–	8,267
91 - 180 days past due	76	–	76
More than 181 days past due	54,624	–	54,624
Credit impaired (individually assessed)	10,451	(10,451)	–
	82,373	(10,451)	71,922
	89,727	(10,451)	79,276

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Group's and the Company's trade receivables and contract assets are as follows (continued):

	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS RM'000	NET BALANCE RM'000
At 31 March 2020			
Group			
Contract assets	6,491	–	6,491
Trade receivables			
Current (not past due)	11,421	–	11,421
1 - 90 days past due	13,355	–	13,355
91 - 180 days past due	7,348	–	7,348
More than 181 days past due	95,449	–	95,449
Credit impaired (individually assessed)	28,188	(28,188)	–
	155,761	(28,188)	127,573
	162,252	(28,188)	134,064
Company			
Contract assets	6,468	–	6,468
Trade receivables			
Current (not past due)	11,049	–	11,049
1 - 90 days past due	9,233	–	9,233
91 - 180 days past due	5,474	–	5,474
More than 181 days past due	90,735	–	90,735
Credit impaired (individually assessed)	15,137	(15,137)	–
	131,628	(15,137)	116,491
	138,096	(15,137)	122,959

For trusted identification segment, as there are a few customers from different countries with different credit risk characteristics, the Group and the Company assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings for individual country, where applicable.

Included in trade receivables of the Group and the Company are amounts totalling RM55,944,924 (31.03.2020: RM92,726,406) due from 2 (31.03.2020: 2) of its significant receivables.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other receivables and other financial assets (continued)

For other receivables and other financial assets (including cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days to 60 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Other than the credit-impaired other receivables, the Group and the Company consider these financial assets to have low credit risk. As at the reporting date, the Group and the Company did not recognised any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 12 to the financial statements.

Refer to Note 3.12(a) to the financial statements for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds from operational collections to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and of the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Group					
At 31 March 2021					
Trade and other payables *	139,453	139,453	–	–	139,453
Term loans	18,750	13,412	6,378	–	19,790
	158,203	152,865	6,378	–	159,243
At 31 March 2020					
Trade and other payables *	175,131	175,131	–	–	175,131
Term loans	31,250	14,287	19,790	–	34,077
	206,381	189,418	19,790	–	209,208

		CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Company					
At 31 March 2021					
Trade and other payables *	210,981	210,981	–	–	210,981
Term loans	18,750	13,412	6,378	–	19,790
	229,731	224,393	6,378	–	230,771
At 31 March 2020					
Trade and other payables *	262,492	262,492	–	–	262,492
Term loans	31,250	14,287	19,790	–	34,077
	293,742	276,779	19,790	–	296,569

* *Excluded goods and services tax, sales and services tax and value added tax payable.*

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as results of changes in foreign exchange rates. The Group's and the Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's and the Company's operating activities (when sales and purchases that are denominated in foreign currency) and the Group's net investments in foreign subsidiaries.

The Board of Directors has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group and the Company do not hedge their foreign currency exposure. In addition, the Group and the Company also take advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

The Group's and the Company's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	GROUP		COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
US Dollar	63,165	72,584	63,165	99,565
Euro	9,052	45,103	9,052	45,103
Others	2,514	1,128	2,514	1,128
	74,731	118,815	74,731	145,796
Cash and short-term deposits				
US Dollar	2,768	3,345	2,768	3,345
Euro	622	1,505	622	1,505
Egyptian Pound	1,718	31	1,718	31
	5,108	4,881	5,108	4,881
Trade and other payables				
US Dollar	(84,220)	(100,606)	(82,226)	(98,532)
Euro	(4,699)	(23,310)	(4,610)	(23,223)
Others	(23)	(36)	(2)	(16)
	(88,942)	(123,952)	(86,838)	(121,771)

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to United States Dollar ("USD"), Euro and Egyptian Pound.

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year.

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Group			
31 March 2021			
US Dollar	+10%	(1,829)	(1,829)
	-10%	1,829	1,829
Euro	+10%	498	498
	-10%	(498)	(498)
Egyptian Pound	+10%	172	172
	-10%	(172)	(172)
Others	+10%	249	249
	-10%	(249)	(249)
31 March 2020			
US Dollar	+10%	(2,468)	(2,468)
	-10%	2,468	2,468
Euro	+10%	2,330	2,330
	-10%	(2,330)	(2,330)
Egyptian Pound	+10%	3	3
	-10%	(3)	(3)
Others	+10%	109	109
	-10%	(109)	(109)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currencies, with all other variables held constant on the Group's and the Company's total equity and profit for the financial year. (continued)

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Company			
31 March 2021			
US Dollar	+10%	(1,629)	(1,629)
	-10%	1,629	1,629
Euro	+10%	506	506
	-10%	(506)	(506)
Egyptian Pound	+10%	172	172
	-10%	(172)	(172)
Others	+10%	251	251
	-10%	(251)	(251)
31 March 2020			
US Dollar	+10%	438	438
	-10%	(438)	(438)
Euro	+10%	2,339	2,339
	-10%	(2,339)	(2,339)
Egyptian Pound	+10%	3	3
	-10%	(3)	(3)
Others	+10%	111	111
	-10%	(111)	(111)

Notes to the Financial Statements
continued

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as results of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group and the Company do not hedge their interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>

The Group and the Company do not account for any fixed rate financial instruments. Therefore, a change in interest rate at the reporting date would not affect profit or loss and equity.

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1 and Level 2 during the financial year (31.03.2020: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:

		FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			
		FAIR VALUE			
	CARRYING AMOUNT TOTAL RM'000	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Group and Company					
31 March 2021					
Financial assets					
Operating financial assets	10,397	–	–	10,397	10,397
Financial liabilities					
Term loans (fixed)	(18,750)	–	–	(18,106)	(18,106)
31 March 2020					
Financial assets					
Operating financial assets	11,427	–	–	11,427	11,427
Financial liabilities					
Term loans (fixed)	(31,250)	–	–	(30,274)	(30,274)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of operating financial assets and term loans are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

27. CAPITAL COMMITMENTS

The Group and the Company have made commitments for the following capital expenditures:

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
- Plant and equipment	11	436

28. RELATED PARTIES

(a) Identification of related parties

Parties are considered related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associates;
(iii) Joint ventures; and
(iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

Notes to the Financial Statements
continued

28. RELATED PARTIES (CONTINUED)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)
Sales		
Subsidiary	1,071	7,900
Purchases		
Subsidiary	(926)	(969)
Rental income		
Subsidiary	106	106
Management fee paid		
Subsidiary	(270)	(479)
Commission paid		
Subsidiary	(20)	–

(c) Compensation of key management personnel

	GROUP AND COMPANY	
	31.03.2021 RM'000	31.03.2020 RM'000
Short-term employee benefits	2,180	3,687
Post-employment employee benefits	258	428
	2,438	4,115

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2021 and 31 March 2020.

29. CAPITAL MANAGEMENT (CONTINUED)

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as total loans and borrowings divided by total equity. The gearing ratio as at the reporting date are as follows:

		GROUP		COMPANY		
	NOTE	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000 (RESTATED)	01.04.2019 RM'000 (RESTATED)
Total loans and borrowings	17	18,750	31,250	18,750	31,250	53,750
Total equity		295,032	265,309	147,359	106,095	105,300
Gearing ratio		6%	12%	13%	29%	51%

There was no change in the Group's and the Company's approach to capital management during the financial year.

The Company is required to comply with certain debts equity ratios in respect of its term loans.

Gearing ratios are not governed by the MFRSs and their definitions and calculations may vary between reporting entities.

Notes to the Financial Statements
continued

30. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director for the purpose of making decisions about resource allocation and performance assessment.

The three reportable operating segments are as follows:

SEGMENTS	PRODUCTS AND SERVICES
Trusted identification division	e-Passports, e-Identification cards, banking cards, transportation and other related Trusted Identification's devices, equipments and services
Property development and construction sub-division	Construction of buildings and modern integrated farms and manufacturing of Koto industrialised building systems
Food and agro technology sub-division	Provision of food and agro produce and equipment

Inter-segment pricing is determined on negotiated basis.

Segment profit
Segment performance is used to measure performance as the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets
The total segment asset is measured based on all assets (excluding investments in associates and joint ventures, deferred tax assets and tax recoverable) of a segment, as included in the internal reports that are reviewed by the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director.

Segment liabilities
Segment liabilities are not included in the internal reports that are reviewed by the Executive Deputy Chairman, the Group's Chief Executive Officer and the Group's Finance Director, hence no disclosures are made on segment liabilities.

30. SEGMENT INFORMATION (CONTINUED)

		CONTINUING OPERATIONS				
			SUSTAINABLE DEVELOPMENT DIVISION			
	NOTE	TRUSTED IDENTIFICATION DIVISION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL RM'000
31.03.2021						
Revenue:						
Revenue from external customers		104,844	1,689	85	–	106,618
Inter-segment revenue	A	–	–	–	–	–
		104,844	1,689	85	–	106,618
Results						
Operating results		21,523	(4,857)	(54)	–	16,612
Interest income		1,351	–	–	–	1,351
Other operating income		10,871	3,039	832	–	14,742
Depreciation and amortisation		(6,842)	–	–	123	(6,719)
Finance costs		(2,203)	–	(1)	–	(2,204)
Net impairment losses on financial instruments		2,098	(7,961)	2,109	–	(3,754)
Unrealised gain on foreign exchange		2,125	–	–	–	2,125
Administrative and operating expenses	B	(13,831)	(48)	(40)	–	(13,919)
Reportable segment profit/(loss)		15,092	(9,827)	2,846	123	8,234
Unallocated corporate expenses	B	–	–	–	(17,817)	(17,817)
Share of results of associates and joint ventures		14	–	–	–	14
Segment profit/(loss)		15,106	(9,827)	2,846	(17,694)	(9,569)
Income tax expense		(3,296)	–	–	–	(3,296)
Profit/(loss) for the financial year	B	11,810	(9,827)	2,846	(17,694)	(12,865)
Assets:						
Investments in associates and joint ventures		4,464	–	–	–	4,464
Addition to capital expenditure		621	–	–	–	621
Segment assets	C	524,522	3,242	173	(60,444)	467,493

Notes to the Financial Statements
continued

30. SEGMENT INFORMATION (CONTINUED)

	NOTE	CONTINUING OPERATIONS: TRUSTED IDENTIFICATION DIVISION RM'000	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	CONTINUING OPERATIONS: SUSTAINABLE DEVELOPMENT DIVISION: FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	CONTINUING OPERATIONS: ADJUSTMENTS AND ELIMINATIONS RM'000	CONTINUING OPERATIONS: TOTAL CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATION RM'000	TOTAL RM'000
2020								
Revenue:								
Revenue from external customers		226,452	2,927	208	–	229,587	–	229,587
Inter-segment revenue	A	–	–	–	–	–	–	–
		226,452	2,927	208	–	229,587	–	229,587
Results								
Operating results		55,259	98	440	–	55,797	–	55,797
Interest income		2,979	–	–	–	2,979	–	2,979
Other operating income		7,173	193	932	–	8,298	–	8,298
Depreciation and amortisation		(10,097)	(14)	(88)	–	(10,199)	–	(10,199)
Finance costs		(3,392)	(2)	(5)	–	(3,399)	–	(3,399)
Gain on disposal of subsidiaries		–	–	–	–	–	5,479	5,479
Net impairment losses on financial assets and contract assets		(1,465)	(4,515)	45	–	(5,935)	–	(5,935)
Unrealised gain on foreign exchange		(21)	–	–	–	(21)	–	(21)
Administrative and operating expenses	B	(3,526)	(1,182)	(466)	–	(5,174)	–	(5,174)
Reportable segment profit/ (loss)		46,910	(5,422)	858	–	42,346	5,479	47,825
Unallocated corporate expenses	B	–	–	–	(23,957)	(23,957)	–	(23,957)
Share of results of associates and joint ventures		4	–	–	–	4	–	4
Segment profit/ (loss)		46,914	(5,422)	858	(23,957)	18,393	5,479	23,872
Income tax expense		(8,419)	–	–	–	(8,419)	–	(8,419)
Profit/(loss) for the financial year	B	38,495	(5,422)	858	(23,957)	9,974	5,479	15,453
Assets:								
Investments in associates and joint ventures		4,450	–	–	–	4,450	–	4,450
Addition to capital expenditure		8,798	–	–	–	8,798	–	8,798
Segment assets	C	555,439	11,931	3,479	(82,922)	487,927	–	487,927

30. SEGMENT INFORMATION (CONTINUED)

Reconciliation of reportable segment revenue, profit or loss, assets and other material items are as follows:

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	31.03.2021 RM'000	31.03.2020 RM'000
Unallocated other corporate expenses	(17,817)	(23,957)

C Reconciliation of assets

	31.03.2021 RM'000	31.03.2020 RM'000
Investments in associates and joint ventures	4,464	4,450
Inter-segment assets	(64,908)	(87,372)
	(60,444)	(82,922)

<u>Disaggregation of revenue by geographical information</u>

Revenue information based on the geographical location of customers are as follows:

	TRUSTED IDENTIFICATION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION RM'000	FOOD & AGRO-TECHNOLOGY RM'000	TOTAL RM'000
Group				
31 March 2021				
Malaysia	18,356	1,689	85	20,130
Asia Pacific	6,895	–	–	6,895
Oceania	1,036	–	–	1,036
Africa	65,418	–	–	65,418
North America	13,139	–	–	13,139
	104,844	1,689	85	106,618
31 March 2020				
Malaysia	24,876	2,927	208	28,011
Asia Pacific	22,930	–	–	22,930
Oceania	3,161	–	–	3,161
Africa	171,549	–	–	171,549
North America	3,936	–	–	3,936
	226,452	2,927	208	229,587

Notes to the Financial Statements
continued

30. SEGMENT INFORMATION (CONTINUED)

Geographical information

Non-current assets (excluding deferred tax assets and financial instruments) information based on the geographical location of customers are as follows:

	GROUP	
	31.03.2021 RM'000	31.03.2020 RM'000
Non-current assets		
Malaysia	223,850	229,757

Information about major customers

The following are major customers with revenue equal to or more than 10% of Group revenue:

	GROUP		
	31.03.2021 RM'000	31.03.2020 RM'000	SEGMENTS
Customer A	12,227	84,097	Trusted identification
Customer B	38,675	65,402	Trusted identification
	50,902	149,499	

31. MATERIAL LITIGATIONS

(i) IRIS Technologies (M) Sdn. Bhd. ("ITSB") and Kunt Electronic Sanayii vs Ticaret A.S (both parties are henceforth known as "JVCO") vs Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu ("EGM") (Turkey)

The JVCO's claim for unlawful termination by EGM and payment for the balance amount of (Turkish Lira) TL6,195,000 (equivalent to RM9,014,221) due to JVCO for work completed was rejected. EGM's claim for the refund of monies paid to the JVCO for the completion of Phase 1 (delivery of hardware and equipment) of the project to the amount of TL6,195,000 (equivalent to RM9,014,221) was allowed and declared that the JVCO had to return the said amount to EGM with interest. The JVCO to pay TL5,053,84 (equivalent to RM7,354) as expenses arising from their performance of the contract and loss suffered by EGM. EGM's claim of TL49,761,53 (equivalent to RM72,407) as expenses arising from their performance of the contract and loss due to the termination was allowed and the JVCO was ordered to pay the said amount as compensation.

The Group was informed that a decision was declared on 16 September 2014 and was duly served on the JVCO on 28 January 2015.

The JVCO's decided to file an appeal against the decision in favour of EGM on 27 November 2018. The appeal is in progress.

The Group had made the appropriate provision in relation to the judgement in the financial year ended 31 March 2015.

31. MATERIAL LITIGATIONS (CONTINUED)

(ii) In the High Court of Malaya at Kuala Lumpur Suit No. WA-22NCVC-126-03/2018; Roxwell Group Sdn. Bhd. (755819-U) ("Plaintiff") against (1) IRIS Corporation Berhad ("ICB") or ("D1"), (2) Tan Say Jim ("D2"), (3) Su Thai Ping ("D3"), (4) Hamdan Bin Mohd Hassan ("D4") & (5) Sylla Ibrahima Sory ("D5")

The Plaintiff and D1 entered into a Cooperation Agreement on 17 November 2011 and among the salient terms of the Cooperation Agreement was for the Plaintiff to identify for ICB potential projects in the Republic of Guinea and Guinea Bissau ("Territory") for a period of three (3) years from the date of the Cooperation Agreement. In consideration of any and all services in respect of the Cooperation Agreement involving the sale of plant, equipment, machinery or asset arranged by the Plaintiff, D1 agreed to pay the Plaintiff a commission of 15%.

In 2013, D1 separately tendered and was awarded the BOT Passport Contract by the Government of the Republic of Guinea ("the BOT project"). The Plaintiff is claiming for an alleged commission payment in the amount of RM169,480,350.00 (together with interest deemed appropriate by the court) under the Cooperation Agreement calculated based on the formula of 15% on the reported value. The Plaintiff is also alleging that D1 has colluded with D2, D3, D4 and D5 to deprive it of its contractual rights under the Cooperation Agreement.

The Decision after full trial was delivered by the court on 28 November 2019 whereas the court dismissed the Plaintiff's claim against the Defendants with costs of RM90,000 each (except RM60,000 for D4 as the case was withdrawn against him prior to the decision).

The Plaintiff however filed a Notice of Appeal in the Court of Appeal against the whole decision on 20 December 2019 whereas the hearing of appeal is fixed on 11 November 2020 and both parties to file Written Submission two weeks before the hearing date. The hearing of appeal commenced on 13 August 2021, and the continue hearing of appeal is fixed on 19 November 2021.

(iii) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad ("Plaintiff") against nine (9) former members of the Board of Directors ("Defendants")

The Company had on 24 April 2019 commenced legal proceedings in Kuala Lumpur High Court ("the suits") against the Defendants concerning the Company's investment in Border Control Solutions Limited ("BCS"). The Company brought this action for loss suffered from the Defendants' failure to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence as Directors of the Company at that material time.

The Company seeks the following reliefs against the Defendants jointly and severally:

(a) The sum of RM11,721,050 being the total amount paid by the Company for the subscription of the BCS's shares which is equivalent to total sum of GBP2.05 million (by reference to the conversion rates prevailing on the respective dates of payments);

(b) The sum of RM482,172 being the total amount paid by the Company to Joseph Vijay Kumar ("JVK") as consultant fees which is equivalent to total sum of GBP84,000 (by reference to the conversion rates prevailing on the respective dates of payments);

(c) Pre-judgment interest on the sums awarded in (a) and (b) above pursuant to section 11 of the Civil Law Act 1956 at the following rates:
    (i) Interest at the rate of 5% per annum on the sum of RM11,721,050 from 24 August 2016 (i.e. the date of the last payment to BCS) until the date of full settlement;
    (ii) Interest at the rate of 5% per annum on RM482,172 from 10 October 2016 (i.e. the date of the last payment to JVK) until the date of full settlement thereof;

Notes to the Financial Statements
continued

31. MATERIAL LITIGATIONS (CONTINUED)

(iii) In the High Court of Malaya at Kuala Lumpur; IRIS Corporation Berhad ("Plaintiff") against nine (9) former members of the Board of Directors ("Defendants") (continued)

(d) Post-judgment interest on the sums awarded in (a) and (b) above at the rate of 5% per annum from the date of judgment until the date of full and final realisation;
(e) Alternative to (a) and (b) above;
(f) General damages to be assessed;
(g) Interest on the general damages awarded in (e) above;
(h) Costs; and/or
(i) All other relief which this Honourable Court deems fit and just.

Item (a) and (b) above had been fully impaired/expense off to profit or loss in previous financial year.

The initial continued hearing dates have been fixed by the court as follows:
(a) 19, 20, 23, 26, 27 & 28 of April 2021; and
(b) 25 & 28 of May 2021.

However, during the Case Management on 9 April 2021, the initial dates for continuation of trial have been vacated and the court fixed new dates as follows:
(a) 28 October 2021 to 29 October 2021;
(b) 15 November 2021 to 19 November 2021;
(c) 10 January 2022 to 13 January 2022; and
(d) 26 January 2022 to 27 January 2022.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than as disclosed elsewhere in the financial statements, the significant events during the financial year and subsequent to the end of the financial year are as follows:

(a) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing, international border restrictions and other precautionary measures imposed in various countries.

The COVID-19 outbreak has adversely impacted revenue due to temporary disruption of the Group's and the Company's operations and adversely affected customers' demand for trusted identification segment.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONTINUED)

Other than as disclosed elsewhere in the financial statements, the significant events during the financial year and subsequent to the end of the financial year are as follows: (continued)

(b) Private placement exercise

The Company had on 23 June 2020 announced a private placement exercise which involves the issuance of up to 296,628,000 new IRIS Shares ("Placement Shares"), representing up to 10% of the total number of issued shares of the Company, at an issue price to be determined and announced at later date. Bursa Malaysia had on 7 July 2020 approved the listing and quotation of the Placement Shares to be issued pursuant to the proposed private placement exercise.

As of 31 March 2021, the Company had completed 3 tranches of private placement as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED UNIT	ISSUE PRICE RM	PLACEMENT PROCEEDS RM
1st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
Total		150,000,000	0.28325	42,487,500

(c) Letter of Award of National Integrated Immigration System

On 29 January 2021, IRIS Information Technology Systems Sdn. Bhd. ("IITS"), a wholly owned subsidiary of the Company, received a Letter of Award from Kementerian Dalam Negeri ("KDN") for the project known as National Integrated Immigration System ("NIISe") with a total contract value of RM1,159,428,000.00, inclusive of 6% Sales and Service Tax ("SST"). On 2 June 2021, KDN informed IITS via a Supplementary Letter of Award ("SLOA") that Government had agreed to reduce the applicable SST for NIISe. Consequently, the total contract value under SLOA has been reduced to RM1,126,864,097.89, inclusive of 6% SST. NIISe is expected to contribute positively to the earning of the Group in coming financial years.

(d) Acquisition of remaining 49% equity interest of IRIS Koto (M) Sdn. Bhd. ("IKSB")

On 3 June 2021, the Company acquired 367,500 shares or 49% of the remaining issued and fully paid-up shares of RM1.00 each in IKSB for a total consideration of RM2.00. IKSB then become a wholly owned subsidiary of the Company.

Notes to the Financial Statements
continued

33. RETROSPECTIVE RESTATEMENT

(a) In the previous financial years, certain expenses of the Company had been recorded under one of the subsidiaries of the Group, IRIS (Bangladesh) Limited ("ICBL")'s financial statements. Prior year adjustments had been made to adjust the expenses to the Company for the current financial year.

As such, the audited financial statements for the financial year ended 31 March 2020 and 1 April 2019 of the Company were restated during the financial year as below:

	AS PREVIOUSLY REPORTED RM'000	ADJUSTMENT RM'000	AS RESTATED RM'000
Company			
Statement of Financial Position			
As at 31 March 2020			
Current assets			
Trade and other receivables	156,242	(6,501)	149,741
Equity			
Accumulated losses	(436,705)	(6,501)	(443,206)
Statement of Financial Position			
As at 1 April 2019			
Current assets			
Trade and other receivables	115,057	(5,201)	109,856
Equity			
Accumulated losses	(439,084)	(5,201)	(444,285)
Statement of Comprehensive Income			
For the financial year ended			
31 March 2020			
Administrative expenses	(24,576)	(1,300)	(25,876)
Profit for the financial year from continuing operations	2,095	(1,300)	795
Total comprehensive income for the financial year	2,095	(1,300)	795

33. RETROSPECTIVE RESTATEMENT (CONTINUED)

(b) Change in accounting policy

Accounting policy for cash and cash equivalents

In the previous financial years, the Group and the Company excluded the fixed deposits held on lien for bank guarantee and credit facilities granted to Group and the Company with amount of RM13,523,828 (2019: RM14,319,930) as a component of cash and cash equivalents.

During the financial year, the Group and the Company changed their accounting policy to include the fixed deposits held on lien as a component of cash and cash equivalents on the basis that it meets the definition of cash equivalents, and the use of fixed deposits are within the control of the Group and the Company. The disclosure for amount of cash and cash equivalent balances that are not available for use by the Group and the Company have been made in Note 14(b) to the financial statements.

The change in accounting policy was applied retrospectively.

There is no material impact on the statements of cash flows for the Group and the Company for the financial year ended 31 March 2020 other than the effect of change in accounting policy as follows:

	AS PREVIOUSLY REPORTED RM'000	EFFECT OF CHANGE IN ACCOUNTING POLICIES RM'000	AS RESTATED RM'000
Statements of cash flows			
For the financial year ended 31 March 2020			
Group			
Cash and cash equivalents at the beginning of the financial year	103,088	14,320	117,408
Cash and cash equivalents at the end of the financial year	63,226	13,524	76,750
Company			
Cash and cash equivalents at the beginning of the financial year	80,147	14,320	94,467
Cash and cash equivalents at the end of the financial year	38,644	13,524	52,168

The change in accounting policy does not have any impact on the statements of financial position, statements of comprehensive income and statements of changes in equity of the Group and of the Company.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **TAN SRI NIK MOHAMED BIN NIK YAACOB** and **DR. POH SOON SIM**, being two of the directors of **IRIS CORPORATION BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 55 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

TAN SRI NIK MOHAMED BIN NIK YAACOB
Director

DR. POH SOON SIM
Director

Kuala Lumpur

Date: 18 August 2021

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **H'NG BOON HARNG**, being the director primarily responsible for the financial management of **IRIS CORPORATION BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 55 to 157 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

H'NG BOON HARNG
MIA Membership No.: 15998

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 August 2021.

Before me,

Commissioner for Oaths
HADINUR MOHD SYARIF W761

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS CORPORATION BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IRIS Corporation Berhad, which comprise the statements of financial position as at 31 March 2021 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 55 to 157.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2021, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GROUP

Goodwill (Note 4(a) and 6(a) to the financial statements)

The Group's goodwill amounted to RM128,268,000 as at 31 March 2021. The goodwill is tested for impairment annually. In performing the impairment assessment, the Group has identified the trusted identification segment as the cash generating unit to which the goodwill is allocated. We focused on this area because the assessment requires significant judgements by the directors on the discount rate applied in the recoverable amount calculation and assumptions supporting the underlying cash flows projections which include future sales, forecast growth rate, inflation rate, gross profit margins and operating expenses. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than expected.

Key Audit Matters (continued)

GROUP (CONTINUED)

Our response:

Our audit procedures focused on evaluating the cash flow forecasts and the Group's forecasting procedures which included, among others:

- assessing the valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets*;
- comparing the actual results with previous budgets to assess the performance of the business;
- assessing the key assumptions which include consideration of the current economic and business environment to assess their reasonableness and the achievability of the forecasts;
- testing the mathematical accuracy of the impairment assessment; and
- performing stress test analysis around the key inputs that are expected to be most sensitive to the recoverable amount.

GROUP AND COMPANY

Trade and other receivables and contract assets (Note 4(b), 12 and 13 to the financial statements)

The Group and the Company have significant trade and other receivables and contract assets as at 31 March 2021 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and impairment losses provided. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- discussing with the Group's and the Company's management on the recoverability of the trade and other receivables and contract assets;
- understanding the major contracts and agreements with the customers, if any;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondences and consideration of the level of activities with the customers and directors' explanation on the recoverability with significantly past due balances; and
- understanding the reasonableness and calculation of impairment losses provided as at the end of the reporting period.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report to the Members of IRIS Corporation Berhad

(Incorporated in Malaysia)
continued

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Heng Fu Joe
No. 02966/11/2022 J
Chartered Accountant

Kuala Lumpur

Date: 18 August 2021

ANALYSIS OF SHAREHOLDINGS

As At 19 July 2021

SHARE CAPITAL

Total Number of Issued Shares	:	3,116,282,862 Ordinary Shares
Issued Share Capital	:	RM582,089,643
Class of Shares	:	Ordinary Shares
Voting Rights	:	Every member of the Company, present in person or by proxy, shall have one (1) vote for each share held

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than 100	200	0.80	5,697	0.00
100 to 1,000	2,513	10.09	1,509,289	0.05
1,001 to 10,000	9,999	40.16	62,586,951	2.01
10,001 to 100,000	10,079	40.48	377,253,537	12.11
100,001 to less than 5% of issued shares	2,105	8.45	2,138,946,988	68.64
5% and above of issued shares	2	0.01	535,980,400	17.20
Total	**24,898**	**100.00**	**3,116,282,862**	**100.00**

STATEMENT OF DIRECTORS' SHAREHOLDINGS

	DIRECT		INDIRECT	
NAME OF DIRECTORS	NO. OF SHARES	%	NO. OF SHARES	%
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	12,000	*0.00
Dr. Poh Soon Sim	41,000,000	1.32	347,590,200	^11.15
Dato' Mohamed Khadar Bin Merican	–	–	–	–
Dato' Dr. Abu Talib Bin Bachik	–	–	–	–
Mr Ling Hee Keat	106,800,000	3.43	–	–
Haji Hussein Bin Ismail	–	–	–	–
Encik Shaiful Zahrin Bin Subhan	9,500,000	0.30	–	–
Mr H'ng Boon Harng	1,000,000	0.03	–	–

Notes:

* *Deemed interests by virtue of the shares held by Tan Sri Nik Mohamed Bin Nik Yaacob's spouse pursuant to Section 59(11)(c) of the Companies Act, 2016 in Malaysia.*

^ *Deemed interests by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and deemed interest by virtue of his son direct shareholdings pursuant to Section 59 of the Companies Act, 2016 in Malaysia.*

Analysis of Shareholdings

As At 19 July 2021
continued

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

	DIRECT		INDIRECT	
NAME OF SHAREHOLDERS	**NO. OF SHARES**	**%**	**NO. OF SHARES**	**%**
Dr. Poh Soon Sim	41,000,000	1.32	347,590,200	^11.15
YBhg. Dato' Seri Robin Tan Yeong Ching	245,690,200	7.88	–	–
Orientalgold Equity Sdn Bhd	345,290,200	11.08	–	–

Notes:

^ *Deemed interests by virtue of his shareholdings in Poh Associates Sdn Bhd and Orientalgold Equity Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 and deemed interest by virtue of his son direct shareholdings pursuant to Section 59 of the Companies Act, 2016 in Malaysia.*

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 JULY 2021

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ORIENTALGOLD EQUITY SDN. BHD.	345,290,200	11.080
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ROBIN TAN YEONG CHING (PB)	190,690,200	6.119
3	TIRAM TRAVEL SDN BHD	75,123,700	2.410
4	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	69,182,000	2.220
5	NG CHAI GO	68,009,900	2.182
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	67,683,100	2.171
7	MCS MICROSYSTEMS SDN BHD	65,333,333	2.096
8	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR REGIONAL EQUITIES SDN BHD	58,413,600	1.874
9	ROBIN TAN YEONG CHING	55,000,000	1.764
10	SETAPAK HEIGHTS DEVELOPMENT SDN. BHD.	45,000,000	1.444
11	MOHD JOHAR BIN ARIF	44,060,700	1.413
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR BEH KIM LING	43,000,000	1.379
13	POH SOON SIM	39,000,000	1.251
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LING HEE KEAT (MY3339)	31,800,000	1.020
15	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	30,500,000	0.978

Analysis of Shareholdings

As At 19 July 2021
continued

THIRTY (30) LARGEST SHAREHOLDERS AS AT 19 JULY 2021 (CONTINUED)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
16	MAYBANK NOMINEES (ASING) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MULTI TECHNOLOGIES LIMITED (PW-M01299) (426725)	30,280,556	0.971
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR NG CHAI GO (SMART)	28,003,600	0.898
18	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	24,360,000	0.781
19	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELVA KUMAR A/L VEERAPPAN	23,300,000	0.747
20	ARQGATE SDN BHD	20,000,000	0.641
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEW BEN BEN (MY3378)	19,500,000	0.625
22	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOW LOW KANG HAI RICHARD (SIN 9131-9)	18,500,000	0.593
23	NG CHAI GO	18,244,100	0.585
24	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO WENG SENG (7003217)	17,911,200	0.574
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AUGUSTUS RALPH MARSHALL (PB)	15,000,000	0.481
26	LING HEE KEAT	15,000,000	0.481
27	TEO TONG KOOI	15,000,000	0.481
28	ASIAMS HOLDINGS SDN BHD	14,710,000	0.472
29	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN HAMZAH	14,510,000	0.465
30	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TA KIN YAN	14,500,000	0.465
	Total	**1,516,906,189**	**48.676**