



IRIS Corporation Berhad
199401016552 (302232-X)

2022

ANNUAL
REPORT





IRIS Corporation Berhad
199401016552 (302232-X)

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Overview of IRIS



Founded in 1994, IRIS Corporation Berhad (ACE Market: IRIS) is an MSC-status technology innovator and **leading provider of Trusted Identification (ID) products and solutions.**



Backed by a committed team of innovators who consistently deliver excellence, we designed the **world's first ePassport** for the Government of Malaysia **in March 1998.** We went on to upgrade and improve the ePassport by creating the IRIS eGate which automatically authenticates ePassport.



In addition, IRIS' wholly owned subsidiary, IRIS Information Technology Systems Sdn Bhd (IITS) received a **Letter of Award for the National Integrated Immigration System (NIISe) project** from Ministry of Home Affairs of Malaysia **in January 2021.**

With 28 years of experience and expertise, IRIS remains a dedicated end-to-end global integrated solutions provider for eID, ePassport, eVisa, Automated Border Control (ABC), smart cards, and other Trusted ID solutions that are highly reliable, secure, and holistic.

Over the years, we have expanded our global footprint to 34 countries, and we will continually increase our customer base while widening our international presence in diverse markets. Every day, our experienced, agile, and adaptive team delivers viable, secure, and comprehensive solutions to suit the needs of our customers around the world while being grounded by our core values of collaboration, integrity, innovation, trust, and accountability.

Qualified with multiple global ISO accreditations and honoured with numerous awards, IRIS innovates constantly by leveraging existing, disparate technologies and integrating them with new ideas to bring to life new solutions what will change the world for the better while promoting Malaysian innovations globally.

This is what IRIS is about. Changing the way we do things, for a sustainable and brighter tomorrow.

Global leader in Trusted ID solutions that are **Innovative, Relevant, Intelligent & Secure (IRIS)**



To continuously deliver innovative and customised solutions with our Business Partners

- eID & Digital Identity Solution
- ePassport Solution
- Border Control Solution
- Driver's License & Vehicle Registration Solution
- Voter's Card Solution
- eVisa Solution
- Smart Card Solution
- Secure Document Solution
- Smart Devices



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PROXY FORM



Executive Deputy Chairman's Management Discussion and Analysis

DEAR STAKEHOLDERS,

FINANCIAL YEAR 2022 (FY2022) WAS ANOTHER CHALLENGING YEAR FOR IRIS AS BUSINESSES AND PEOPLE AROUND THE WORLD CONTINUE TO BATTLE AGAINST THE COVID-19 PANDEMIC AMIDST THE PERIODIC RESURGENCE OF COVID-19 VARIANTS. GLOBAL ECONOMIES EXPERIENCED VARIOUS DEGREES OF RECOVERY AND REDUCED LOCKDOWN RESTRICTIONS, WITH A FEW COUNTRIES GRADUALLY RETURNING TO THEIR RESPECTIVE PRE-COVID STATES.

The COVID-19 pandemic started end FY2020 and carried on into FY2022. Like so many other companies around the world, IRIS had an extremely challenging year for supply chain activities with delivery delays and unprecedented global chip shortage. However, we managed these challenges together as a team and turned IRIS around to achieve Profit Before Tax (PBT) of RM4.2 million in FY2022 as compared to Loss Before Tax (LBT) of RM9.6 million in FY2021.

Throughout the pandemic, our board, management and employees demonstrated resilience and worked together to rise above adversity. The Group transformed our operations by continuing our relentless focus on

top 3 priorities:

Our internal COVID-19 core team continued the Group's efforts to ensure that we were doing everything we can to protect the health, safety and wellbeing of our employees by ensuring that IRIS follows the mandatory Standard Operating Procedures (SOPs) set by the government.

Cost-saving measures continued to be a core focus in FY2022 to further improve our productivity, efficiency and cash flow. Our action plans included an emphasis on productivity improvements, supply chain optimization and resource efficiency improvements by reducing the consumption of materials, energy, water and waste in our production processes.

In December 2021, the Group completed the Private Placement via 7 tranches with 297 million new IRIS shares issued, raising RM71.2 million for the Group. The additional fund raised enabled us to fund existing and future projects as well as participate in more projects to further strengthen our income stream.

We continued to strengthen our focus on sustainability by ensuring that Economic, Environmental and Social (EES) considerations are integrated into the Group's business strategies to deliver value to all our stakeholders. The Group improved our internal capabilities and capacity

1 Ensure the health, safety and wellbeing of our employees



2 Manage cash flow by implementing prudent cost-saving measures



3 Ensure business sustainability



Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

to understand and implement sustainability approaches and strategies as we maintain our ISO Environmental Management System (EMS), ISO Information Security Management System (ISMS) and ISO Quality Management System (QMS) certifications.

In FY2022's challenging operating environment, we deepened our sustainable, responsible business framework built on the tenets of good corporate governance. In addition to our existing Anti-Bribery and Anti-Corruption Policy, No Gift Policy and Whistleblowing-Policy, the Group also adopted the Fit and Proper Policy to ensure a formal, rigorous and transparent process for the appointment and re-election of Directors and the appointment of Principal Officers of the Company and its subsidiaries.

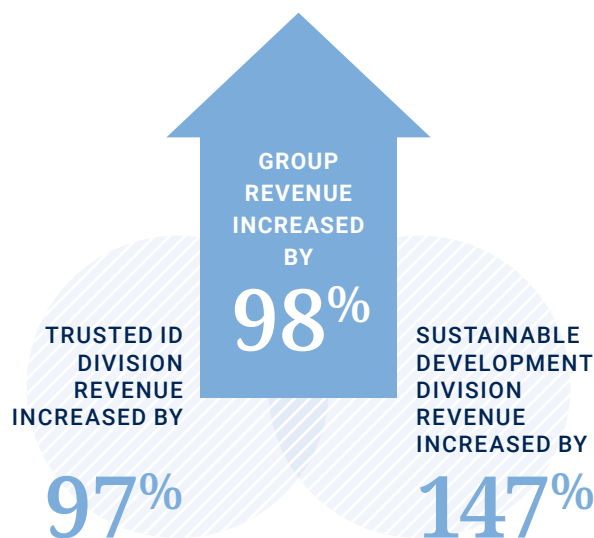
The Group also continued to keep clients at the core of everything that we do and focused on cultivating long-term client relationships. As a result, we received a contract addendum amounting to USD39.69 million from Tanzania's National Identification Authority (NIDA) and a contract extension from Senegal government for the supply of new National ID Cards and Voter Cards amounting to Euro15.99 million.

Group Financial Performance

Despite the easing of lockdowns and movement restrictions in many countries throughout FY2022, certain effects of the pandemic persist including the global supply chain disruptions caused by COVID-19 restrictions in some countries especially China.

However, due to our relentless focus on our top 3 priorities and higher ePassports delivery, the Group achieved a 98% increase in revenue of RM211.0 million in FY2022 compared to RM106.6 million in FY2021. For FY2022, the Group posted Profit Before Tax (PBT) of RM4.2 million as compared to FY2021 Loss Before Tax (LBT) of RM9.6 million.

Trusted ID (Identification) posted a higher revenue of RM206.8 million in FY2022 as compared to FY2021 revenue of RM104.8 million due to the increased demand for ePassports since borders re-opened and the recognition of revenue from an existing domestic project. Profit After Tax



(PAT) for the division increased by 78% to RM21.0 million compared to PAT of RM11.8 million in FY2021.

The Sustainable Development division contributed a higher revenue of RM4.2 million in FY2022 compared to FY2021's RM1.7 million. This non-core business division recorded PAT of RM6.2 million in FY2022 compared to Loss After Tax (LAT) of RM7.0 million in FY2021 mainly due to the reversal of accruals no longer required arising from closure of completed projects.

Moving forward, IRIS is expected to continue to derive revenues from the on-going Trusted ID projects in Africa, Asia and North America regions as well as the NIISe project in Malaysia. We are confident that NIISe will continue to contribute positively to the earnings of IRIS during its tenure.

Despite many countries transitioning from pandemic to endemic stage, we expect further challenges to deliver existing sales orders and pursue new business opportunities in FY2023. However, the Group will continue our relentless focus to deliver sustainable financial performance by expanding our market share domestically and globally while optimising the costs of operations.



Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

Summary of Financial Information

		2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
REVENUE		210,987	106,618	229,587	229,237	334,692
Profit/(Loss) before taxation		4,192	(9,569)	18,393	40,816	(122,940)
Profit/(Loss) after taxation		3,405	(12,865)	9,974	37,507	(112,163)
Total Equity attributable to owners of the Company		325,350	314,123	282,557	272,581	179,743
Current assets		280,000	234,353	247,772	266,416	266,083
Non-current assets		229,011	229,532	236,547	249,247	271,330
Total assets		509,011	463,885	484,319	515,663	537,413
Current liabilities		170,066	152,957	193,154	231,072	334,091
Non-current liabilities		15,447	19,504	29,464	34,607	59,753
Total liabilities		185,513	172,461	222,618	265,679	393,844
Net assets		323,498	291,424	261,701	249,984	143,569
KEY RATIO	BASIS					
Pre-tax profit/(loss) margin	(%)	1.99	(8.98)	8.01	17.81	(36.73)
Post-tax profit/(loss) margin	(%)	1.61	(12.07)	4.34	16.36	(33.51)
Basic earnings/(loss) per share	(sen)	0.11	(0.37)	0.46	1.40	(5.12)
Net assets per ordinary share attributable to owners of the Company	(sen)	9.97	10.20	9.65	9.19	7.27
Total borrowings to equity ratio	(%)	2.31	5.97	11.06	19.80	58.14

Note: Revenue, profit/(loss) before taxation and profit/(loss) after taxation represent performance of continuing operations only.



Executive Deputy Chairman’s Management Discussion and Analysis (Cont’d)

Strengthening Trusted ID

We continue our efforts to further strengthen our Trusted ID business by:



For the domestic market, we executed the National Integrated Immigration System (NIISe) Contract with the Ministry of Home Affairs of Malaysia (“KDN”) for a contract value of RM1.12 billion. NIISe will modernize the Immigration Department of Malaysia through the implementation of the latest and most advanced digital applications. Our NIISe team is currently working closely with KDN to develop and deliver the NIISe project effectively.

For the global market, we continue to supply ePassports / Inlays to Nigeria, Guinea, Solomon Islands, Senegal and India. We are also actively seeking opportunities to leverage on our global footprint as governments worldwide look to protect and provide secure identities to their citizens and implement efficient Automated Border Control (ABC) solutions to improve traveller management at borders.

For the global ePassport and eVisa markets, Verified Market Research projected that these markets would reach USD36.97 billion by 2028, growing at a compound annual growth rate (CAGR) of 6.62% from 2021 to 2028 while the ABC market is projected to reach USD2,515.50 million by 2027, growing at a CAGR of 17.68% from 2020 to 2027. The growths are mainly driven by the increase in number of people travelling post COVID-19, more demand for advanced verification methods and advanced airport infrastructure.

For the ABC market, Data Bridge Market Research shared that the market is expected to reach USD4,193.16 million by 2029, registering a CAGR of 18.60% during the forecast period of 2022-2029. Airport is expected to witness significant growth in the application segment of the market owing to the increase in air travels across the globe.

In addition to delivering ePassports and border control solutions, we also continue our focus to deliver various types of ID cards to Malaysia, Brunei, Canada, Tanzania, Bhutan, Senegal, Zanzibar and Sri Lanka. In March 2022, we successfully inked a contract addendum amounting to USD39.69 million from Tanzania’s NIDA for the delivery of Tanzania national eID cards and services. In addition, the Group also received a contract extension for the supply of new biometric National ID Cards and Voter Cards for Senegal in June 2021 amounting to Euro15.99 million.

These contracts reflect highly on IRIS’ capabilities within the global Trusted ID industry and is a testament of confidence from international governments towards our expertise. IRIS’ Trusted ID solutions, based on the most advanced biometric technologies, can help ensure that ID systems are people-centric and fit-for-purpose in the digital age. These projects will drive our growth as we continue to pursue new opportunities to help IRIS maximize shareholders’ value.



Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

Corporate Developments

I would like to report on the following corporate developments exercise that were carried out during this financial year:

a) Private Placement exercise

The Company had on 23 June 2020 announced a proposed 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 later. Bursa Malaysia Securities Berhad ("Bursa Securities") 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 2022, the Company had completed the Private Placement via 7 tranches as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED (UNIT)	ISSUE PRICE (RM)	PLACEMENT PROCEEDS (RM)
1 st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2 nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3 rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
4 th tranche	23 September 2021	1,628,000	0.22000	358,160
5 th tranche	30 September 2021	44,000,000	0.22000	9,680,000
6 th tranche	10 November 2021	27,000,000	0.18300	4,941,000
7 th tranche	24 December 2021	74,000,000	0.18500	13,690,000
Total		296,628,000	0.23988	71,156,660



Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

Navigating Challenges Ahead

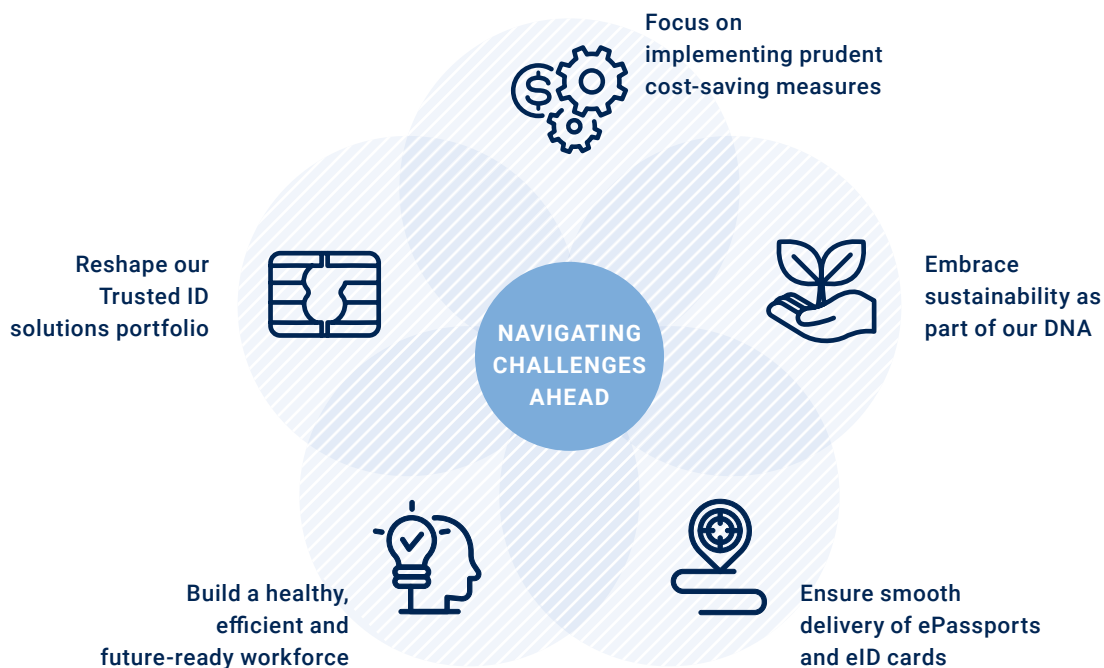
As we transition into an endemic stage in FY2023, the Board and Management are cautiously optimistic on the outlook for IRIS underpinned by the gradual recovery of the world economy. We are encouraged to see easing of broader COVID-19 related restrictions, opening of international borders and safe normalisation of business activities.

However, we are also cognizant that the global economy might slowdown amid fresh threats from COVID-19 variants, the Russian invasion of Ukraine and a rise in inflation that could endanger the recovery in emerging and developing economies. According to the World Bank's June 2022 Global Economic Prospects report, global growth is expected to decelerate from 2.9% in 2022 to 2.2% in 2023 as pent-up demand dissipates and fiscal and monetary support unwound across the world. The rapid spread of the Omicron variants indicate that the pandemic will likely continue to disrupt economic activity in the near term.

In the face of uncertainty and challenges in FY2023, the Group will continue our focus on implementing prudent cost-saving measures by streamlining production, reducing discretionary spending and optimising cost of operations especially supply chain.

It's important also to create a safe, healthy and trusting environment for our employees to motivate productivity and performance. Our dedicated and passionate employees are the driving force of IRIS and are committed to deliver our key projects including NIISe and existing international eID & ePassport projects successfully.

With the opening of international borders and expertise gained from NIISe project, IRIS aims to support governments around the world to build a safer, secure and efficient border control for their country. The Group is expecting potential revenue growth due to demand for more ePassports and better Automated Border Control (ABC) solutions.





Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

Navigating Challenges Ahead (Cont'd)

To navigate the extremely challenging operating environment ahead, we will also reshape our Trusted ID solutions portfolio to build an optimal mix of products and solutions that meet customer requirements and demands for digitalisation especially in support of initiatives such as the Malaysia Digital Economy Blueprint ("MyDIGITAL") and World Bank Identification for Development (ID4D).

Under the MyDIGITAL Blueprint, Malaysia's National Digital Identity (NDI) is fully expected to be implemented by 2024. With the availability of this Digital ID, review and verification of Malaysians who have a MyKad can be executed with ease and precision.

Under the World Bank ID4D initiative, World Bank aims to leverage expertise from different sectors to help countries build inclusive and trusted ID and civil registration systems especially Digital ID.

Brandessence Market Research reported that the Digital ID market is expected to accelerate at a 15.9% CAGR to reach USD60.88 billion by 2027. This growth is attributed to the increasing instances of frauds which are identity related. Demand for Digital ID have also increased due to rapid enhancements in biometric technology and growth of smartphone users all over the world.

MyDIGITAL and World Bank ID4D present huge opportunities for IRIS as we can play an important role in providing holistic, secure and relevant Digital ID solutions to build a truly inclusive and resilient digital society in Malaysia, Africa and the rest of Asia. Drawing on our experience and expertise, IRIS ID for Life (ID4L) solution is our innovative Digital ID solution that enables users to manage and share their digital credentials securely and conveniently online or via mobile.

Although there will still be challenges as we transition into the post-COVID era, we look forward to supporting and navigating our clients through the adverse impact of the pandemic and support their recovery. We are also closely managing our supply of raw materials and constantly

engaging our clients on the delivery and schedule planning to ensure that we will continue to provide smooth delivery of ePassports and eID cards to their countries.

In FY2023, sustainability will continue to be an important part of our DNA especially addressing climate change. The Group will work closely with governments and Climate Governance Malaysia (CGM), the Malaysian chapter of the World Economic Forum's Climate Governance Initiative, towards achieving a net zero greenhouse gas emissions by 2050, in line with the Paris Agreement. We will also continue to maintain our ISO EMS certification and implement more sustainable business practices.

After two years of pandemic, society is gradually adapting and living alongside COVID-19. It is difficult to predict when the effects of the COVID-19 pandemic will start abating and the global economic outlook remain uncertain. The Group is hopeful for a gradual recovery, but we are also prepared for a prolonged impact.

Moving forward, we strengthen our resolve to deliver sustainable returns, while creating long-term value for all stakeholders. This will be driven by efforts to build a healthy, efficient and future-ready workforce, improve cost-efficiencies, reshape our portfolio, serve our clients credibly and play our part as society recovers from the pandemic.



Executive Deputy Chairman's Management Discussion and Analysis (Cont'd)

The Board and Key Management Positions

I would like to formally welcome Dato' Ng Wan Peng and Mr Chia Jen Wen who joined as Independent Non-Executive Director and Chief Operating Officer for Special Projects respectively during the year. I am confident that these new members together with the existing members of the Board and Key Management will continue to drive IRIS' future growth.

Note of Appreciation

Although we faced strong headwinds and challenges in FY2022, we managed to achieve positive results by working effectively together with all our stakeholders – the Board, Key Management, IRIS employees, business partners, clients, suppliers, shareholders and the communities in which we operate.

On behalf of IRIS, I would like to thank all the unsung heroes of the COVID-19 pandemic especially the medical frontliners and government agencies for their exemplary execution of our national immunisation programme. Their gallant efforts and dedication have contributed to the recovery and enabled Malaysia to transition to endemic stage.

I would like to extend my sincerest appreciation to fellow Board members and resilient management team for their optimism and unwavering support as we strive for growth.

My heartfelt thanks to all our clients and business partners from around the world for your support and for continuing to place your trust in our relationships. Let us build a more sustainable and resilient future together.

On behalf of the Board and management, I express my appreciation to all IRIS employees and suppliers for their resilience in navigating through yet another challenging year by working together to continue serving the needs of our clients.

I would also like to thank the COVID-19 core team for their unbridled dedication, commitment and vigilance since March 2020 to monitor the risk landscape of COVID-19. The team is still diligently working to ensure that everyone in IRIS is safe, healthy and productive by minimising the risk of COVID-19 infection.

FY2023 offers renewed optimism for a strong recovery. As we forge ahead into FY2023, I am confident that we have the right strategic focus, people and resources to futureproof our business and ultimately strengthen our position as one of the leading global companies in Trusted ID.

I look forward to a better year as we embark on the path to recovery. Together we are accelerating towards a sustainable future. Thank you.

Dr. Poh Soon Sim
Executive Deputy Chairman



Our Trusted ID Footprint

Over the years, we have expanded our global footprint to 34 countries, and we will continually increase our customer base while widening our international presence in diverse markets.

Every day, our experienced, agile, and adaptive team delivers viable, secure, and comprehensive solutions to suit the needs of our customers around the world while being grounded by our core values of collaboration, integrity, innovation, trust, and accountability.



99 million
pieces of ePassport and/or Inlay to 14 countries

167 million
pieces of eID and/or card-based driving licenses

227 thousand
contact / contactless card readers and devices sold to 28 countries

Americas

- 1 Bahamas
- 2 Canada
- 3 United States

Europe

- 4 Italy
- 5 Netherlands
- 6 Norway



Our Trusted ID Footprint (Cont'd)

34 countries

and still expanding...



Africa

- 7 Egypt
- 8 Guinea Conakry
- 9 Nigeria
- 10 Senegal
- 11 Somalia
- 12 Tanzania

Asia

- 13 Afghanistan
- 14 Bahrain
- 15 Bangladesh
- 16 Bhutan
- 17 Brunei
- 18 Cambodia
- 19 India
- 20 Indonesia
- 21 Kazakhstan
- 22 Malaysia
- 23 Maldives
- 24 Myanmar
- 25 Saudi Arabia
- 26 South Korea
- 27 Sri Lanka
- 28 Thailand
- 29 Turkey
- 30 Turkmenistan
- 31 United Arab Emirates
- 32 Uzbekistan

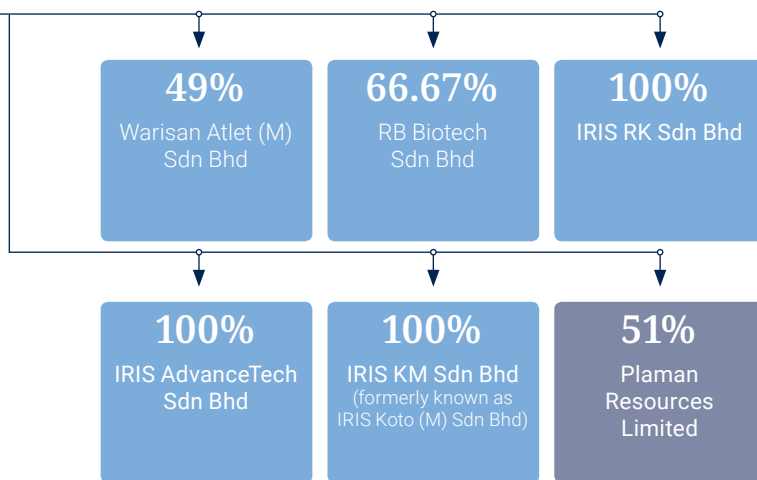
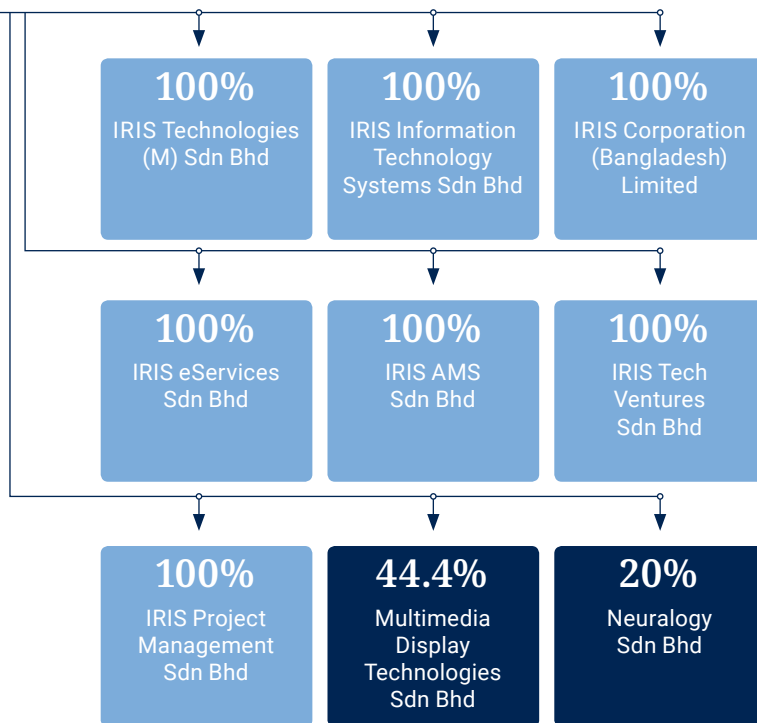
Oceania

- 33 New Zealand
- 34 Solomon Islands

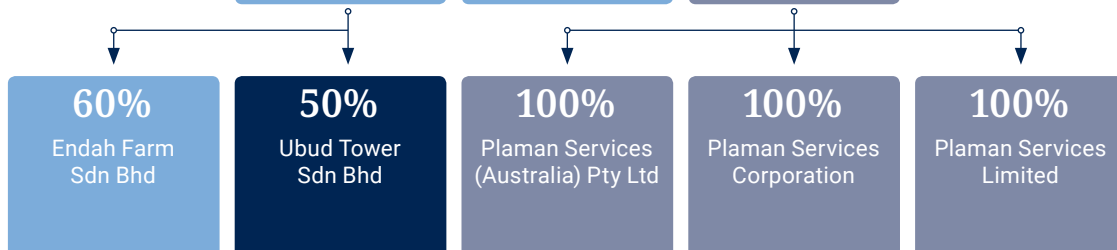


Corporate Structure

IRIS Corporation Berhad



- Subsidiaries of IRIS Group
- Associated Companies of IRIS Group
- Joint Venture Companies of IRIS Group





Corporate Information

Board of Directors

Tan Sri Nik Mohamed Bin Nik Yaacob
Chairman,
Independent Non-Executive Director

Dr. Poh Soon Sim
Executive Deputy Chairman,
Non-Independent Executive Director

Dato' Mohamed Khadar Bin Merican
Independent Non-Executive Director

Dato' Dr. Abu Talib Bin Bachik
Senior Independent Non-Executive
Director

Mr Ling Hee Keat
Independent Non-Executive Director

Haji Hussein Bin Ismail
Independent Non-Executive Director

Dato' Ng Wan Peng
Independent Non-Executive Director

Encik Shaiful Zahrin Bin Subhan
Group Chief Executive Officer,
Non-Independent Executive Director

Mr H'ng Boon Harn
Group Finance Director,
Non-Independent Executive Director

Audit and Risk Management Committee

Dato' Mohamed Khadar Bin Merican (Chairman)

Dato' Dr. Abu Talib Bin Bachik
Haji Hussein Bin Ismail
Mr Ling Hee Keat

Nomination Committee

Dato' Dr. Abu Talib Bin Bachik (Chairman)

Mr Ling Hee Keat
Haji Hussein Bin Ismail

Remuneration Committee

Tan Sri Nik Mohamed Bin Nik Yaacob (Chairman)

Dato' Mohamed Khadar Bin Merican
Mr Ling Hee Keat

Company Secretary

Ms Wong Youn Kim (MAICSA 7018778)

Auditors

Baker Tilly Monteiro Heng PLT

Baker Tilly Tower, Level 10, Tower 1, Avenue 5,
Bangsar South City, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: +603 2297 1000 Fax: +603 2282 9980

Registered Office

Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia
Tel: +603 2280 6388 Fax: +603 2280 6399

Corporate Office

IRIS Smart Technology Complex

Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur
Tel: +603 8996 0788 Fax: +603 8996 0442
Website: www.iris.com.my

Share Registrar

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3, Bangsar South City,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Tel: +603 2783 9299 Fax: +603 2783 9222

Principal Bankers

- Standard Chartered Bank Malaysia Berhad
- Affin Bank Berhad
- Hong Leong Bank Berhad
- RHB Bank Malaysia Berhad

Stock Exchange Listing

ACE Market of Bursa Malaysia Securities Berhad

Stock Code: 0010
Stock Name: IRIS



Board of Directors

Tan Sri Nik Mohamed Bin Nik Yaacob

**Chairman,
Independent Non-Executive Director**

Nationality: Malaysian
Age: 73
Appointed on: 7 November 2018

Tan Sri Nik Mohamed was the Group Chief Executive of Sime Darby Berhad from 1993 until his retirement in June 2004. He was also Chairman of the Advisory Council of the National Science Centre and Chairman of the Board of UiTM and served as member of the INSEAD East Asian Council, National Council for Scientific Research and Development, Coordinating Council for Public-Private Sectors in the Agricultural Sector, National Coordinating Committee on Emerging Multilateral Trade issued and the Industrial Coordinating Council. He was a representative for Malaysia in the Apec Business Advisory Council and the Asia Europe Business Forum. Tan Sri Nik Mohamed is currently the Executive Director of Perdana Leadership Foundation.

Tan Sri Nik Mohamed currently serves as the Chairman of Remuneration Committee of the Company.

Dr. Poh Soon Sim

**Executive Deputy Chairman,
Non-Independent Executive Director**

Nationality: Malaysian
Age: 77
Appointed: 7 November 2018

Dr. Poh was re-designated as the Executive Deputy Chairman on 1 March 2021.

Dr. Poh Soon Sim has been in private medical practice since 1972. He was previously on the Board of Hong Leong Financial Group (HLFG) from 31 January 1991 to 25 November 2011. He was also a Member of the Board of Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of HLFG. He was also an ex-Director in Wing Tai Malaysia Berhad (formerly known as DNP Holdings Berhad). He retired from Wing Tai Malaysia Berhad on 29 Nov 2017.

Currently, he is a Director of Hong Leong Company (Malaysia) Berhad and Hong Leong Foundation, both are public companies.



Board of Directors (Cont'd)

Dato' Mohamed Khadar Bin Merican

Independent Non-Executive Director

Nationality: Malaysian

Age: 66

Appointed: 28 November 2018

Dato' Mohamed Khadar is a Fellow of the Institute of Chartered Accountants in England and Wales and is also a Chartered Accountant of the Malaysian Institute of Accountants.

He has had more than 35 years' experience in financial and general management. He served as an auditor and a consultant in an international accounting firm, before joining a financial services group. Dato' Mohamed Khadar has held various senior management positions in the then Pernas International Holdings Berhad, including as President and Chief Operating Officer. Dato' Mohamed Khadar was previously on the Board of RHB Capital Berhad, as its Independent Non-Executive Chairman, and on the Board of Astro Malaysia Holdings Berhad, as its Non-Independent Non-Executive Director.

Presently, he is also a director of Capital A Berhad, Tune Protect Group Berhad and BNP Paribas Malaysia Berhad.

Dato' Mohamed Khadar currently serves as the Chairman of the Audit and Risk Management Committee and is a member of the Remuneration Committee of the Company.

Dato' Dr. Abu Talib Bin Bachik

Senior Independent Non-Executive Director

Nationality: Malaysian

Age: 73

Appointed: 7 November 2016

Dato' Dr. Abu Talib graduated with a BSC and MSC from the Louisiana State University, United States of American and holds a Doctorate in Agriculture Science from the University Of Gent, Belgium.

He has wide experience in Operational and Management aspects, including Marketing, Business Development, Communications and Public Relations, when he was at the Multimedia Development Corporation ("MDeC") promoting the development of the Multimedia Super Corridor (MSC) from 1999 to 2008.

Prior to joining MDeC, he was a research Scientist in the Malaysia Rubber Board (MRB). He has a wide experience in R&D in Agronomy and Soil Chemistry, and authored about 50 technical, scientific and research papers. In the Rubber Research Institute of Malaysia (RRIM), he held various administrative and management positions. In 1997, he was appointed as the Deputy Director General (Development) of the Malaysian Rubber Board and held the position until he opted for early retirement in 1999 when he joined MDeC.

Dato' Dr. Abu Talib currently serves as a member of Audit and Risk Management Committee and the Chairman for Nomination Committee of the Company.



Board of Directors (Cont'd)

Mr Ling Hee Keat

Independent Non-Executive Director

Nationality: Malaysian

Age: 50

Appointed: 7 November 2018

Mr Ling graduated with a Bachelor of Laws degree from the University of Bristol, England in 1994 and was awarded the Degree of an Utter Barrister from Lincoln's Inn in 1995. He started his career at HLG Securities, the stockbroking arm of the Hong Leong Group of companies before being appointed as an Executive Director of United Traders Securities where he headed the Research and Corporate Finance divisions from 1997 to 2003. In 1999, he was also appointed to the Board of SHH Resources Holdings Berhad, a furniture manufacturer listed on the Main Market of Bursa Malaysia as a Non-Executive Director. In May 2015, he was re-designated as the Deputy Chairman of that company, a position he held till December 2016.

In March 2019, he was appointed as an Independent Non-Executive Director of TrickleStar Limited, a company listed on the Catalyst Market in Singapore, a position he holds till today.

Mr Ling is currently a Senior Associate at Leong Partnership Advocates and Solicitors, a boutique law firm focusing on corporate work. He is also a Certified Mediator with the Malaysian Bar Association.

Mr Ling currently serves as a member of Audit and Risk Management Committee, Nomination Committee and Remuneration Committee of the Company.

Haji Hussein Bin Ismail

Independent Non-Executive Director

Nationality: Malaysian

Age: 65

Appointed: 28 July 2017

Haji Hussein graduated with a Bachelor of Business Administration (Finance) and Diploma in Accountancy from Universiti Teknologi MARA (formerly known as Mara Institute of Technology).

He is an approved Tax Agent under the Ministry of Finance Malaysia and a Member of the Chartered Tax Institute of Malaysia. He is also an approved Company Secretary under the Companies Commission of Malaysia, Affiliate Member of The Malaysian Institute of Chartered Secretaries Administrators and a Member of the Institute of Approved Companies Secretaries.

He is currently the Director of Folks DFK & Co., a member firm of DFK international since 2007. He joined Azman, Wong, Salleh & Co back in year 1979 and the firm was then merged into Folks DFK & Co. on 1 February 2006. He has vast experiences in the full range of public accountancy services including audit, accountancy, taxation, secretarial, consultancy services and insolvency assignments covering wide range of clients.

Haji Hussein currently also serves as a member of Audit and Risk Management Committee and Nomination Committee of the Company.



Board of Directors (Cont'd)

Dato' Ng Wan Peng

Independent Non-Executive Director

Nationality: Malaysian

Age: 59

Appointed: 1 February 2022

Dato' Ng Wan Peng is the President of Big Bad Wolf Ventures, an international reading advocate providing public access to brand-new affordable books via mega book fairs and retail chain stores. She is Independent Non-Executive Director of NanoMalaysia Berhad, Hong Leong Assurance Berhad, Fraser & Neave Holdings Berhad and Securemetric Berhad, and a director of Digital Penang. She is a member of Board of Advisors, Fintech Association of Malaysia, and a council member of SIDEC (Selangor Information Technology & Digital Economy Corporation).

Dato' Ng was Chief Operating Office of Malaysia Digital Economy Corporation, championing the country's digital economy, from 2009 until December 2020. She is a competent leader and highly motivated professional with more than 30 successful years in the corporate and public environment. Her areas of expertise are in strategy planning, digitalisation, business transformation, Organisation Development, Process Improvement and innovation management. She graduated from USM (Universiti Sains Malaysia) and is a HBS (Harvard Business School) Alumni.

Encik Shaiful Zahrin Bin Subhan

**Group Chief Executive Officer,
Non-Independent Executive Director**

Nationality: Malaysian

Age: 46

Appointed: 1 March 2021

Encik Shaiful assumed his current role as Group CEO of IRIS Corporation Berhad on 16 October 2017. He is also a director of a number of subsidiaries within the group.

He started his career in 1998 as a management trainee with the Renong Group (later absorbed by United Engineers Berhad), a large conglomerate with activities spanning from construction, financial services, transportation to property development.

Since then, he has gained management experience in organizations across multiple industries including IT, telecommunications and broadcasting prior to joining IRIS.

Encik Shaiful graduated with a Bachelor of Commerce in Accounting from the University of Birmingham, UK and a Master of Business Administration from the University of New England, Australia. He is also a Fellow of the Association of Chartered Certified Accountants, UK as well as a member of the Malaysian Institute of Accountants.



Board of Directors (Cont'd)

Mr H'ng Boon Harng

**Group Finance Director,
Non-Independent Executive Director**

Nationality: Malaysian

Age: 49

Appointed: 1 March 2021

Mr H'ng Boon Harng joined our Group in 2017 and was appointed to the Board as Group Finance Director on 1 March 2021.

He has over 20 years of extensive experience in accounting and finance functions and started his career in one of the Big Four international accounting firms and later year joined public listed and private property development companies where he held managerial position in finance.

He graduated in Accountancy from University Kebangsaan Malaysia in 1997 and later obtained his Association of Chartered Certified Accountants (ACCA) qualification in 2002. He is currently a member of Malaysian Institute of Accountants (MIA) and fellow member of Association of Chartered Certified Accountants (ACCA).

Family Relationship with any Director and/or Major Shareholder

None of the Directors have family relationship with any other Directors and/or Major Shareholders of the Company.

Conflict of Interest

None of the Directors have any conflict of interest with the Company.

Conviction for Offences (within the past 5 years, other than traffic offences)

None of the Directors have any conviction for offences (other than traffic offence, if any) and have not been imposed of any public sanction or penalty by the relevant regulatory bodies during the financial year.

Number of Board Meetings attended in the financial year ended 31 March 2022

The details of the Directors' attendance at Board meetings are disclosed in the 'Corporate Governance Overview Statement' in this Annual Report.



Key Senior Management Team

Dr. Poh Soon Sim

**Executive Deputy Chairman,
Non-Independent Executive Director**

Encik Shaiful Zahrin Bin Subhan

**Group Chief Executive Officer,
Non-Independent Executive Director**

Mr H'ng Boon Harng

**Group Finance Director,
Non-Independent Executive Director**

Please refer to the Board of Directors' Profile for the profile of Dr. Poh Soon Sim, Encik Shaiful Zahrin Bin Subhan and Mr H'ng Boon Harng.

Mr Choong Choo Hock

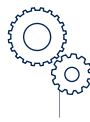
Chief Operating Officer

Nationality: Malaysian
Age: 60

Mr Choong Choo Hock joined our Group in 2009. He has more than 3 decades of experience in the semiconductor sector and has held many leadership positions in IRIS, including Director of Operations and Group Director of Manufacturing. He is currently the Chief Operating Officer, Trusted ID.

In 1984, he began his career as a Chemical Engineer with a Japanese conglomerate based in Singapore and later set up their Malaysian operations in 1985 and progressed to being designated as Factory Manager. In 1995, he joined a German Multinational where he was appointed in various senior management positions, serving the domestic and global market of the electronics and semiconductor industries.

Mr Choong graduated with a Bachelor of Science degree from the National University of Singapore.



Key Senior Management Team (Cont'd)

Mr Chia Jen Wen

Chief Operating Officer – Special Projects

Nationality: Malaysian

Age: 46

Mr Chia Jen Wen was appointed as Chief Operating Officer of IRIS Corporation Berhad on 10 February 2022.

He started his career in Accenture Kuala Lumpur in April 2000 as process analyst, specialising in implementing IT software such as Java, Oracle Financial and SAP HR. In 2003, he joined TxM Services Sdn Bhd, an engineering servicing company involved in testing of transformer oil and oil regeneration as their Marketing Manager. He later advanced his career with ARINSO International and was instrumental in the SAP HR rollout of Kamag USA and also configured the Benefits – Asia Claims module within the SAP programme. In September 2007, he joined TUV SUD PSB Pte Ltd and assumed the responsibilities of Deputy General Manager. On 1 June 2008, he was promoted to General Manager with the responsibility of managing the business operations in Malaysia. On 1 May 2010, he was also appointed General Manager of TUV SUD PSB Philippines, in charge of the business operations of the Philippines office, a post he held on concurrently until May 2013. In August 2014, he joined NEU Capital Holdings as Chief Operating Officer and oversaw various investment evaluations cum shared services (financial accounting/controlling and human resources) for the group of companies.

Mr Chia holds a Second Class Upper Bachelor's Degree in Mechanical Engineering from the University of Malaya.

Dr. Ahmad Husni Bin Johari

Project Director

Nationality: Malaysian

Age: 59

Dr. Ahmad Husni bin Johari joined the company as Chief Operating Officer, Sustainable Development & Domestic Sales and Government relation to manage the divestment of IRIS' non-core businesses and currently as the Project Director for NIISe Project.

He started his career as an Industrial Engineer at a Medical device company in Kulim Industrial Estate in 1986 before joining Golden Hope Plantation Berhad as its Project Engineer in 1990 to manage the downstream manufacturing facilities. He was made the Country Manager in 1995 by a listed company and based in Jakarta to manage the infrastructure project and manufacturing activities. Subsequently he was appointed the Vice President of Technology Park Malaysia (agency under MOSTI) PMand /CEO of its from 2005 to 2016 before joining IRIS Corporation Berhad.

He graduated with Bachelor of Science in Engineering from University of Nevada, USA in 1985 and Post Graduate Diploma In Manufacturing from Institute of Manufacturing, UK. Completed his MBA from University of Bath, UK in 1994, DBA in 2016 and received Honorary Doctorate from IIT in 2008. A certified Trainer with HRDF, he is an Associate Fellow at Malaysian Institute of Management and a Member of American Chemical Society and a Member of American Industrial Engineers.



Sustainability at IRIS

INTRODUCTION

IRIS' Sustainability Statement covers efforts and activities carried out in FY2022 and has been prepared in line with Bursa Malaysia Ace Market Listing Requirements and guided by the Bursa Malaysia Corporate Governance Guide and Bursa Malaysia Sustainability Reporting Guide.

Our Sustainability Statement describes our commitment and journey with our stakeholders as we work at ways to deliver responsible, ethical and sustainable, long-term growth.

IRIS recognises the importance of sustainability and its impact to achieve profitability in a safe, secure, and sustainable environment. We have been incrementally embracing a culture of incorporating Economic, Environmental, and Social (EES) risks and opportunities into our decision making, business practices and processes.

Our Priorities

We know that our efforts and investments in sustainability are bringing us closer to the multi-stakeholder and long-term value principles that lie at the heart of EES.

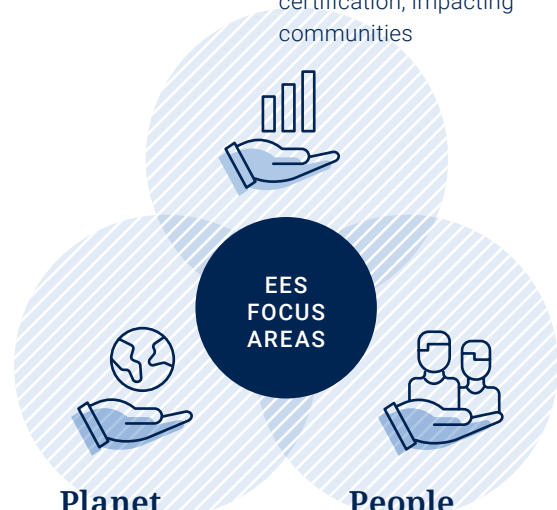
To achieve continuous growth and value for our stakeholders, the environment, and society, we are determined to formulate and execute the right balance of sustainability initiatives which match long-term interests.

Our sustainability approach and programmes will be reviewed regularly to determine their impacts on our business. Our EES focus areas include:

Prosperity

Economic Sustainability

Sustaining growth through market development; corporate governance and ethics; compliance and certification; impacting communities



Planet

Environmental Sustainability

Conservation and stewardship with responsible waste disposal, and through responsible consumption

People

Social Sustainability

Ensuring society's wellbeing through economic social responsibility; legal and ethical social responsibility; and discretionary social responsibility



Sustainability at IRIS (Cont'd)

SUSTAINING GROWTH through Market Development

Our initiatives to increase business revenue centres around our growth strategy to develop our existing market. We continue to expand, update, and repurpose our Trusted ID products and solutions to offer new solutions locally and internationally.

This is especially evident as we develop and build Malaysia's new National Integrated Immigration System (NIISe) to leverage the latest advances and technologies in digital management and administration of the movement of people across our nation's borders using multiple forms of identification, documents, data, and analytics.

As new innovative solutions springboard from the creation of NIISe, we are confident of sustaining and growing market share.



SUSTAINING GROWTH with Corporate Governance and Ethics

At IRIS, principles of corporate governance are outlined in the Board Charter. The charter guides and controls integrity, accountability, and ethics among those who have influence over IRIS' strategy and financial performance, as well as decision-making. IRIS is committed to maintaining high ethical standards and strict adherence to policies and guidelines set by Bursa Malaysia and other relevant authorities.

Our Board of Directors believes that good corporate governance is essential for strengthening accountability, delivering sustainable value, enhancing business integrity, and maintaining investors' confidence towards achieving the Group's corporate objectives and vision.

We build and promote stakeholder trust in IRIS with clear, zero-tolerance policies such as:

- Fit and Proper Policy
- Anti-Bribery and Anti-Corruption Policy
- Whistleblowing Policy

These policies serve as guidance and awareness for all stakeholders in identifying, avoiding, refusing unethical or illegal activities. They also encourage stakeholders to present or submit credible information on illegal practices or violations.



Economic Sustainability (Prosperity)



Sustainability at IRIS (Cont'd)

SUSTAINING GROWTH with Compliance and Certification

Our customers, both locally and internationally, know us well and hold us to the highest operational, service and delivery standards; and these standards are benchmarked to global standards and compliance.

We pride ourselves in ensuring proper implementation of solid internal control systems, strengthening our risk management framework, and safeguarding confidential information – all while considering the preservation of our environment.

OUR CERTIFICATIONS



ISO/IEC 27001:2013 –
Information Security
Management Systems



ISO 9001:2015 – Quality
Management Systems



ISO 14001:2015 –
Environmental Management
Systems



ISO 14298:2013 (INTERGRAF)
– Security Management
System for Secure Printing



SUSTAINING GROWTH to Impact Communities

IRIS conducts business in numerous locations, both locally and internationally, and we cultivate relationships and connections in these communities. Our operations and activities impact local communities in terms of responsible procurement of materials, employment opportunities, environmental protection, as well as social and economic avenues.

As we build local supply chains, locally sourced materials and resources are adopted into our business and production processes. We can then support local stakeholder groups and reduce the business impacts arising from serious supply chain disruptions.

IRIS continues to offer internship and industrial training placements to graduating students from all walks of life, nationalities, and disciplines of study. Interns generally spend between 3 to 6 months at IRIS per tenure. More than 140 interns have completed their tenures since we started the placements.

We also participate in the Ministry of Entrepreneur Development and Cooperatives (KUSKOP) Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) programme. We offer PROTÉGÉ placements in the READY TO WORK (RTW) initiative. RTW is responsible for increasing the marketability potential of graduates and to provide real work experience in various participating industries. IRIS has committed to place more than 450 PROTÉGÉ applicants, in 8-month stints, over 5 years.





Sustainability at IRIS (Cont'd)

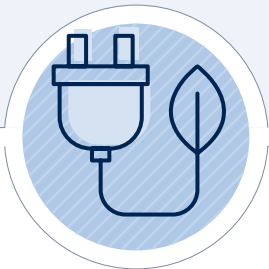
CONSERVATION AND STEWARDSHIP with Responsible Waste Disposal

As a manufacturer and technology solutions integrator, the production of waste is inevitable. IRIS generates waste materials such as plastic, metal, paper, chemicals and other effluents during business, manufacturing, and production processes. To maximise the utilisation rate of raw materials and reduce waste, we collect waste materials at designated recycling bins for recycling and scheduled waste disposal. We are conscious about how we can

separate, reuse, recycle, manage and dispose waste. All waste materials are disposed by qualified waste treatment vendors contracted by IRIS.

Our close observance to our environmental performance for atmospheric, noise and inland water pollution continue to be guided and bound by Malaysia's Environmental Quality Act 1974 and Environmental Quality Regulations 2009.

ENVIRONMENTAL OBJECTIVES	TARGETS	MEASUREMENT METHODS	PERFORMANCE	
			FY2021	FY2022
To reduce generation of hazardous waste	>3% reduction on yearly waste generation	Total annual volume of scheduled waste (kg) over total production output	<3%	>3%
To achieve zero (0) major chemical spillage	Zero (0) case	No reported incident	Zero (0)	Zero (0)
To achieve zero (0) environment related fine or violation	Zero (0) case	Number of fines or notices from Department of Environment (DOE)	Zero (0)	Zero (0)



Environmental Sustainability (Planet)



Sustainability at IRIS (Cont'd)

CONSERVATION AND STEWARDSHIP through Responsible Consumption

All IRIS employees are regularly reminded and encouraged to inculcate a culture of responsible waste management and disposal with various ongoing campaigns. Our Quality and Environmental Management System (QEMS) policy, enforced and overseen by our Safety, Health and Environment (SHE) team, sets forth the proper procedures, coordination, approvals to separate, reuse, recycle, manage and dispose production waste.

As we work towards “doing more and better with less”, we consciously and deliberately work to relieve and avoid further pressure on our planet’s finite resources.

Our practice of “print only when necessary” and printing in small quantities of sales and marketing collaterals using recycled paper or Forestry Stewardship Council (FSC) paper sourced from responsibly managed forests continue to be our corporate mantra.

We have also taken conscious efforts to manage and minimise the environmental impact of our annual report by promoting the digital IRIS Annual Report and encouraging our stakeholders to download the soft copy instead of requesting for a hard copy. In addition, IRIS Annual Reports are printed in compliance with Forestry Stewardship Council (FSC) standards using paper sourced

from responsibly managed forests and printed by a FSC certified printer who has been audited against the FSC Chain of Custody standard.

For continual improvement on efficient electrical energy management, IRIS Energy Management Committee monitors and enforces Energy Conservation Measures (ECM) guided by Suruhanjaya Tenaga (Energy Commission) of Malaysia. New targets and guidelines are being introduced to align increased employee counts with consumption levels.

IRIS Energy Management Committee commits to achieve 2% year-on-year reduction on the specific energy consumption measured on 0.38kWh/unit to produce microchip embedded cards and has been achieving this consistently through responsible power demand controls and protocols.

Water and electricity consumption in general are on an upward trend for FY2022 when compared to FY2021 mainly due to varying work arrangements and production output due to the Covid-19 pandemic. These increases commensurate with the increase in rising employee counts and production outputs as we physically return all employees to our office and manufacturing premises. All IRIS employees are encouraged to undergo appropriate behaviour modification to reduce electricity consumption through awareness messages and activities.





Sustainability at IRIS (Cont'd)

ENSURING SOCIETY'S WELLBEING

through Economic Social Responsibility

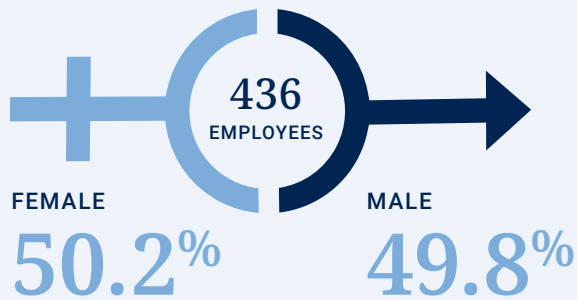
The aspect of prosperity is of paramount importance in our commitment to economic social responsibility. IRIS must be financially sustainable before we can have shared prosperity. This means continually making a profit for shareholders, appropriately remunerating our Board, management and employees, paying business taxes and meeting other financial obligations. By being transparent with our stakeholders regarding IRIS' financial status through quarterly interim and audited financial disclosures, we demonstrate economic social responsibility.

ENSURING SOCIETY'S WELLBEING

through Legal and Ethical Social Responsibility

At IRIS, we work hard to ensure an inspiring and engaging workplace for our employees so that they can stay safe, healthy and give their best each workday. We adhere strictly to applicable employment laws, and we ensure ethical workplace practices, policies, benefits, and guidelines in accordance with Malaysian Labour Laws and guidelines from the International Labour Organisation (ILO).

In FY2022, IRIS' workforce stood at 436.



EMPLOYEE GROUP	FEMALE	MALE
Non-Executive	92	72
Executive	88	82
Manager	34	52
General Manager & Above	5	11
Total	219	217



Social Sustainability (People)



Sustainability at IRIS (Cont'd)

Our human resource policies ensure that our employees are treated with respect and dignity, receive fair compensation, equitable benefits packages, and are insured against harm while carrying out their tasks and responsibilities. When employees feel they are treated well, they want to give the Company their best efforts.

We are proud of our talent development initiatives and embrace a culture of continuous learning and encourage our employees to upskill and even relearn new skills to keep up with the demands of the transforming technological landscape.

IRIS' greatest assets are its employees. We believe in nurturing our employees to their fullest potential and capabilities. Each employee's talents are carefully

EMPLOYEE GROUP	AGES <21	AGES 21-30	AGES 31-40	AGES 41-50	AGES >50
Non-Executive	1	52	57	38	16
Executive	–	51	79	31	9
Manager	–	–	19	47	20
General Manager & Above	–	–	–	9	7
Total	1	103	155	125	52

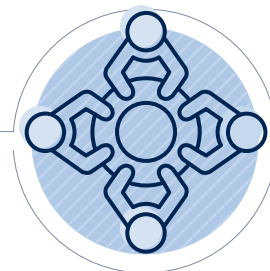
managed, developed and tracked through an annual Performance Management Review (PMR). In FY2022, IRIS employees completed over 1615 hours of training, upskilling, and various courses – a 55% decrease in training hours compared to FY2021. Over 29 training programmes, comprising internal, external, and in-house trainings, were organised – a 75% decrease from 117 training programmes convened in FY2021. The downward trends are attributed to the uncertainties brought on by the COVID-19 pandemic.

In FY2022, IRIS' Safety Health and Environment (SHE) Officer gained his CepSWAM (Certified Environmental Professional in Scheduled Waste Management) Competency Certificate. Key personnel from IRIS' Software Group (SWG) received refresher IoT (Internet of Things) Design, Deployment and Development training.

In FY2022, as was in FY2021, IRIS' Training and Development team were successful in defraying all allowable costs for retraining and skills upgrading programmes, through the Human Resource Development Corporation (HRDC).

We continue to ensure a healthy and safe working environment for sustained business operations while in the shadow COVID-19 through wearing face masks, continued sanitising efforts, strict adherence to Government and Health Ministry SOPs, the provision of hand sanitisers, the use of medical and self-testing.

The practice of conducting virtual meetings continues at IRIS, together with hybrid versions combining physical and virtual gatherings.





Sustainability at IRIS (Cont'd)

ENSURING SOCIETY'S WELLBEING through Discretionary Social Responsibility

Discretionary social responsibility refers to how we contribute time and resources to the community at large in a responsible and meaningful way. IRIS employees are encouraged to participate in community development activities and donate to charitable organisations.

In FY2022, IRIS sponsored and participated in the Perdana Leadership Foundation CEO Forum 2021. The annual event hosted more than 30 speakers over 11 Plenary, Keynote, and Concurrent Sessions on "Business in the New Normal", covering industry-specific and nationwide issues related to the post-pandemic recovery and challenges faced by business and government. Top business leaders and industry experts exchanged views and ideas with the business community, youths, and students.

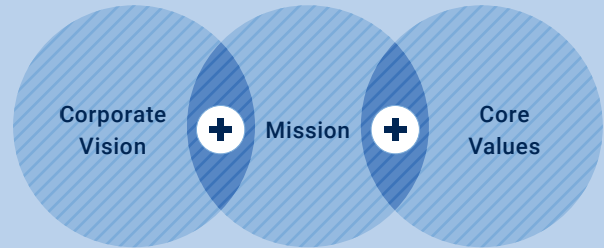
The Perdana Leadership Foundation positions itself as the premier resource centre for the policies, strategies and initiatives adopted under Malaysia's various Prime Ministers which may be used and adapted by other developing nations. The Foundation was also founded to promote global understanding by providing a channel for scholars and thinkers to undertake research and idea-sharing for lasting, peaceful resolutions.



Social Sustainability (People)

CONCLUSION

**Our corporate vision, mission,
and core values remain relevant,
and they reinforce our
path to sustainability**



We remain tenacious and dedicated in our resolve to face new, unexpected challenges and make the most of every opportunity.

We will continue to collaborate with our business partners, governments, and other stakeholders to create shared prosperity for current and future generations. This is what IRIS does best, bringing new solutions to life for a brighter, more sustainable tomorrow.



Corporate Governance Overview Statement

THE BOARD OF DIRECTORS (“THE BOARD”) OF IRIS CORPORATION BERHAD (“IRIS” OR “THE COMPANY”) IS FULLY DEDICATED TO MAINTAIN HIGH STANDARDS OF CORPORATE GOVERNANCE THROUGHOUT THE GROUP TO SAFEGUARD AND PROMOTE THE INTERESTS OF THE SHAREHOLDERS AND TO ENHANCE THE LONG-TERM VALUE OF THE GROUP.

This statement sets out the manner in which the Group has applied the principles and best practices as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG 2021” or “the Code”) as follow:

The details of the Group’s application for each practice set out in the MCCG 2021 during the financial year 2022 are disclosed in the Corporate Governance Report (“CG Report”). A copy of the CG Report is available on the Group’s website at www.iris.com.my and announcement on the website of Bursa Malaysia Securities Berhad.

Principle A: Board Leadership and Effectiveness

1. BOARD RESPONSIBILITIES

Established Clear Functions Reserved for the Board and Those Delegated to Management

The Board functions on the principle that all significant and material matters are addressed by the Board as it is accountable for the Group’s activities, strategies and financial performance. The Board is responsible for determining the strategic direction of the Group and creating value for shareholders.

The Board assumed the following principal responsibilities in discharging its functions:

- Review and approve the corporate policies, strategies and financial plans of the Group, and address the sustainability of the Group’s businesses;
- Monitor financial performance including approval of the financial reports;
- Review the adequacy and integrity of the framework and processes for internal controls, risk management, finance reporting and compliance;
- Ensure that appropriate processes are in place in respect of succession planning for appointments to the Board and to senior management positions; and
- Assume responsibility for good corporate governance.

To ensure the effective discharge of its function and responsibilities, the Board delegates the day-to-day management of the Group and the implementation of the Board’s decisions and policies to the Executive Deputy Chairman and Executive Directors. The day-to-day operations of the Group, within the authorities delegated by the Board, are further distributed under the approved Limits of Authority (“LOA”) to key management team, comprising Executive Deputy Chairman, Group Chief Executive Officer, Group Finance Director, and C-suite of respective business segments and divisions. The principal responsibilities of the management team are as follows:

- Develop, coordinate and implement business and corporate strategies for the approval of the Board;
- Overseeing the day-to-day operations of the Group; and
- Provide the Board with relevant information, report, clarifications as and when required by the Board, to enable the Board to arrive at a decision.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

1. BOARD RESPONSIBILITIES (Cont'd)

Established Clear Functions Reserved for the Board and Those Delegated to Management (Cont'd)

The Board also delegates some of its stewardship responsibilities and risk management controls to properly constituted Board Committees, namely the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee, with a clearly defined terms of reference. By empowering these Committees to make recommendations on matters within their respective terms of reference, the Board is able to achieve operational efficiency and maintain control over major policies and decisions. Although MCCG 1.4 advocates that the Chairman of the Board shall not be member of the Board Committee, the Board Chairman is currently a member of Remuneration Committee. Nevertheless, this departure does not impair the objectivity of the Chairman or the Board when deliberating on the observations and recommendations put forth by the Board Committees as the Board deliberate matters as a team.

The functions of the Board Committees are as follow:

TYPE OF COMMITTEE	PRINCIPAL FUNCTIONS
Audit and Risk Management Committee	To review and report on the Group's financial results, systems of internal control, risk management, related parties transactions and conflict of interests.
Nomination Committee	To assess and evaluate the effectiveness of the Board and its committee as a whole. To assess, evaluate and recommend to the Board on the appointment of new Board members and principal officers.
Remuneration Committee	To assess, review and recommend to the Board the Directors' and principal officers' remuneration and benefits package.

Reviewing and Adopting the Company's Strategic Plans

Together with the Management, the Board collectively bring a diverse range of skills and expertise to discharge their responsibilities effectively towards achieving the Group's business strategies and corporate goals, as well as providing advice and judgement for the benefit of the Group and its shareholders. The Board plays an active role in reviewing and adopting the Company's strategic plans by assessing, deliberating, and approving the Management's proposal on a strategic plan for the Group. In this regard, the Management will prepare and present to the Board the Group's Annual Business Plan and Budget for the Board's review and approval for the ensuing financial year at the Board Meeting.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

1. BOARD RESPONSIBILITIES (Cont'd)

Overseeing the Conduct of the Company's business

The Board oversees the performance of the Company and the Group via the discussion and updates at the Board meeting. The Board would also make the necessary business decisions to adapt to changing circumstances. The Management is tasked with the responsibility to keep the Board informed on all matters which may materially affect the Group and its business. The Management is also required to present and brief the Board on the quarterly report of the Group's financial performance.

Qualified and Competent Company Secretary

The Board is assisted by a qualified secretary who is a member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and is qualified to act as Company Secretary under the Companies Act 2016. The Company Secretary facilitates the Board on the administration and compliance of the Company's matters within the framework of relevant laws and regulations.

Deliberations during the Board meetings were properly minuted and documented by the Company Secretary. The Company Secretary works closely with the Management to ensure that there are timely and appropriate information flows within and to the Board.

Board Charter

The Board Charter sets out the roles and responsibilities of the Board, Board Committees and the Management. It is available in the Group's website at <https://www.iris.com.my>. The Board will review the Board Charter from time to time and make necessary amendments to ensure the Board Charter remains consistent with the Board's objectives, current law and practices.

Whistleblowing Policy

The Whistleblowing Policy provides an avenue for whistleblowers to raise concerns in good faith, confidentially and professionally of any improprieties within the Group and acts as a guidance for employees, directors, stakeholders and/or any other party with a business relationship with the Group to report the improprieties without the fear of victimization, reprisal, harassment or other unfair treatment as a results of their whistleblowing. This Policy aims to provide a framework to promote responsibility and secure whistleblowing without fear of adverse consequences. The Policy is available on the Company's website at <https://www.iris.com.my>.

Anti-Bribery and Anti-Corruption Policy

The Board has further strengthening the integrity, governance and anti-corruption framework of the Group by adopting and implementing the Anti-Bribery and Anti-Corruption Policy during the financial year under review.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

2. BOARD COMPOSITION

The Board has nine (9) directors, comprising three (3) Non-Independent Executive Directors and six (6) Independent Non-Executive Directors. The Chairman is an Independent Non-Executive Director. The number of Independent Directors is in compliance with Rule 15.02 of the Listing Requirements of Bursa Securities for ACE Market which requires one third of the Board to comprise independent directors.

Develop, maintain and review the criteria for recruitment and annual assessment of Directors

The Nomination Committee ("NC") consists of three (3) Independent Non-Executive Directors.

The primary responsibilities of the NC are as follows:

- i. To consider and make recommendation to the Board for the appointment of new directors and principal officers for the Company and the Group;
- ii. To recommend to the Board on the composition of Board Committees;
- iii. To perform annual review on Board requirement for skill mix, experience and other relevant qualities including core competencies which Non-Executive Directors should bring to the Board;
- iv. To perform annual assessments on the effectiveness of the Board and the Board Committees as a whole; and
- v. Any other such functions as may be delegated by the Board from time to time.

Meetings of the NC are held as and when required, and at least once a year. The NC met twice in the financial year ended 31 March 2022. The NC carries out the evaluation exercise annually. The management will assist the NC in the assessment through annual Board Committee Effectiveness Assessment, Directors' Self and Peer Assessment exercise.

During the financial year, the members of the NC reviewed and assessed the following:

- i. Board and Board Committees' performance and contributions in relation to the accountability, responsibilities, skills, experience and other qualities;
- ii. Board and Board Committees' ability to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process;
- iii. Non-Executives Directors and Executive Directors performance review based on their contributions and performance;
- iv. Assessment on independence of Independent Directors;
- v. Woman candidates to be appointed as Director;
- vi. Directors' training needs; and
- vii. Rotation and re-election of Directors.

Appointment Process

The Board, through the NC's annual appraisal, believes that the current composition of the Board brings the required mix of skills and core competencies required for the Board to discharge its duties effectively.

The Board appoints its members through a formal and transparent selection process which is consistent with the Constitution of the Company and the Fit and Proper Policy adopted by the Board. This process has been reviewed, approved and adopted by the Board. The NC strictly adheres to this process in recommending any new candidate for the approval and appointment by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

2. BOARD COMPOSITION (Cont'd)

Re-election and Re-appointment of Director

In accordance with the Company's Constitution, all newly appointed Directors shall retire from office but shall be eligible for re-election by shareholders at the forthcoming Annual General Meeting following their appointments. The Constitution further provides that in every subsequent year, one-third of the Directors shall retire and be eligible for re-election, provided always that all Directors, except for a Managing Director (if any) appointed for a fixed period pursuant to the Constitution, shall retire once at least in every three (3) years but shall be eligible for re-election.

Gender Diversity

Although the Board has not formally adopted Gender Diversity Policy, the Board acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a Gender Diversity Policy. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. The evaluation and selection criteria of a Director are very much dependent on the effective blend of knowledge, skills, competencies, experiences and time commitment of the new Board member.

The Board currently has one (1) female director. The Board is of the view that its current composition has the necessary knowledge, experience and competence to enable them to discharge their duties and responsibilities effectively.

Assessment of Independent Directors

The NC reviews the independence of Directors annually in accordance to the guidelines stipulated in the Code. In this context, the NC reviews on the disclosure of the Directors interest in transactions, any other relationship with the Group and whether the Directors have any conflicting interest in other companies, which may impair their ability to exercise independent judgement.

The NC had reviewed the independence of the Independent Directors and is generally satisfied with the level of independence demonstrated by all the Independent Directors, and their ability to act in the best interest of the Company.

Tenure of Independent Director

The Board takes the Code's recommendation that the tenure of Independent Directors should not exceed a cumulative term of nine (9) years, and in the event the term is exceeded, has justification or reasons as to why such appointments are retained.

The NC and the Board will recommend and hold the view that the ability of an Independent Director to exercise his/her independent judgement is not affected by the length of his/her service as Independent Director. The suitability and ability of an Independent Director to carry out his/her roles and responsibilities effectively are very much a function of his/her calibre, experience and personal qualities, particularly of his/her integrity and objectivity in discharging his/her responsibilities in good faith, in the best interest of the Company and to vigilantly safeguard the interests of the shareholders of the Company. Restriction on tenure may cause loss of experience and expertise that are important contributions to the Board's efficiency.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

2. BOARD COMPOSITION (Cont'd)

Separation of Positions of the Chairman and Executive Director

The roles of Chairman and the Executive Deputy Chairman have been clearly segregated to ensure that there is a balance of power and authority. The Independent Directors are not related to the major shareholders and the management of the Company, and are free from any relationship that could interfere with the exercise of their independent judgement or the ability to act in the best interest of the Company. In any case, if there is concern from any party on Board matters, it can be directed to any one of the Independent Directors.

The Directors from various professions have brought to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability. Information relating to the directors are set out in the 'Board of Directors' Profile' section in this Annual Report.

Time Commitments

The directors dedicated sufficient time to carry out their responsibilities.

During the financial year ended 31 March 2022, the Board met nine (9) times, where it deliberated and considered various matters affecting the Group's operations including the Group's financial results, business and investment plans, the Group's budget and the Group's strategic direction.

Details of attendance of each Director who held office during the financial year ended 31 March 2022 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTORS
Tan Sri Nik Mohamed Bin Nik Yaacob	9/9
Dr. Poh Soon Sim	9/9
Dato' Mohamed Khadar Bin Merican	9/9
Dato' Dr Abu Talib Bin Bachik	9/9
Dato' Ng Wan Peng (Appointed on 1 February 2022)	1/1
Mr Ling Hee Keat	9/9
Haji Hussein Bin Ismail	9/9
Shaiful Zahrin Bin Subhan	9/9
H'ng Boon Harng	9/9



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

2. BOARD COMPOSITION (Cont'd)

Directors' Training

Although the Board does not have a policy to require each of the Directors to attend numbers and types of training programme each year, the Directors, however, are encouraged to attend briefings, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfill their duties as Directors.

The training and seminar courses attended by the Directors during the financial year ended 31 March 2022 were as follows:

NAME OF DIRECTORS	COURSE ATTENDED/PARTICIPATED
Tan Sri Nik Mohamed Bin Nik Yaacob	<ul style="list-style-type: none"> • CEO Forum on "Business in the new normal" (Perdana Leadership Foundation)
Dato' Mohamed Khadar Bin Merican	<ul style="list-style-type: none"> • Islamic Finance for Boards of Directors (ISRA Consulting) • Digitalisation, Security and Sustainability (Star Media) • Implementing Amendments in the Malaysian Code on Corporate Governance (ICLIF Executive Education Center) • Risk Management Committee – Banking Sector (ICLIF Executive Education Center) • Corruption Risk Management (Institute of Corporate Directors Malaysia) • Sustainability training (Tune Protect Group Berhad)
Dato' Ng Wan Peng	<ul style="list-style-type: none"> • The Financial Institutions Directors' Education (FIDE) Core Program Module A and B: Insurance (Asia School of Business) • Corporate Director's Summit "Governance 4.0: Transforming Business, Transforming Boards" (Malaysian Alliance of Corporate Directors) • US Forced Labor Legislation: Impact on Corporate Malaysia (KPMG Board Leadership Center Exclusive) • Directors' Continuing Education Programme 2021: Module 1: Executive Briefing and Digital Trends - Opportunities for the Transformation (Fraser & Neave Holdings Bhd & Cocoland Holdings Berhad) • Directors' Continuing Education Programme 2021: Module 2: Malaysian Code on Corporate Governance 2021 (Fraser & Neave Holdings Bhd & Cocoland Holdings Berhad) • Directors' Continuing Education Programme 2021: Module 3: Halal Awareness (Fraser & Neave Holdings Bhd & Cocoland Holdings Berhad) • Mandatory Accreditation Program (Asia School of Business) • Anti-Money Laundering/ Combating the Financing of Terrorism Training (Sheila Hussain Vijay & Partners, Advocate & Solicitors) • Directors' Continuing Education Programme 2021: ESG topic: Human Rights (Fraser & Neave Holdings Bhd) • 10x1000 Fintech Leadership Program (Ant Group, IFC) • Directors' Continuing Education Programme 2021: 2nd ESG topic: Climate Change (Fraser & Neave Holdings Bhd) • TCFD Climate Disclosure Training Programme (Bursa Malaysia)



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

2. BOARD COMPOSITION (Cont'd)

Directors' Training (Cont'd)

The training and seminar courses attended by the Directors during the financial year ended 31 March 2022 were as follows:
(Cont'd)

NAME OF DIRECTORS	COURSE ATTENDED/PARTICIPATED
Mr Ling Hee Keat	<ul style="list-style-type: none"> • Webinar – Understanding Sustainability and its Business Opportunities (Singapore business Federation) • An inside guide to cryptocurrency and blockchain (Singapore Institute of Directors) • Executive and Director Remuneration (Singapore Institute of Directors) • SGD 8 – Social Trends (Singapore Institute of Directors) • How to cyber secure your business data – online webcast (Singapore business Federation)
Haji Hussein Bin Ismail	<ul style="list-style-type: none"> • Webinar on Company Directors – What you need to know on appointment, resignation and removal (Institute of Approved Company Secretaries) • Tax deductible expenses – principles and latest development (MIA) • Selected public ruling and tax guidelines (CTIM) • E-commerce and digital taxation in Malaysia (CTIM) • Real Property Gain Tax (CPA Australia) • Taxation of property developers and construction (CPA Australia)
Encik Shaiful Zahrin Bin Subhan	<ul style="list-style-type: none"> • Mandatory Accreditation Program (Asia School of Business)
Mr H'ng Boon Harn	<ul style="list-style-type: none"> • Mandatory Accreditation Program (Asia School of Business) • Webinar: Securities Commission (SC) Guidelines on Conduct of Directors and Implications to both Directors and Management (Malaysia Investor Relationship Association)

3. REMUNERATION

The Remuneration Committee ("RC") consists of three (3) Independent Non-Executive Directors. The RC is authorized and established by the Board and is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of key senior management personnel.

The policy practice on the remuneration by the RC is to provide the remuneration packages necessary to attract, retain and motivate Directors and key senior management of the quality required to manage the business of the Company and to ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The RC also ensures that the level of remuneration for key senior management are linked to their level of responsibilities and contributions to the effective functioning of the Company. The RC will review the remuneration annually with the assistance from the Management before recommending to the Board for approval.



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

3. REMUNERATION (Cont'd)

Meetings of the RC are held as and when required, and at least once a year. The RC met once in the financial year ended 31 March 2022.

Remuneration Package

The Company has complied with the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market on the disclosure of remuneration of Directors on a Group basis. The current remuneration policy comprises Directors' fees and directors' meeting allowance, based on the number of meetings they are attending for the year, which requires shareholders' approval.

The aggregate remuneration of Directors' for the financial year ended 31 March 2022 are as follows:

CATEGORY	SALARIES & BONUSES RM	DEFINED CONTRIBUTION PLANS AND SOCSO RM	BENEFIT IN KIND RM	DIRECTOR FEES RM	MEETING ALLOWANCES RM	TOTAL RM
GROUP AND COMPANY						
Executive Directors						
Dr. Poh Soon Sim	790,200	32,200	32,115	20,000	2,000	876,515
Encik Shaiful Zahrin Bin Subhan	551,836	67,050	22,093	20,000	2,000	662,979
Mr H'ng Boon Harn	520,200	63,253	3,570	20,000	2,000	609,023
Non-Executive Directors						
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	–	80,400	5,000	85,400
Dato' Mohamed Khadar Bin Merican	–	–	–	92,400	10,500	102,900
Dato' Dr. Abu Talib Bin Bachik	–	–	–	92,400	11,000	103,400
Dato' Ng Wan Peng	–	–	–	–	500	500
Mr Ling Hee Keat	–	–	–	100,800	11,000	111,800
Haji Hussein Bin Ismail	–	–	–	92,400	8,000	100,400
Total	1,862,236	162,503	57,778	518,400	52,000	2,652,917



Corporate Governance Overview Statement (Cont'd)

Principle A: Board Leadership and Effectiveness (Cont'd)

4. LIMITS OF AUTHORITY

Limits of Authority ("LOA") established the framework of authority and accountability within the Group. The LOA also facilitates decision-making at the appropriate level within the organization's hierarchy as well as promotes good business practice and corporate governance across the Group.

The LOA outlines matters over which the Board will reserve its authority and those areas that are delegated to the Management. These limits cover, among others, capital expenditure, operating expenditure, contract commitments, authority over payments, undertaking and guarantees as well as other non-financial matters.

Principle B: Effective Audit and Risk Management

1. AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee ("ARMC") comprises four (4) Independent Non-Executive Directors. The ARMC is established to support and assist the Board in discharging its statutory duties and responsibilities relating to accounting and financial reporting practices of the Company and its subsidiaries as well as having an oversight of the Group's financial results, system of internal control, risk management, related party transactions and conflict of interests.

The ARMC will also meet with the External Auditors without the presence of any Executive Directors and/or employees at least twice in a financial year to discuss any matters that the Audit and Risk Management Committee members and the External Auditors may wish to discuss.

The Board is responsible to present a comprehensive assessment of the Group's position and prospects when it releases the financial statements to the shareholders, as well as ensuring the financial statements give a true and fair view of the operation results and finance state of affairs of the Group. The ARMC assists the Board to ensure accuracy and adequacy of all information for disclosure and compliance with accounting standards.

The composition and summary of activities during the financial year under review is set out in the 'Audit and Risk Management Committee Report' in this Annual Report.

Assessment of External Auditors

Through the ARMC, the Board maintains a transparent and professional relationship with the Group's External Auditors in seeking professional advice and ensuring compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The ARMC reviews the independence and objectivity of the External Auditors and the services provided. The External Auditors had provided a confirmation of their independence to the ARMC that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.



Corporate Governance Overview Statement (Cont'd)

Principle B: Effective Audit and Risk Management (Cont'd)

1. AUDIT AND RISK MANAGEMENT COMMITTEE (Cont'd)

Assessment of External Auditors (Cont'd)

Upon completion of the assessment, the ARMC is satisfied that the External Auditors is competent and independent and recommended to the Board for the re-appointment of the External Auditors. The Board has in turn, recommended the same for shareholders' approval at this Annual General Meeting for the auditors' re-appointment.

2. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Sound Framework to Manage Risks

The Board has overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets. This is achieved by identifying principal risks, ensuring the implementation of appropriate systems to manage these risks as well as review the adequacy and integrity of the internal control system.

The Board seeks regular assurance on the effectiveness of the internal control system through independent appraisals by the internal and external auditors.

The Board acknowledges the importance of such controls and the overview of risk management and internal control framework is set out in the 'Statement on Risk Management and Internal Control' in this Annual Report.

Internal Audit Function

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve the operations of the Group. It helps to accomplish its objective to the Group by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Group has outsourced the internal audit function to an independent professional firm, Deloitte Risk Advisory Sdn Bhd, who performs regular reviews with impartiality and due professional care, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors in reviewing the adequacy as well as effectiveness of the Group's risk management and internal control systems.

Details of the internal audit function are set out in 'Statement on Risk Management and Internal Control' and the 'Audit and Risk Management Committee Report' of this Annual Report respectively.

Risk Management Framework

The Board recognises that risk management, which include creating risk awareness culture, should be an integral part of the business operation. The Board through ARMC has established enterprise risk management ("ERM") framework with structured and systematic approach in identifying, evaluating, monitoring, mitigating and managing enterprise risks.



Corporate Governance Overview Statement (Cont'd)

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. COMMUNICATION WITH STAKEHOLDERS

The Company recognises the importance of transparency and accountability to its shareholders and the need to have a clear and effective communications with the Company's institutional investors, shareholders and other stakeholders. Communication is facilitated by a number of formal channels used to inform shareholders about the performance, business activities, financial performance, material information and corporate events of the Group. Shareholders, investors and various stakeholders can also access these information via the Company's website at www.iris.com.my.

In addition, in the annual general meeting, the Executive Deputy Chairman, Group Chief Executive Officer and Group Finance Director will brief shareholders on financial and operations performance of the Group prior to tabling the motion on audited financial statements. Shareholders will be invited to raise question concerning the financial statements. Briefing will also be given on other motions not in the ordinary courses of business of the agenda as and when needed before voting. The Board welcomes questions and feedback from shareholders during and at the end of shareholders' meeting and ensures their questions are responded in proper and systematic manner.

2. CONDUCT OF GENERAL MEETINGS

The Annual General Meeting ("AGM") is the principal forum for dialogue allowing the shareholders to review the Group's performance via the Annual Report. At the AGM, the Board briefs the shareholders on the status of the Group's business and operations. Shareholders have the opportunity to ask questions on resolutions being proposed, the audited financial statement of the year and the operation of the Company and the Group as well as to communicate their expectations and concern to the Company. Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations. The Board will ensure sufficient and relevant information are given for each agenda items in the notice of meeting and/or Annual Report or circular accompanying the notice of meeting. The Company complied with Practice 13.1 of MCCG 2021 to send the Notice of AGM and related Circular at least 28 days before the AGM to allow sufficient time to the shareholders to review the Annual Reports and the papers supporting the resolutions proposed.

All resolutions set out in the Notice of AGM will be carried out by poll voting. Each shareholder can vote in person or by appointing a proxy/proxies to attend and vote on his/her behalf. Separate issues are tabled in separate resolutions at general meetings, voting is carried out systematically and resolutions are properly recorded.

This Statement was approved by the Board of Directors on 27 July 2022.



Audit and Risk Management Committee Report

OBJECTIVES

THE AUDIT AND RISK MANAGEMENT COMMITTEE (“ARMC”) HAD DILIGENTLY DISCHARGED ITS DUTIES AND RESPONSIBILITIES IN ACCORDANCE WITH ITS TERMS OF REFERENCE AND IN THE COURSE OF ITS DUTIES DURING THE FINANCIAL PERIOD, THE ARMC IS OF THE VIEW THAT THERE WERE NO MATERIAL MISSTATEMENTS OR LOSSES, CONTINGENCIES OR UNCERTAINTIES REQUIRING SEPARATE DISCLOSURE IN THIS REPORT.

Composition

For the period under review, the composition of the ARMC was as follows:

Dato’ Mohamed Khadar Bin Merican
Chairman, Independent Non-Executive Director

Dato’ Dr. Abu Talib Bin Bachik
Member, Senior Independent Non-Executive Director

Haji Hussein Bin Ismail
Member, Independent Non-Executive Director

Mr Ling Hee Keat
Member, Independent Non-Executive Director

Authority

The ARMC is authorized by the Board of Directors (“the Board”) to review any activity of the Group within its Terms of Reference and has full access to information and resources which it needs to discharge its duties.

ARMC Meetings

The ARMC held five (5) meetings during the period from 1 April 2021 to 31 March 2022. The attendance of the members of the ARMC at the meetings were as follows:

NAME OF ARMC MEMBERS	TOTAL MEETINGS ATTENDED BY MEMBERS
Dato’ Mohamed Khadar Bin Merican	5/5
Dato’ Dr. Abu Talib Bin Bachik	5/5
Haji Hussein Bin Ismail	5/5
Mr Ling Hee Keat	5/5



Audit and Risk Management Committee Report (Cont'd)

ARMC Meetings (Cont'd)

The Company Secretary, or their representative, were in attendance during the meetings. By invitation, the Senior Management, Internal Auditors, External Auditors and other key personnel where necessary, were in the meetings to deliberate on matters within their purview.

ARMC meeting minutes were distributed to all the members of the Board. The Chairman of the ARMC regularly briefs the Board on the proceedings of the ARMC.

Summary of Activities During the Financial Year

The ARMC carried out the following duties and responsibilities in accordance with its terms of reference during the financial year under review.

1. Financial Reporting

- a. Reviewed the unaudited quarterly interim financial report of the Group before recommending to the Board for approval and authorization for the release of the Group's unaudited quarterly interim financial report announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").
- b. Reviewed the audited financial statement for the financial year ended 31 March 2022 before recommending to the Board for approval.
- c. Reviewed and discussed significant matters raised by Messrs. Baker Tilly Monteiro Heng PLT ("External Auditors"), including financial reporting issues and significant areas of judgement and estimations made by the Management, in accordance with the requirements set out in the Malaysian Financial Reporting Standards.
- d. Discussed and deliberated significant changes and impact of new or proposed changes in accounting standards and regulatory requirements that would affect the Group and the Company.

2. External Audit

- a. Reviewed with the External Auditors their Audit Planning Memorandum, which outlined the scope and timeline of the audit, risk assessment and audit approach and communication of key audit matters, prior to the commencement of the audit.
- b. Reviewed the External Auditors' audit fees and recommended to the Board for approval.
- c. Reviewed and discussed with the External Auditors their Audit Committee Memorandum for the financial year ended 31 March 2022. This memorandum covered significant audit findings, status of the audit, key audit matters, matters for control improvements and the expected audit opinion to be rendered by the auditors.
- d. Assessed the independence, objectivity and suitability of the External Auditors and the services provided. The ARMC was satisfied with the assessment of the External Auditors and recommended to the Board for the re-appointment of the External Auditors at the forthcoming Annual General Meeting.
- e. Met with the External Auditors twice, without the presence of Executive Directors and the Management, to review and discuss key issues and audit matters. There were no major concerns raised by the External Auditors at the meetings.

3. Internal Audit

- a. Reviewed internal audit plan as proposed by the outsourced internal auditors, Messrs. Deloitte Enterprise Risk Services Sdn Bhd ("Internal Auditors"), for the financial year of 2022 of the Group and the Company to ensure the adequacy of the scope and coverage of the work.



Audit and Risk Management Committee Report (Cont'd)

Summary of Activities During the Financial Year (Cont'd)

3. Internal Audit (Cont'd)

- b. Reviewed the internal audit reports presented by the Internal Auditors on their findings and recommendations.
- c. Reviewed the progress of the implementation of corrective action plans agreed by the management on all significant audit issues.
- d. Reviewed the status of outstanding audit recommendations as presented by the Internal Auditors.
- e. Obtained confirmation on independence and objectivity from the Internal Auditors that the audit personnel were free from any relationship or conflicts of interest with the Group during the audit for the financial year under review.

4. Risk Management

- a. Reviewed the adequacy of the risk management framework and recommended to the Board for approval.
- b. Reviewed the risk and impact of COVID-19 pandemic to the Group and to ensure that appropriate COVID-19 standard operating procedures are in place and mitigation measures are undertaken.
- c. Reviewed the framework for the Anti-Bribery and Anti-Corruption Policy and the necessary procedures under Section 17A (5) of the Malaysian Anti-Corruption Act 2009 and recommended to the Board for approval.
- d. Reviewed the framework and necessary procedures for the Whistleblowing Policy of the Group and recommended to the Board for approval.
- e. Reviewed and communicated the risk assessment results together with actions plan to manage and/or mitigate these risks to the Board and recommended to the Board for approval.

5. Others

- a. Reviewed the Audit and Risk Management Committee Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control ("SORMIC") and recommended to the Board for inclusion in the Annual Report for the financial year ended 31 March 2022.

Internal Audit Function

The outsourced Internal Auditors are independent of the activities or operations of the Group. The Internal Auditors are empowered to audit the Group's business units, review the units' compliance with internal control procedures and to assist the ARMC and the Management in maintaining a sound system of internal controls. The ARMC has full access to the Internal Auditors for internal audit purposes.

During the financial year under review, the Internal Auditors carried out its audit in accordance with the internal audit plan and conducted follow-up audits on agreed management remedial actions on a quarterly basis. The key areas reviewed included Legal, Product and Customer Contract, Supply Chain Management, Product/ Solution Research & Development ("R&D") and Product Management, as well as Pricing Management.

The results of the internal audit findings and the recommendations for improvement, including corrective and preventive actions as well as targeted implementation dates, were discussed and agreed with the management and subsequently presented to the ARMC on a quarterly basis for deliberation.

The cost incurred for internal audit services in respect of the financial year ended 31 March 2022 was approximately RM85,000.



Statement on Risk Management and Internal Control

THE BOARD OF DIRECTORS ("THE BOARD") OF IRIS CORPORATION BERHAD IS COMMITTED TO MAINTAIN SOUND RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND TO CONTINUALLY REVIEW THE ADEQUACY AND EFFECTIVENESS OF THE SYSTEM TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE GROUP'S ASSETS AS WELL AS CONTROL LIABILITIES.

This Statement is made following Rule 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for ACE Market ("ACE LR"), Principle B of the Malaysian Code of Corporate Governance ("MCCG 2021") and is guided by the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers.

The Board is pleased to present the Statement on Risk Management and Internal Control ("Statement"), which outlines the nature and scope of risk management and internal control within the Group for the financial year ended 31 March 2022.

Board's Responsibility

The Board acknowledges its overall responsibility in maintaining sound risk management and internal control systems for the group as a matter of good corporate governance. The risk management and internal control systems cover, inter alia, strategy, financial, operational, compliance controls and risk management procedures.

The Board has delegated the responsibility to review the adequacy and integrity of the Group's risk management and internal control systems to the Audit and Risk Management Committee ("ARMC").

By its nature, the risk management and internal control systems have limitations in assuring the Group from making material misstatement and incurring losses. In this regard, the ARMC together with the Internal Auditors, continuously review the Group's risk management and internal control systems to ensure appropriate remedial action is taken to address any significant weaknesses.

This Statement does not cover associate companies or joint ventures which the Group does not have any direct operational control. Nevertheless, the Board appointed representatives or the boards of associate companies or joint ventures will oversee the business and operational activities, and to update key matters and significant information to the Board.

Risk Management Framework

The Board regards risk management as an integral part of the Group's business operations and has established an Enterprise Risk Management ("ERM") framework.

The ERM framework involves a systematic approach in identifying, assessing, monitoring, mitigating and managing risks that may affect the Group's achievement of its business objectives and strategies. On a day to day basis, the respective heads of departments in the Group is responsible for the timely identification, assessment, reporting and management of identified risks.

An Enterprise Risk Management Committee ("ERMC") is formed to assist the ARMC in risk management. The ERMC, comprising senior management and heads of departments, meet regularly and is tasked with carrying the risk management activities. The activities of the ERMC are reported to the ARMC on a quarterly basis.



Statement on Risk Management and Internal Control (Cont'd)

Internal Control System

The key elements of the system of internal controls are as follow:

- In order to avoid conflicts of interest, the Group implements segregation of duties through clear delegation of responsibilities and authority among Board Committees and the Management.
- Departmental units are required to prepare annual budgets. The compiled Group budget is required to be approved by the Board to ensure effective execution. Subsequently, the results are monitored against budget to ensure appropriate remedial action plans are formulated to address the significant variances.
- Adequate reporting systems are in place for information relating to operating and financial performance, key business issues and annual financial statements being communicated to the Board and Management.
- The Group's internal policies and procedures are well documented in respective Standard Operating Procedures to ensure compliance with internal control.
- Periodic management meeting is carried out to review the operational and financial performance of the Group. This is to ensure that they are in line with the corporate objectives and strategies. The Management also formulates the strategies, policies and procedures to address changes in the business environment and risks.
- A Limits of Authority ("LOA") Matrix is established as a framework of authority and accountability within the Group. This LOA also facilitates decision-making at the appropriate levels within the organization's hierarchy.
- A strict Code of Conduct to govern the conduct of the Board members and all employees.
- The Group has adopted a Whistle-Blowing Policy which serves as an avenue for all employees, directors, stakeholders and/or any party with a business relationship with the Group, to raise concerns about misconduct or malpractice within the Group as well as ensuring the integrity of the process and information and also protecting the rights of informants.
- Adopting and regulating the Anti-Bribery and Anti-Corruption Policy which describes the Group's commitment to ensure zero-tolerance against any forms of bribery and corruption. The group is committed to conduct business with transparency, integrity and accountability.

Internal Audit Function

The outsourced Internal Auditors, Messrs. Deloitte Enterprise Risk Services Sdn Bhd ("Internal Auditors") support the ARMC, and by extension, the Board, by providing independent assurance on the adequacy and effectiveness of the Group's internal control system. The Internal Auditors submits internal audit plans and reports to the ARMC. Included in the internal auditors reports are recommended corrective and preventive measures on risks identified, if any, for implementation by the Management.

The internal audit plan, which reflects the risk profile of the Group's major business segments, is reviewed by the ARMC. Upon recommendation from the ARMC, the Board will approve the internal audit plan.

The Board fully supports the internal audit function and through the ARMC, continuously reviews the adequacy and effectiveness of the risk management and internal control process.

The Internal Auditors independently reviews the risk prevention procedures and control processes implemented by the Management, and reports to the ARMC. The Internal Auditors also reviews the internal control in the key activities of the Group's businesses. The Internal Auditors adopts a risk based-approach and prepares its audit strategy and plan based on the risk profiles of the various business units of the Group.



Statement on Risk Management and Internal Control (Cont'd)

Internal Audit Function (Cont'd)

The Internal Auditors also undertakes a review of the Group's compliance with recommended principles and best practices. The results and any corrective and preventive action that may be necessary are reported directly to the ARMC.

The ARMC reviews the risk monitoring and compliance procedures on a quarterly basis, and ensures appropriate mix of techniques are adopted to obtain the level of assurance required by the Board. The ARMC considers reports from the Internal Auditors and from the Management, before making recommendations to the Board in strengthening the risk management, internal control and governance systems.

Review of This Statement by External Auditors

The Company's External Auditors, Messrs. Baker Tilly Monteiro Heng PLT, has reviewed this Statement pursuant to Rule 15.23 ACE LR. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is inconsistent with their understanding of the processes that the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and internal control system.

Conclusion

For the financial year under review, and up to the date of approval of this Statement, the Board is of the view that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects to enable the Group to achieve its business objectives. There were no significant internal control weaknesses that have not been reported in this section, which led to material losses, contingencies or uncertainties that would require a separate disclosure in the Annual Report.

The Board has received assurance from the Executive Deputy Chairman, the Group Chief Executive Officer and the Group Finance Director that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement was approved by the Board of Directors on 27 July 2022.



Statement of Directors' Responsibility

THE DIRECTORS ARE RESPONSIBLE FOR THE PREPARATION OF FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY, AS AT THE END OF EACH FINANCIAL YEAR, THAT GIVE A TRUE AND FAIR VIEW OF THE FINANCIAL POSITION IN ACCORDANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS, INTERNATIONAL FINANCIAL REPORTING STANDARDS AND THE REQUIREMENTS OF THE COMPANIES ACT, 2016 ("ACT") IN MALAYSIA.

In preparation of the financial statements for financial year ended 31 March 2022, the Directors have:

- considered appropriate applicable accounting policies and applied them consistently;
- made judgments and estimates that are reasonable and prudent;
- prepared the financial statements, on a going concern basis, with reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, and enabling them to ensure that the financial statements comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors have general responsibility for taking all steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.



Additional Compliance Information

THE INFORMATION SET OUT BELOW IS DISCLOSED IN COMPLIANCE WITH THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR ACE MARKET.

1.

Utilisation of Proceeds Raised from Corporate Proposal

The Company had on 23 June 2020 announced a proposed 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 a later date. Bursa Securities 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 2022, the Company had completed the Private Placement via 7 tranches as follows:

DESCRIPTION	DATE OF PLACEMENT SHARES LISTED ON BURSA SECURITIES	NUMBER OF SHARES ISSUED (UNIT)	ISSUE PRICE (RM)	PLACEMENT PROCEEDS (RM)
1 st tranche	6 November 2020	75,000,000	0.25240	18,930,000
2 nd tranche	16 March 2021	60,000,000	0.31410	18,846,000
3 rd tranche	26 March 2021	15,000,000	0.31410	4,711,500
4 th tranche	23 September 2021	1,628,000	0.22000	358,160
5 th tranche	30 September 2021	44,000,000	0.22000	9,680,000
6 th tranche	10 November 2021	27,000,000	0.18300	4,941,000
7 th tranche	24 December 2021	74,000,000	0.18500	13,690,000
Total		296,628,000	0.23988	71,156,660

The utilisation of the above Private Placement proceeds up to 22 June 2022 are as follows:

DESCRIPTION	PROPOSED UTILISATION RM'000	ACTUAL UTILISATION RM'000	BALANCE TO BE UTILISED RM'000	INTENDED TIMEFRAME FOR UTILISATION
Working capital of ICB Group	71,035	(71,035)	–	Within 18 months
Estimated expenses in relation to the Private Placement	122	(122)	–	Immediate
Total	71,157	(71,157)	–	



Additional Compliance Information (Cont'd)

2. Non-Audit Fees

The detail of the audit and non-audit fees paid/payable for the financial year ended 31 March 2022 to the External Auditors or a firm or company affiliated to the External Auditors are set out below:

	GROUP RM'000	COMPANY RM'000
Audit fees	448	320
Non-audit fees	10	10

3. Material Contracts Involving Directors' and Major Shareholders'

For the financial year ended 31 March 2022, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

4. List of Properties

For the financial year ended 31 March 2022, the list of the property as set out below:

LOCATION	DESCRIPTION OF LAND	LAND AREA (SQ.FT.)	BUILT-UP AREA (SQ.FT.)	EXISTING USE	TENURE / LEASE PERIOD	AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING VALUE RM'000
H.S (D) 116023 & 116028 P.T, No. 13810 & 13811, Mukim Petaling, Daerah Kuala Lumpur	Land with a 4 and half storey building and car park facilities	188,179	328,459	Factory, warehouse and office	Sub- Lease (Term of 60 years, expiring on 16 July 2055)	25	17 July 1995	75,953



Additional Compliance Information (Cont'd)

5.

Revaluation Policy on Landed Properties

No valuation is carried out by the Company and its subsidiaries on landed properties during the financial year ended 31 March 2022. The latest valuation on the property of the Company was carried out by an independent firm of professional valuer on 29 June 2020.

Revaluation will be carried out when deemed appropriate by the directors or at least once in every 5 years.

6.

Recurrent Related Party Transactions of A Revenue or Trading Nature

There were no recurrent related party transaction of a revenue or trading nature made during the financial year ended 31 March 2022.



Reports and Financial Statements For The Financial Year Ended 31 March 2022

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PROXY FORM



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 2022.

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 9 to the financial statements.

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

Results

	GROUP	COMPANY
	RM'000	RM'000
Profit/(Loss) for the financial year, net of tax	3,405	(406)
Attributable to:		
Owners of the Company	3,412	(406)
Non-controlling interests	(7)	-
	3,405	(406)

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 2022.

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.



Directors' Report (Cont'd)

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.



Directors' Report (Cont'd)

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 31 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.

Issue of Shares and Debentures

During the financial year, the Company issued 146,628,000 new ordinary shares pursuant to private placement exercises to eligible investors at an average issue price of RM0.19552 per ordinary share for working capital purposes.

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

During the financial year, no new issue of debenture 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' Report (Cont'd)

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 *
H'ng Boon Harnng
Dato' Ng Wan Peng

(Appointed on 1 February 2022)

* 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 1.4.2021	BOUGHT	SOLD	AT 31.3.2022
Direct interests:				
Dr. Poh Soon Sim	36,000,000	31,000,000	–	67,000,000
Ling Hee Keat	106,800,000	4,000,000	–	110,800,000
Shaiful Zahrin Bin Subhan	9,500,000	–	–	9,500,000
H'ng Boon Harnng	1,000,000	–	–	1,000,000
Indirect interests:				
Dr. Poh Soon Sim *	347,590,200	–	–	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' Report (Cont'd)

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 by the directors as shown below) 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 27 to the financial statements.

The directors' benefits of the Group and the Company are as follows:

	GROUP AND COMPANY
	RM'000
Director of the Company	
Directors' fees	518
Directors' meeting allowances	52
Directors' remuneration:	
- salaries and other remuneration	1,862
- defined contribution plans and SOCSO	162
- estimated money value of benefits-in-kind	58
	2,652

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 RM60,000 respectively.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

Other than those subsidiaries without auditors' reports as disclosed in Note 9 to the financial statements, the available auditors' reports on the accounts of the remaining subsidiaries did not contain any qualification.



Directors' Report (Cont'd)

Significant Events during the Financial Year

Details of significant events during the financial year are disclosed in Note 31 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 31 to the financial statements.

Auditors

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

The auditors' remuneration of the Group and the Company during the financial year are RM458,000 and RM330,000 respectively.

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

Chairman

DR. POH SOON SIM

Director

Date: 27 July 2022



Statements of Financial Position

As At 31 March 2022

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000 (RESTATED)	31.3.2022 RM'000	31.3.2021 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	90,216	88,276	83,861	87,808
Intangible assets	7	129,844	131,110	1,576	2,842
Operating financial assets	8	8,099	9,290	8,099	9,290
Investment in subsidiaries	9	–	–	77,865	77,865
Investment in associates	10	852	856	5,000	5,000
Investment in joint ventures	11	–	–	–	–
Total non-current assets		229,011	229,532	176,401	182,805
Current assets					
Inventories	12	18,374	20,292	17,071	20,070
Operating financial assets	8	1,192	1,107	1,192	1,107
Trade and other receivables	13	84,367	85,181	115,169	96,733
Prepayments		4,675	2,155	1,659	1,430
Contract assets	14	59,456	7,416	7,709	7,354
Current tax assets		648	929	–	929
Cash and short-term deposits	15	111,288	117,273	74,220	80,060
Total current assets		280,000	234,353	217,020	207,683
TOTAL ASSETS		509,011	463,885	393,421	390,488



Statements of Financial Position (Cont'd)

As At 31 March 2022

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000 (RESTATED)	31.3.2022 RM'000	31.3.2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	16	610,759	582,090	610,759	582,090
Other reserves	17	31,283	32,247	9,134	9,417
Accumulated losses		(316,692)	(300,214)	(444,271)	(444,148)
		325,350	314,123	175,622	147,359
Non-controlling interests		(1,852)	(22,699)	–	–
TOTAL EQUITY		323,498	291,424	175,622	147,359
Non-current liabilities					
Loans and borrowings	18	–	6,250	–	6,250
Lease liabilities	6(b)	2,341	–	–	–
Deferred tax liabilities	19	13,106	13,254	13,106	13,254
Total non-current liabilities		15,447	19,504	13,106	19,504
Current liabilities					
Loans and borrowings	18	7,500	12,500	7,500	12,500
Current tax liabilities		1,058	778	340	–
Trade and other payables	20	157,177	139,664	194,140	211,112
Lease liabilities	6(b)	1,697	–	79	–
Contract liabilities	14	2,634	15	2,634	13
Total current liabilities		170,066	152,957	204,693	223,625
TOTAL LIABILITIES		185,513	172,461	217,799	243,129
TOTAL EQUITY AND LIABILITIES		509,011	463,885	393,421	390,488

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



Statements of Comprehensive Income

For The Financial Year Ended 31 March 2022

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue	21	210,987	106,618	153,437	100,860
Cost of sales		(171,997)	(93,688)	(119,393)	(84,141)
Gross profit		38,990	12,930	34,044	16,719
Other income		5,837	18,218	4,549	16,423
Administrative expenses		(36,652)	(31,682)	(33,034)	(24,035)
Net reversal of impairment losses/ (impairment losses) on financial instruments		1,381	(3,754)	(96)	(2,628)
Other expenses		(3,712)	(3,091)	(3,469)	(3,012)
Operating profit/(loss)		5,844	(7,379)	1,994	3,467
Finance costs	22	(1,648)	(2,204)	(1,266)	(1,999)
Share of results of associates, net of tax		(4)	14	–	–
Profit/(Loss) before tax	23	4,192	(9,569)	728	1,468
Income tax expense	24	(787)	(3,296)	(1,134)	(2,692)
Profit/(Loss) for the financial year		3,405	(12,865)	(406)	(1,224)
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of foreign operations		–	100	–	–
Other comprehensive income for the financial year		–	100	–	–
Total comprehensive income/(loss) for the financial year		3,405	(12,765)	(406)	(1,224)



Statements of Comprehensive Income (Cont'd)

For The Financial Year Ended 31 March 2022

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
NOTE				
Profit/(Loss) attributable to:				
Owners of the Company	3,412	(11,022)	(406)	(1,224)
Non-controlling interests	(7)	(1,843)	–	–
	<u>3,405</u>	<u>(12,865)</u>	<u>(406)</u>	<u>(1,224)</u>
Total comprehensive income/(loss) attributable to:				
Owners of the Company	3,412	(10,922)	(406)	(1,224)
Non-controlling interests	(7)	(1,843)	–	–
	<u>3,405</u>	<u>(12,765)</u>	<u>(406)</u>	<u>(1,224)</u>
Earnings/(Loss) per share attributable to owners of the Company (sen per share)				
Basic	25(a) 0.11	(0.37)		
Diluted	25(b) 0.11	(0.37)		

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



Statements of Changes in Equity

For The Financial Year Ended 31 March 2022

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY							
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUA- TION RESERVE RM'000	ACCUMU- LATED LOSSES RM'000	SUB- TOTAL RM'000	NON- CONTROL- LING INTERESTS RM'000	TOTAL EQUITY RM'000	
At 1 April 2021									
		582,090	130	32,117	(296,606)	317,731	(22,699)	295,032	
	32	–	–	–	(3,608)	(3,608)	–	(3,608)	
		Restated balance at 1 April 2021	582,090	130	32,117	(300,214)	314,123	(22,699)	291,424
Total comprehensive income/ (loss) for the financial year									
		Profit for the financial year	–	–	–	3,412	3,412	(7)	3,405
		Total comprehensive income/ (loss)	–	–	–	3,412	3,412	(7)	3,405
Transactions with owners									
	16	Issue of ordinary shares	28,669	–	–	–	28,669	–	28,669
	9(b)	Change in ownership interests in a subsidiary	–	–	–	(20,854)	(20,854)	20,854	–
		Total transaction with owners	28,669	–	–	(20,854)	7,815	20,854	28,669
	17	Realisation of revaluation reserve	–	–	(964)	964	–	–	–
		At 31 March 2022	610,759	130	31,153	(316,692)	325,350	(1,852)	323,498



Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 31 March 2022

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLA- TION RESERVE RM'000	REVALUA- TION RESERVE RM'000	ACCUMU- LATED LOSSES RM'000	SUB- TOTAL RM'000	NON- CONTROL- LING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2020								
- As previously reported		539,602	30	33,080	(286,547)	286,165	(20,856)	265,309
- Retrospective restatements	32	-	-	-	(3,608)	(3,608)	-	(3,608)
Restated balance at 1 April 2020		539,602	30	33,080	(290,155)	282,557	(20,856)	261,701
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	16	42,488	-	-	-	42,488	-	42,488
Total transaction with owners		42,488	-	-	-	42,488	-	42,488
Realisation of revaluation reserve	17	-	-	(963)	963	-	-	-
At 31 March 2021		582,090	130	32,117	(300,214)	314,123	(22,699)	291,424



Statements of Changes in Equity (Cont'd)

For The Financial Year Ended 31 March 2022

		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 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)
Transaction with owners					
Issue of ordinary shares	16	42,488	-	-	42,488
Total transactions with owners		42,488	-	-	42,488
Realisation of revaluation reserve	17	-	(282)	282	-
At 31 March 2021		582,090	9,417	(444,148)	147,359
Total comprehensive loss for the financial year					
Loss for the financial year		-	-	(406)	(406)
Total comprehensive loss		-	-	(406)	(406)
Transactions with owners					
Issue of ordinary shares	16	28,669	-	-	28,669
Total transaction with owners		28,669	-	-	28,669
Realisation of revaluation reserve	17	-	(283)	283	-
At 31 March 2022		610,759	9,134	(444,271)	175,622

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



Statements of Cash Flows

For The Financial Year Ended 31 March 2022

NOTE	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Cash flows from operating activities				
Profit/(Loss) before tax	4,192	(9,569)	728	1,468
Adjustments for:				
Amortisation of intangible assets	1,266	1,409	1,266	1,409
Bad debts written off	67	51	67	42
Depreciation of property, plant and equipment	6,627	5,310	4,937	5,049
Effect of accretion of interest on operating financial assets	(790)	(866)	(790)	(866)
Finance costs	1,648	2,204	1,266	1,999
Loss/(Gain) on disposal of property, plant and equipment	207	(143)	175	(100)
Impairment loss on trade and other receivables	370	12,918	370	8,599
Interest income	(1,929)	(1,351)	(1,158)	(824)
Net reversal of inventories written down	(242)	(1,215)	(203)	(1,099)
Reversal of impairment loss on trade and other receivables	(1,751)	(9,164)	(274)	(5,971)
Share of results of associates	4	(14)	-	-
Unrealised gain on foreign exchange	(540)	(2,125)	(564)	(2,049)
Operating profit/(loss) before changes in working capital	9,129	(2,555)	5,820	7,657
Changes in working capital:				
Contract assets/(liabilities)	(49,421)	(4,812)	2,266	(4,775)
Inventories	2,160	(3,251)	3,202	(3,145)
Operating financial assets	1,896	1,896	1,896	1,896
Trade and other payables	17,694	(31,116)	(16,491)	(34,657)
Trade and other receivables	3,222	53,030	6,292	30,090
Prepayments	(2,520)	(1,842)	(229)	(1,126)
Net cash (used in)/from operations	(17,840)	11,350	2,756	(4,060)
Interest paid	(1,434)	(2,204)	(1,257)	(1,999)
Interest received	1,929	1,351	1,158	824
Income tax paid	(374)	(449)	(13)	(307)
Net cash (used in)/from operating activities	(17,719)	10,048	2,644	(5,542)



Statements of Cash Flows (Cont'd)

For The Financial Year Ended 31 March 2022

NOTE	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Cash flows from investing activities				
Addition in investment in subsidiaries	–	–	–*	–
(Advances to)/repayment from subsidiaries	–	–	(24,073)	2,991
Acquisition of development expenditure	–	(177)	–	(177)
Proceeds from disposal of plant and equipment	340	143	226	100
Purchase of property, plant and equipment	(a) (4,007)	(621)	(1,261)	(510)
Placement of fixed deposits	(213)	(16,607)	(212)	(13,302)
Net cash used in investing activities	(3,880)	(17,262)	(25,320)	(10,898)
Cash flows from financing activities				
Proceeds from issuance of shares	28,669	42,488	28,669	42,488
Drawdown of unstructured loan	(b) 7,500	–	7,500	–
Repayment of term loan	(b) (18,750)	(12,500)	(18,750)	(12,500)
Repayment of lease liabilities	(b) (1,283)	–	(60)	–
Net cash from financing activities	16,136	29,988	17,359	29,988
Net (decrease)/increase in cash and cash equivalents	(5,463)	22,774	(5,317)	13,548
Cash and cash equivalents at the beginning of the financial year	100,666	76,750	66,758	52,168
Effect of exchange rate changes on cash and cash equivalents	(735)	1,142	(735)	1,042
Cash and cash equivalents at the end of the financial year	15(a) 94,468	100,666	60,706	66,758

* Represent amount less than RM1,000



Statements of Cash Flows (Cont'd)

For The Financial Year Ended 31 March 2022

(a) Purchase of property, plant and equipment

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Purchase of property, plant and equipment	9,114	621	1,391	510
Financed by way of lease arrangements	(5,107)	–	(130)	–
Cash payments on purchase of property, plant and equipment	4,007	621	1,261	510

(b) Reconciliation of liabilities arising from financing activities:

	NON-CASH				
	1.4.2021 RM'000	ACQUISITION RM'000	INTEREST EXPENSES RM'000	CASH FLOWS RM'000	31.3.2022 RM'000
Group					
Lease liabilities	–	5,107	214	(1,283)	4,038
Term loan	18,750	–	–	(18,750)	–
Unstructured loan	–	–	–	7,500	7,500
	18,750	5,107	214	(12,533)	11,538

	1.4.2020 RM'000	CASH FLOWS RM'000	31.3.2021 RM'000
Group			
Term loan	31,250	(12,500)	18,750



Statements of Cash Flows (Cont'd)

For The Financial Year Ended 31 March 2022

(b) Reconciliation of liabilities arising from financing activities (Cont'd):

	NON-CASH				31.3.2022 RM'000
	1.4.2021 RM'000	ACQUISITION RM'000	INTEREST EXPENSES RM'000	CASH FLOWS RM'000	
Company					
Lease liabilities	-	130	9	(60)	79
Term loan	18,750	-	-	(18,750)	-
Unstructured loan	-	-	-	7,500	7,500
	<u>18,750</u>	<u>130</u>	<u>9</u>	<u>(11,310)</u>	<u>7,579</u>

	1.4.2020 RM'000	CASH FLOWS RM'000	31.3.2021 RM'000
Company			
Term loan	31,250	(12,500)	18,750

(c) Total cash outflows for leases as a lessee

During the financial year, the Group and the Company had total cash outflows for leases of RM1,434,000 and RM211,000 (31.3.2021: RM235,000 and RM163,000) respectively.

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



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 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at IRIS Smart Technology Complex, Lot 8 & 9, 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 9 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 27 July 2022.

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 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases *
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendments to MFRS 16 Leases issued by the Malaysian Accounting Standards Board (“MASB”) on 6 April 2021.



Notes to the Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

2.2 Adoption of amendments/improvements to MFRSs (Cont'd)

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 are 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 are yet to be effective:

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
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 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	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 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
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 [#]



Notes to the Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

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

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

Amendments/Improvements to MFRSs (Cont'd)

		EFFECTIVE FOR FINANCIAL PERIODS BEGINNING ON OR AFTER
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 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.

The other 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.



Notes to the Financial Statements (Cont'd)

2. Basis of Preparation (Cont'd)

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

- (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 (Cont'd).

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 are 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.

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.



Notes to the Financial Statements (Cont'd)

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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.1 Basis of consolidation and economic entities (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.1 Basis of consolidation and economic entities (Cont'd)

(c) Associates (Cont'd)

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 decreases 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.1 Basis of consolidation and economic entities (Cont'd)

(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.

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).



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.3 Foreign currency transactions and operations (Cont'd)

(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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial instruments (Cont'd)

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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Debt instruments (Cont'd)

- **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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows (Cont'd):

(i) Financial assets (Cont'd)

Equity instruments (Cont'd)

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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial instruments (Cont'd)

(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 commit themselves to 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

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 leasehold 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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.5 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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.

Leasehold buildings

Office buildings

Office equipment, furniture and fittings

Motor vehicles

Plant and machinery

USEFUL LIVES (YEARS)

50 years

2 to 4 years

3 to 10 years

5 years

3 to 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

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 properties in Note 5 and Note 6(a) to the financial statements.

Right-of-use asset

The right-of-use asset (other than leasehold land) 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.

Leasehold land is 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. 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.

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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

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; and
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.6 Leases (Cont'd)

(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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.7 Goodwill and other intangible assets (Cont'd)

(b) Development costs (Cont'd)

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.

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.

3.9 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.9 Service concession arrangements (Cont'd)

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.

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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

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, contract assets 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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.12 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.12 Impairment of assets (Cont'd)

(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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

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.

(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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Revenue and other income (Cont'd)

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 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.

(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 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Revenue and other income (Cont'd)

(b) Rendering of services (Cont'd)

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.

(d) Rental income

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

(e) Construction and integration system contracts

Construction and integration system service contracts comprise multiple deliverables that require significant integration and customisation services 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.15 Revenue and other income (Cont'd)

(e) Construction and integration system contracts (Cont'd)

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.

(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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.17 Taxes (Cont'd)

(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 (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.17 Taxes (Cont'd)

(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 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, the Group Chief Executive Officer and the Group 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.

3.19 Fair value measurements

Fair value of an asset or a liability, except for 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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.19 Fair value measurements (Cont'd)

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.

3.20 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.

3.21 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.

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.



Notes to the Financial Statements (Cont'd)

3. Summary of Significant Accounting Policies (Cont'd)

3.22 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.

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.



Notes to the Financial Statements (Cont'd)

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 endemic, inflation rates and gross profit margins.

The economic uncertainties from COVID-19 endemic 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 7(a) to the financial statements.

(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 endemic 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 receivables' 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.

(c) Revenue recognition for contract customers

The Group recognised contract revenue for a construction and integration system project in the profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.



Notes to the Financial Statements (Cont'd)

4. Significant Accounting Estimates, Judgements and Assumptions (Cont'd)

(c) Revenue recognition for contract customers (Cont'd)

Significant judgement is required, in particular, with regards to the identification and separation of different performance obligations, the determination of progress towards satisfaction of performance obligations, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of identified contracts with customers. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 14 to the financial statements.

5. Property, Plant and Equipment

	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 (NOTE 6(a))	TOTAL RM'000
Group						
Cost/Valuation						
At 1 April 2021	67,000	24,247	1,589	70,181	16,000	179,017
Additions	–	3,430	560	17	5,107	9,114
Disposals	–	–	(996)	–	–	(996)
At 31 March 2022	67,000	27,677	1,153	70,198	21,107	187,135
Accumulated depreciation and impairment loss						
At 1 April 2021	3,792	22,259	972	62,812	906	90,741
Depreciation charge for the financial year	1,896	1,179	201	1,727	1,624	6,627
Disposals	–	–	(449)	–	–	(449)
At 31 March 2022	5,688	23,438	724	64,539	2,530	96,919
Carrying amounts						
At 31 March 2022	61,312	4,239	429	5,659	18,577	90,216



Notes to the Financial Statements (Cont'd)

5. Property, Plant and Equipment (Cont'd)

	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 (NOTE 6(a))	TOTAL RM'000
Group						
Cost/Valuation						
At 1 April 2020	67,000	24,206	3,312	70,113	16,000	180,631
Additions	-	553	-	68	-	621
Disposals	-	-	(1,723)	-	-	(1,723)
Written off	-	(511)	-	-	-	(511)
Exchange differences	-	(1)	-	-	-	(1)
At 31 March 2021	67,000	24,247	1,589	70,181	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	1,988	617	7,369	15,094	88,276



Notes to the Financial Statements (Cont'd)

5. Property, Plant and Equipment (Cont'd)

	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 (NOTE 6(a))	TOTAL RM'000
Company						
Cost/Valuation						
At 1 April 2021	67,000	23,136	1,248	70,163	16,000	177,547
Additions	–	684	560	17	130	1,391
Disposals	–	–	(634)	–	–	(634)
At 31 March 2022	67,000	23,820	1,174	70,180	16,130	178,304
Accumulated depreciation and impairment loss						
At 1 April 2021	3,792	21,630	621	62,790	906	89,739
Depreciation charge for the financial year	1,896	648	148	1,727	518	4,937
Disposals	–	–	(233)	–	–	(233)
At 31 March 2022	5,688	22,278	536	64,517	1,424	94,443
Carrying amounts						
At 31 March 2022	61,312	1,542	638	5,663	14,706	83,861



Notes to the Financial Statements (Cont'd)

5. Property, Plant and Equipment (Cont'd)

	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 (NOTE 6(a))	TOTAL RM'000
Company						
Cost/Valuation						
At 1 April 2020	67,000	22,695	2,894	70,095	16,000	178,684
Additions	-	442	-	68	-	510
Disposals	-	-	(1,646)	-	-	(1,646)
Written off	-	(1)	-	-	-	(1)
At 31 March 2021	67,000	23,136	1,248	70,163	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	1,506	627	7,373	15,094	87,808

(a) Assets pledged as security

In the previous financial year, the property, plant and equipment with net carrying amounts of RM78,302,000 of the Group and of the Company have been pledged to a financial institution as security for banking facilities as disclosed in Note 18 to the financial statements.



Notes to the Financial Statements (Cont'd)

5. Property, Plant and Equipment (Cont'd)

(b) Revaluation on leasehold land and leasehold buildings

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

	GROUP AND COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000
Leasehold buildings	24,001	25,048
Right-of-use assets - Leasehold land	7,465	7,775

Fair value information

	GROUP AND COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000
Level 3		
Leasehold land	16,000	16,000
Leasehold buildings	67,000	67,000

There is no transfer between the level of fair value hierarchy during the financial year ended 31 March 2022.

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
Leasehold land 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.



Notes to the Financial Statements (Cont'd)

5. Property, Plant and Equipment (Cont'd)

(b) Revaluation on leasehold land and leasehold buildings (Cont'd)

Valuation process applied by the Group and the Company

The fair value of leasehold land 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 leasehold land and leasehold buildings, the highest and best use of the leasehold land and leasehold buildings is their current use.

6. Right-Of-Use Assets and Lease Liabilities

(a) Right-of-use assets

The Group and the Company leases several assets which including leasehold land and office building as their office space and operation site.

The leasehold land has a remaining lease term of 33 years (31.3.2021: 34 years). The leases of office buildings have remaining lease terms of 1 to 3 years (31.3.2021: Nil).



Notes to the Financial Statements (Cont'd)

6. Right-Of-Use Assets and Lease Liabilities

(a) Right-of-use assets (Cont'd)

The information about leases of the Group and the Company as lessees are presented below:

	LEASEHOLD LAND (AT VALUATION) RM'000	OFFICE BUILDINGS (AT COST) RM'000	TOTAL RM'000
Group			
Cost/Valuation			
At 1 April 2020/31 March 2021	16,000	–	16,000
Additions	–	5,107	5,107
At 31 March 2022	16,000	5,107	21,107
Accumulated depreciation			
At 1 April 2020	453	–	453
Depreciation charge for the financial year	453	–	453
At 31 March 2021	906	–	906
Depreciation charge for the financial year	453	1,171	1,624
At 31 March 2022	1,359	1,171	2,530
Carrying amount			
At 31 March 2022	14,641	3,936	18,577
At 31 March 2021	15,094	–	15,094
Company			
Cost/Valuation			
At 1 April 2020/31 March 2021	16,000	–	16,000
Additions	–	130	130
At 31 March 2022	16,000	130	16,130
Accumulated depreciation			
At 1 April 2020	453	–	453
Depreciation charge for the financial year	453	–	453
At 31 March 2021	906	–	906
Depreciation charge for the financial year	453	65	518
At 31 March 2022	1,359	65	1,424
Carrying amount			
At 31 March 2022	14,641	65	14,706
At 31 March 2021	15,094	–	15,094



Notes to the Financial Statements (Cont'd)

6. Right-Of-Use Assets and Lease Liabilities (Cont'd)

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Minimum lease payment:				
Not later than 1 year	1,917	–	84	–
Later than 1 year and not later than 5 years	2,444	–	–	–
	4,361	–	84	–
Less: Further finance charges	(323)	–	(5)	–
Present value of minimum lease payments	4,038	–	79	–
Present value of minimum lease payments:				
Not later than 1 year	1,697	–	79	–
Later than 1 year and not later than 5 years	2,341	–	–	–
	4,038	–	79	–
Less: Amount due within 12 months	(1,697)	–	(79)	–
Amount due after 12 months	2,341	–	–	–



Notes to the Financial Statements (Cont'd)

7. Intangible Assets

	GOODWILL ON CONSOLIDATION RM'000	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	TOTAL RM'000
Group				
Cost				
At 1 April 2021/31 March 2022	129,689	16,451	40,391	186,531
Accumulated amortisation and impairment loss				
At 1 April 2021	1,421	16,261	37,739	55,421
Amortisation charge for the financial year	–	42	1,224	1,266
At 31 March 2022	1,421	16,303	38,963	56,687
Carrying amounts				
At 31 March 2022	128,268	148	1,428	129,844
Cost				
At 1 April 2020	129,689	16,274	40,391	186,354
Additions	–	177	–	177
At 31 March 2021	129,689	16,451	40,391	186,531
Accumulated amortisation and impairment loss				
At 1 April 2020	1,421	16,238	36,353	54,012
Amortisation charge for the financial year	–	23	1,386	1,409
At 31 March 2021	1,421	16,261	37,739	55,421
Carrying amounts				
At 31 March 2021	128,268	190	2,652	131,110



Notes to the Financial Statements (Cont'd)

7. Intangible Assets (Cont'd)

	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	TOTAL RM'000
Company			
Cost			
At 1 April 2021/31 March 2022	16,451	40,391	56,842
Accumulated amortisation			
At 1 April 2021	16,261	37,739	54,000
Amortisation charge for the financial year	42	1,224	1,266
At 31 March 2022	16,303	38,963	55,266
Carrying amount			
At 31 March 2022	148	1,428	1,576
Cost			
At 1 April 2020	16,274	40,391	56,665
Additions	177	–	177
At 31 March 2021	16,451	40,391	56,842
Accumulated amortisation			
At 1 April 2020	16,238	36,353	52,591
Amortisation charge for the financial year	23	1,386	1,409
At 31 March 2021	16,261	37,739	54,000
Carrying amount			
At 31 March 2021	190	2,652	2,842

(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 (Cont'd)

7. Intangible Assets (Cont'd)

(a) Goodwill on consolidation (Cont'd)

Impairment of goodwill (Cont'd)

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

	GROUP	
	31.3.2022 RM'000	31.3.2021 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 four-year period to be more reflective of the recent new contracts entered or renewed by the Group and the Company. In the previous financial year, cash flows projection covering a ten-year period was used.

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
31.3.2022	
Average gross margin	11%
Discount rate	12%
31.3.2021	
Average gross margin	21%
Discount rate	17%

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).



Notes to the Financial Statements (Cont'd)

7. Intangible Assets (Cont'd)

(a) Goodwill on consolidation (Cont'd)

Impairment of goodwill (Cont'd)

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

- Sales are based on the secured contracts with customers over the four-year projection period.
- Gross margin is the forecasted margin as a percentage of revenue over the four-year projection period.
- 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) Amortisation

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



Notes to the Financial Statements (Cont'd)

8. Operating Financial Assets

	GROUP AND COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000
At the beginning of the financial year	10,397	11,427
Add: Effect on accretion of interest from discounting	790	866
Less: Payment received	(1,896)	(1,896)
At the end of the financial year	9,291	10,397
Non-current	8,099	9,290
Current	1,192	1,107
	9,291	10,397

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

Financial assets model

- 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.
- 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.
- 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% (31.3.2021: 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.



Notes to the Financial Statements (Cont'd)

9. Investment in Subsidiaries

At cost

Unquoted shares

At the beginning of the financial year
Add: Additions during the financial year
At the end of the financial year

Less: Accumulated impairment losses

At the beginning/end of the financial year

Carrying amounts

At the end of the financial year

COMPANY	
31.3.2022 RM'000	31.3.2021 RM'000
231,091	231,091
—*	—
231,091	231,091
153,226	153,226
77,865	77,865

* Represent amount less than RM1,000

(a) Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		31.3.2022 %	31.3.2021 %	
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.	Malaysia	100	100	Dormant.



Notes to the Financial Statements (Cont'd)

9. Investment in Subsidiaries (Cont'd)

(a) Details of the subsidiaries are as follows (Cont'd):

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		31.3.2022 %	31.3.2021 %	
IRIS KM Sdn. Bhd. <i>(formerly known as IRIS Koto (M) Sdn. Bhd.)</i>	Malaysia	100	51	Dormant.
IRIS Project Management 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.	Malaysia	100	100	Dormant.
IRIS Corporation (Bangladesh) Limited * +	Bangladesh	100	100	Dormant.
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 consolidated financial statements of the Group.

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

^ The Group has control over the subsidiary pursuant to MFRS 10 Consolidated Financial Statements.



Notes to the Financial Statements (Cont'd)

9. Investment in Subsidiaries (Cont'd)

- (b) Acquisition of remaining 49% equity interest of IRIS KM Sdn. Bhd. (formerly known as IRIS Koto (M) Sdn. Bhd.) ("IKSB")

On 3 June 2021, the Company acquired additional 367,500 shares representing 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 Group and the Company.

Effect of the increase in the ownership interest is as follows:

Fair value of consideration transferred
Increase in share of net liabilities (before intra-group elimination)
Excess charged directly to equity

31.3.2022 RM'000
—*
(20,854)
(20,854)

* Represent amount less than RM1,000

- (c) 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:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST	
		31.3.2022 %	31.3.2021 %
IRIS KM Sdn. Bhd. ("IKSB") (formerly known as IRIS Koto (M) Sdn. Bhd.)	Malaysia	—	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	31.3.2022 RM'000	31.3.2021 RM'000
IKSB	—	(20,854)



Notes to the Financial Statements (Cont'd)

9. Investment in Subsidiaries (Cont'd)

(c) Non-controlling interests in subsidiaries (Cont'd)

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	31.3.2022 RM'000	31.3.2021 RM'000
IKSB	–	(2,151)

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

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

	31.3.2021 RM'000
IKSB	
Summarised statement of financial position	
As at 31 March	
Current assets	152
Current liabilities	(22,711)
Net liabilities	(22,559)
Summarised statement of comprehensive income	
Financial year ended 31 March	
Revenue	–
Loss for the financial year	(4,389)
Total comprehensive loss	(4,389)
Summarised statement of cash flows information	
Financial year ended 31 March	
Cash flows used in operating activities	(97)
Cash flows from investing activities	–
Cash flows from financing activities	99
Net increase in cash and cash equivalents	2



Notes to the Financial Statements (Cont'd)

10. Investment in Associates

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000 (RESTATED)	31.3.2022 RM'000	31.3.2021 RM'000
At cost				
Unquoted shares	5,500	5,500	5,500	5,500
Share of post-acquisition reserves, net of dividend received	(4,148)	(4,144)	–	–
	1,352	1,356	5,500	5,500
Less: Impairment losses	(500)	(500)	(500)	(500)
	852	856	5,000	5,000

Details of the associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES/ NATURE OF RELATIONSHIP
		31.3.2022 %	31.3.2021 %	
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.
Neurology 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 2022 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.



Notes to the Financial Statements (Cont'd)

10. Investment in Associates (Cont'd)

(a) Summarised financial information of material associate

Summarised financial information of the associates has not been presented as the associates and the share of results of associates are not individually material to the Group.

(b) Unrecognised share of losses of Ubud Tower Sdn. Bhd. and Neurology Sdn. Bhd.

The Group has not recognised its share of losses of Ubud Tower Sdn. Bhd. and Neurology Sdn. Bhd. amounting to RM2,544 (31.3.2021: RM3,501) 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 RM422,375 (31.3.2021: RM419,831).

11. Investment in Joint Ventures

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 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	–	–
	–	–	–	–



Notes to the Financial Statements (Cont'd)

11. Investment in Joint Ventures (Cont'd)

Details of the joint ventures are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST		PRINCIPAL ACTIVITIES
		31.3.2022 %	31.3.2021 %	
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.

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.

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.



Notes to the Financial Statements (Cont'd)

12. Inventories

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
At cost:				
Raw materials	10,897	12,237	10,897	12,237
Work-in-progress	3,036	2,253	3,036	2,253
Finished goods	4,441	5,802	3,138	5,580
	<u>18,374</u>	<u>20,292</u>	<u>17,071</u>	<u>20,070</u>

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM31,822,547 (31.3.2021: RM23,741,647) and RM27,737,140 (31.3.2021: RM21,141,931) respectively.

The cost of inventories of the Group and of the Company recognised in cost of sales in respect of reversal of written down inventories to net realisable value are RM242,128 (31.3.2021: RM1,215,493) and RM202,728 (31.3.2021: RM1,099,328) respectively, following a subsequent sale of inventories.



Notes to the Financial Statements (Cont'd)

13. Trade and Other Receivables

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Current:					
Trade					
Third parties	(a)	96,358	94,633	78,859	82,373
Amount owing by a subsidiary		–	–	2,728	–
		96,358	94,633	81,587	82,373
Less: Accumulated impairment losses		(20,217)	(21,777)	(10,458)	(10,451)
		76,141	72,856	71,129	71,922
Non-trade					
Other receivables	(b)	21,997	22,580	17,624	18,197
Value added tax refundable		2,943	3,064	2,596	2,807
Withholding tax refundable		2,765	2,765	2,765	2,765
Deposits	(b)	19,465	19,516	12,997	13,374
Advances to suppliers		2,232	6,132	2,232	6,132
Amount owing by subsidiaries	(b)	–	–	222,999	198,938
Amount owing by associates	(b)	46	40	46	40
		49,448	54,097	261,259	242,253
Less: Accumulated impairment losses					
- other receivables	(b)	(18,270)	(18,826)	(14,321)	(14,550)
- value added tax refundable		(2,596)	(2,596)	(2,596)	(2,596)
- withholding tax refundable		(2,765)	(2,765)	(2,765)	(2,765)
- deposits	(b)	(17,545)	(17,545)	(11,684)	(11,684)
- amount owing by subsidiaries	(b)	–	–	(185,807)	(185,807)
- amount owing by associates	(b)	(46)	(40)	(46)	(40)
		(41,222)	(41,772)	(217,219)	(217,442)
		8,226	12,325	44,040	24,811
Total trade and other receivables		84,367	85,181	115,169	96,733

(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 (31.3.2021: 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 (Cont'd)

13. Trade and Other Receivables (Cont'd)

(a) Trade receivables (Cont'd)

Receivables that are impaired

The Group's and the 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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
At 1 April	21,777	28,188	10,451	15,137
Charge for the financial year				
- Individually assessed	202	6,292	202	1,973
Reversal of impairment losses				
- Individually assessed	(1,751)	(7,055)	(274)	(5,971)
Written off for the financial year	(122)	(4,960)	(32)	-
Exchange differences	111	(688)	111	(688)
At 31 March	20,217	21,777	10,458	10,451

Included in trade receivables is an amount owing of RM49,064,649 (31.3.2021: RM48,364,726) owing by a contract customer of which credit is enhanced by a security deposit received as disclosed in Note 20(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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
At 1 April	41,772	39,215	217,442	210,816
Charge for the financial year	168	6,626	168	6,626
Reversal for the financial year	-	(2,109)	-	-
Written off for the financial year	(718)	(1,960)	(391)	-
At 31 March	41,222	41,772	217,219	217,442



Notes to the Financial Statements (Cont'd)

14. Contract Assets/(Liabilities)

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Contract assets relating to contract works with customers	59,456	7,416	7,709	7,354
Contract liabilities relating to contract works with customers	(2,634)	(15)	(2,634)	(13)

(a) Significant changes in contract balances

	31.3.2022		31.3.2021	
	CONTRACT ASSETS INCREASE/(DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/DECREASE RM'000	CONTRACT ASSETS INCREASE/(DECREASE) RM'000	CONTRACT LIABILITIES (INCREASE)/DECREASE RM'000
Group				
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	2	-	3,902
Increases due to consideration received from customers, but revenue not recognised	-	(2,621)	-	(15)
Increases due to unbilled revenue recognised	57,332	-	4,991	-
Transfers from contract assets recognised at the beginning of the period to receivables	(5,292)	-	(4,066)	-
Company				
Revenue recognised that was included in contract liabilities at the beginning of the financial year	-	-	-	3,902
Increases due to consideration received from customers, but revenue not recognised	-	(2,621)	-	(13)
Increases due to unbilled revenue recognised	5,585	-	4,915	-
Transfers from contract assets recognised at the beginning of the period to receivables	(5,230)	-	(4,029)	-



Notes to the Financial Statements (Cont'd)

14. Contract Assets/(Liabilities) (Cont'd)

(b) Revenue recognised in relation to contract balances

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	2	3,902	–	3,902

15. Cash and Short-Term Deposits

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Cash and bank balances	33,905	21,382	18,932	5,218
Short-term deposits placed with licensed banks	77,383	95,891	55,288	74,842
	111,288	117,273	74,220	80,060

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

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Short-term deposits placed with licensed banks	77,383	95,891	55,288	74,842
Less: Deposits with maturity period of more than three months	(16,820)	(16,607)	(13,514)	(13,302)
Cash and bank balances	60,563	79,284	41,774	61,540
	33,905	21,382	18,932	5,218
	94,468	100,666	60,706	66,758

- (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 RM31,214,218 and RM15,014,482 (31.3.2021: RM38,653,491 and RM22,273,013) respectively pledged to licensed banks for bank guarantee facilities and credit facilities granted to the Group and the Company as disclosed in Note 18 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% (31.3.2021: 1.35% to 5.50%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (31.3.2021: 30 to 365 days).



Notes to the Financial Statements (Cont'd)

16. Share Capital

Ordinary shares

Issued and fully paid up:

At 1 April

Issued during the financial year

At 31 March

GROUP AND COMPANY			
NUMBER OF ORDINARY SHARES		AMOUNT	
31.3.2022 UNIT'000	31.3.2021 UNIT'000	31.3.2022 RM'000	31.3.2021 RM'000
3,116,282	2,966,282	582,090	539,602
146,628	150,000	28,669	42,488
3,262,910	3,116,282	610,759	582,090

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 146,628,000 (31.3.2021: 150,000,000) new ordinary shares pursuant to private placement exercises at average issue price of RM0.19552 (31.3.2021: RM0.28325) per ordinary share for working capital purposes.

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

17. Other Reserves

NOTE	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Foreign exchange translation reserve (a)	130	130	–	–
Revaluation reserve (b)	31,153	32,117	9,134	9,417
	31,283	32,247	9,134	9,417

(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 (Cont'd)

18. Loans and Borrowings

		GROUP AND COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000
Non-current:			
Secured			
Term loan		–	6,250
Current:			
Secured			
Term loan		–	12,500
Unsecured			
Unstructured loan		7,500	–
		7,500	12,500
Total loans and borrowings		7,500	18,750

The unstructured loan of RM7,500,000 bears interest at 4.6% per annum and is repayable by one lump sum payment on its maturity date.

In the previous financial year, the term loan of RM18,750,000 bore interest at 7.00% per annum and was secured by fixed charges over the leasehold land and buildings as disclosed in Note 5 to the financial statements.

19. Deferred Tax Liabilities

Presented after appropriate offsetting as follows:

		GROUP AND COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000
Deferred tax liabilities		(13,106)	(13,254)



Notes to the Financial Statements (Cont'd)

19. Deferred Tax Liabilities (Cont'd)

Deferred tax relates to the following:

GROUP AND COMPANY

Deferred tax liabilities:

Property, plant and equipment

Deferred tax assets:

Unutilised tax losses

Other items

	AT 1 APRIL 2021 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2022 RM'000
Property, plant and equipment	(15,971)	866	(15,105)
Unutilised tax losses	1,223	(1,223)	–
Other items	1,494	505	1,999
	2,717	(718)	1,999
	(13,254)	148	(13,106)

GROUP AND COMPANY

Deferred tax liabilities:

Property, plant and equipment

Deferred tax assets:

Unutilised tax losses

Other items

	AT 1 APRIL 2020 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2021 RM'000
Property, plant and equipment	(14,812)	(1,159)	(15,971)
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)

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Temporary differences on property, plant and equipment	(1,087)	(468)	–	–
Unabsorbed capital allowances	24,570	24,047	–	–
Unutilised tax losses	113,595	116,276	–	–
Impairment losses for trade receivables	10,458	10,451	10,458	10,451
Other items	16,207	21,416	16,207	21,416
	163,743	171,722	26,665	31,867
Potential deferred tax assets not recognised at 24% (31.3.2021: 24%)	39,298	41,213	6,400	7,648



Notes to the Financial Statements (Cont'd)

19. Deferred Tax Liabilities (Cont'd)

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

	GROUP AND COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000
2028	93,885	96,809
2029	10,933	10,933
2030	1,182	1,182
2031	7,595	7,352
	113,595	116,276

20. Trade and Other Payables

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Current:					
Trade					
Third parties	(a)	51,351	40,527	25,812	27,721
Amount owing to subsidiaries	(b)	–	–	–	17,325
		51,351	40,527	25,812	45,046
Non-trade					
Other payables		6,655	5,674	3,838	3,676
Goods and services tax, sales and services tax and value added tax payable		902	211	699	131
Deposits	(c)	52,403	51,672	51,689	50,936
Accruals		45,866	41,580	32,744	31,953
Amount owing to subsidiaries	(b)	–	–	79,358	79,370
		105,826	99,137	168,328	166,066
Total trade and other payables		157,177	139,664	194,140	211,112



Notes to the Financial Statements (Cont'd)

20. Trade and Other Payables (Cont'd)

(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 (31.3.2021: 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 (31.3.2021: 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 RM51,612,222 (31.3.2021: RM50,875,957) 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.

21. Revenue

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Revenue from contract customers:				
Sales of goods	101,537	66,786	98,691	64,839
Maintenance and services	8,372	11,374	7,976	7,563
Construction and integration system contract	53,948	–	–	–
Construction contracts	4,165	1,689	3,805	1,689
Concession arrangements *	42,965	26,769	42,965	26,769
	210,987	106,618	153,437	100,860

* 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 8 to the financial statements.



Notes to the Financial Statements (Cont'd)

21. Revenue (Cont'd)

(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 29 to the financial statements.

GROUP	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
2022			
Major goods or services:			
Sales of goods	101,489	48	101,537
Maintenance and services	8,372	–	8,372
Construction and integration system contract	53,948	–	53,948
Construction contracts	–	4,165	4,165
Concession arrangements	42,965	–	42,965
	<u>206,774</u>	<u>4,213</u>	<u>210,987</u>
Timing of revenue recognition:			
At a point in time	101,489	48	101,537
Over time	105,285	4,165	109,450
	<u>206,774</u>	<u>4,213</u>	<u>210,987</u>
2021			
Major goods or services:			
Sales 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
	<u>104,844</u>	<u>1,774</u>	<u>106,618</u>
Timing of revenue recognition:			
At a point in time	66,701	85	66,786
Over time	38,143	1,689	39,832
	<u>104,844</u>	<u>1,774</u>	<u>106,618</u>



Notes to the Financial Statements (Cont'd)

21. Revenue (Cont'd)

(a) Disaggregation of revenue (Cont'd)

COMPANY	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
2022			
Major goods or services:			
Sales of goods	98,691	–	98,691
Maintenance and services	7,976	–	7,976
Construction contracts	–	3,805	3,805
Concession arrangements	42,965	–	42,965
	<u>149,632</u>	<u>3,805</u>	<u>153,437</u>
Timing of revenue recognition:			
At a point in time	98,691	–	98,691
Over time	50,941	3,805	54,746
	<u>149,632</u>	<u>3,805</u>	<u>153,437</u>
2021			
Major goods or services:			
Sales 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
	<u>99,171</u>	<u>1,689</u>	<u>100,860</u>
Timing of revenue recognition:			
At a point in time	64,839	–	64,839
Over time	34,332	1,689	36,021
	<u>99,171</u>	<u>1,689</u>	<u>100,860</u>

(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, the 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.

22. Finance Costs

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Interest expenses on:				
- lease liabilities	214	–	9	–
- term loan and unstructured loan	974	1,787	974	1,787
- others	460	417	283	212
	<u>1,648</u>	<u>2,204</u>	<u>1,266</u>	<u>1,999</u>



Notes to the Financial Statements (Cont'd)

23. Profit/(Loss) Before Tax

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

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Auditors' remuneration:				
- audit services				
- current year	448	425	320	320
- prior year	120	30	120	(7)
- other services	10	10	10	10
Amortisation of intangible assets	1,266	1,409	1,266	1,409
Bad debts written off	67	51	67	42
Depreciation of property, plant and equipment	6,627	5,310	4,937	5,049
Directors' fee	518	412	518	412
Directors' meeting allowances	52	44	52	44
Directors' remuneration:				
- salaries and other remuneration	1,862	1,288	1,862	1,288
- defined contribution plans and SOCSO	162	152	162	152
- others	-	5	-	5
Effect of accretion of interest on operating financial assets	(790)	(866)	(790)	(866)
Expenses relating to short-term leases	134	219	134	147
Expenses relating to lease of low value assets	17	16	17	16
Loss/(Gain) on disposal of property, plant and equipment	207	(143)	175	(100)
Impairment loss on trade and other receivables	370	12,918	370	8,599
Interest income	(1,929)	(1,351)	(1,158)	(824)
Loss/(Gain) on foreign exchange:				
- realised	581	56	211	52
- unrealised	(540)	(2,125)	(564)	(2,049)
Net reversal of inventories written down	(242)	(1,215)	(203)	(1,099)
Reversal of impairment loss on trade and other receivables	(1,751)	(9,164)	(274)	(5,971)
Staff costs:				
- salaries and other remuneration	34,503	21,991	22,771	20,095
- defined contribution plans	3,491	2,323	2,227	2,132



Notes to the Financial Statements (Cont'd)

24. Income Tax Expense

The major components of income tax expense for the financial years ended 31 March 2022 and 31 March 2021 are as follows:

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Statements of comprehensive income				
Current income tax:				
- current year	1,342	795	1,342	200
- prior years	(407)	(39)	(60)	(48)
	935	756	1,282	152
Deferred tax:				
Origination of temporary differences	(148)	2,540	(148)	2,540
	(148)	2,540	(148)	2,540
Income tax expense recognised in profit or loss	787	3,296	1,134	2,692

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (31.3.2021: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.



Notes to the Financial Statements (Cont'd)

24. Income Tax Expense (Cont'd)

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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Profit/(Loss) before tax	4,192	(9,569)	728	1,468
Tax at Malaysian statutory income tax rate of 24% (31.3.2021: 24%)	1,006	(2,297)	175	352
Adjustments:				
Income not subject to tax	(779)	(1,287)	(294)	(332)
Non-deductible expenses	2,789	5,325	2,183	2,231
Deferred tax not recognised on tax losses and temporary differences	(1,214)	130	(1,248)	(1,388)
Tax effect on share of results of associates	1	(3)	-	-
Utilisation of previously unrecognised tax losses	(701)	33	-	-
Adjustment in respect of income tax of prior years	(407)	(39)	(60)	(48)
Adjustment in respect of deferred tax of prior years	467	1,966	467	1,966
Adjustment in respect of revaluation reserves	(304)	(304)	(89)	(89)
Effect of changes in tax rate	(71)	(228)	-	-
Income tax expense	787	3,296	1,134	2,692



Notes to the Financial Statements (Cont'd)

25. Earnings/(Loss) Per Share

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

Basic earnings/(loss) per share are based on the profit/(loss) 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	
31.3.2022 RM'000	31.3.2021 RM'000
Profit/(Loss) attributable for the financial year attributable to owners of the Company	3,412 (11,022)
UNIT'000	UNIT'000
Weighted average number of ordinary shares for basic earnings/(loss) per share	3,169,161 2,998,749
Basic earnings/(loss) per ordinary share (sen):	0.11 (0.37)

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

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



Notes to the Financial Statements (Cont'd)

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 at 31 March 2022		
Financial assets		
Group		
Operating financial assets	9,291	9,291
Trade and other receivables #	81,788	81,788
Cash and short-term deposits	111,288	111,288
	202,367	202,367
Company		
Operating financial assets	9,291	9,291
Trade and other receivables #	112,937	112,937
Cash and short-term deposits	74,220	74,220
	196,448	196,448
As at 31 March 2022		
Financial liabilities		
Group		
Loans and borrowings	(7,500)	(7,500)
Trade and other payables *	(156,275)	(156,275)
	(163,775)	(163,775)
Company		
Loans and borrowings	(7,500)	(7,500)
Trade and other payables *	(193,441)	(193,441)
	(200,941)	(200,941)



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(a) Categories of financial instruments (Cont'd)

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

	CARRYING AMOUNT RM'000	AMORTISED COST RM'000
As at 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 at 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)

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

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



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(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 (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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			
	31.3.2022		31.3.2021	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	70,496	52	66,500	83
Others	5,645	4	6,356	8
	76,141	56	72,856	91
Contract assets				
Trusted identification, payment and transportation	59,456	44	7,416	9
	135,597	100	80,272	100

	COMPANY			
	31.3.2022		31.3.2021	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	65,484	82	65,566	83
Others	5,645	7	6,356	8
	71,129	89	71,922	91
Contract assets				
Trusted identification, payment and transportation	7,709	11	7,354	9
	78,838	100	79,276	100



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The Group and the Company apply the simplified approach to provide 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 and contract assets 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 2022			
Group			
Contract assets	59,456	–	59,456
Trade receivables			
Current (not past due)	12,950	–	12,950
1 - 90 days past due	5,118	–	5,118
91 - 180 days past due	2,482	–	2,482
More than 181 days past due	55,591	–	55,591
Credit impaired (individually assessed)	20,217	(20,217)	–
	96,358	(20,217)	76,141
	155,814	(20,217)	135,597
Company			
Contract assets	7,709	–	7,709
Trade receivables			
Current (not past due)	8,244	–	8,244
1 - 90 days past due	5,118	–	5,118
91 - 180 days past due	2,482	–	2,482
More than 181 days past due	55,285	–	55,285
Credit impaired (individually assessed)	10,458	(10,458)	–
	81,587	(10,458)	71,129
	89,296	(10,458)	78,838



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

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

	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

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 RM57,867,723 (31.3.2021: RM55,944,924) due from 2 (31.3.2021: 2) of its significant receivables.



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other receivables and other financial assets

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 recognise any loss allowance for impairment for other receivables and other financial assets other than those as disclosed in Note 13 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 (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis

The maturity analysis of the Group's and 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				TOTAL RM'000
	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	
Group					
At 31 March 2022					
Trade and other payables*	156,275	156,275	–	–	156,275
Unstructured loan	7,500	7,585	–	–	7,585
	<u>163,775</u>	<u>163,860</u>	<u>–</u>	<u>–</u>	<u>163,860</u>
At 31 March 2021					
Trade and other payables*	139,453	139,453	–	–	139,453
Term loan	18,750	13,412	6,378	–	19,790
	<u>158,203</u>	<u>152,865</u>	<u>6,378</u>	<u>–</u>	<u>159,243</u>

	CONTRACTUAL CASH FLOWS				TOTAL RM'000
	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	
Company					
At 31 March 2022					
Trade and other payables*	193,441	193,441	–	–	193,441
Unstructured loan	7,500	7,585	–	–	7,585
	<u>200,941</u>	<u>201,026</u>	<u>–</u>	<u>–</u>	<u>201,026</u>
At 31 March 2021					
Trade and other payables*	210,981	210,981	–	–	210,981
Term loan	18,750	13,412	6,378	–	19,790
	<u>229,731</u>	<u>224,393</u>	<u>6,378</u>	<u>–</u>	<u>230,771</u>

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



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(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	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Financial assets and liabilities not held in functional currencies				
<u>Trade and other receivables</u>				
US Dollar	74,791	63,165	71,132	63,165
Euro	1,797	9,052	2,364	9,052
Others	1,133	2,514	6,823	2,514
	77,721	74,731	80,319	74,731
<u>Cash and short-term deposits</u>				
US Dollar	4,280	2,768	4,280	2,768
Euro	10,692	622	10,692	622
Egyptian Pound	1,541	1,718	1,541	1,718
	16,513	5,108	16,513	5,108
<u>Trade and other payables</u>				
US Dollar	(87,192)	(84,220)	(85,168)	(82,226)
Euro	(1,094)	(4,699)	(1,009)	(4,610)
Others	(130)	(23)	–	(2)
	(88,416)	(88,942)	(86,177)	(86,838)



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

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 2022			
US Dollar	+10%	(812)	(812)
	-10%	812	812
Euro	+10%	1,140	1,140
	-10%	(1,140)	(1,140)
Egyptian Pound	+10%	154	154
	-10%	(154)	(154)
Others	+10%	100	100
	-10%	(100)	(100)
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)



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Foreign currency risk (Cont'd)

Sensitivity analysis for foreign currency risk (Cont'd)

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. (Cont'd)

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Company			
31 March 2022			
US Dollar	+10%	(976)	(976)
	-10%	976	976
Euro	+10%	1,205	1,205
	-10%	(1,205)	(1,205)
Egyptian Pound	+10%	154	154
	-10%	(154)	(154)
Others	+10%	682	682
	-10%	(682)	(682)
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)



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(b) Financial risk management (Cont'd)

(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.

In the previous financial year, the Group and the Company did 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 (31.3.2021: no transfer in either direction).

The following table provides the fair value measurement hierarchy of the Group's and 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 2022					
Financial assets					
Operating financial assets	9,291	–	–	9,291	9,291
31 March 2021					
Financial assets					
Operating financial assets	10,397	–	–	10,397	10,397
Financial liabilities					
Term loan (fixed)	(18,750)	–	–	(18,106)	(18,106)



Notes to the Financial Statements (Cont'd)

26. Financial Instruments (Cont'd)

(c) Fair value measurement (Cont'd)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of operating financial assets and term loan (fixed rate) 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. 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 (Cont'd)

27. Related Parties (Cont'd)

(b) Significant related party transactions

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

	COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000
Sales		
Subsidiary	3,586	1,071
Purchases		
Subsidiary	–	(926)
Rental income		
Subsidiary	106	106
Management fee paid		
Subsidiary	(269)	(270)
Commission paid		
Subsidiary	–	(20)



Notes to the Financial Statements (Cont'd)

27. Related Parties (Cont'd)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Short-term employees benefits	2,840	2,180	2,477	2,180
Post-employment employee benefits	273	258	230	258
	<u>3,113</u>	<u>2,438</u>	<u>2,707</u>	<u>2,438</u>

28. 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 2022 and 31 March 2021.

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:

	NOTE	GROUP		COMPANY	
		31.3.2022 RM'000	31.3.2021 RM'000	31.3.2022 RM'000	31.3.2021 RM'000
Total loans and borrowings	18	7,500	18,750	7,500	18,750
Total equity		323,498	291,424	175,622	147,359
Gearing ratio		2%	6%	4%	13%

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

The Group and the Company are not subject to any externally imposed capital requirement.

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



Notes to the Financial Statements (Cont'd)

29. 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 Chief Executive Officer and the Group 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
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 Chief Executive Officer and the Group 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 Chief Executive Officer and the Group Finance Director.

Segment liabilities

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



Notes to the Financial Statements (Cont'd)

29. Segment Information (Cont'd)

NOTE	SUSTAINABLE DEVELOPMENT DIVISION				TOTAL RM'000
	TRUSTED IDENTIFICATION DIVISION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	
31.3.2022					
Revenue:					
Revenue from external customers	206,774	4,165	48	–	210,987
Inter-segment revenue	A –	–	–	–	–
	<u>206,774</u>	<u>4,165</u>	<u>48</u>	<u>–</u>	<u>210,987</u>
Results					
Operating results	38,262	3,749	45	–	42,056
Interest income	1,929	–	–	–	1,929
Other operating income	2,336	2,592	1	–	4,929
Depreciation and amortisation	(7,973)	–	–	80	(7,893)
Finance costs	(1,648)	–	–	–	(1,648)
Net reversal of impairment losses on financial instruments	1,484	(103)	–	–	1,381
Unrealised gain on foreign exchange	540	–	–	–	540
Administrative and operating expenses	B (13,099)	(53)	(44)	–	(13,196)
Reportable segment profit	<u>21,831</u>	<u>6,185</u>	<u>2</u>	<u>80</u>	<u>28,098</u>
Unallocated corporate expenses	B –	–	–	(23,902)	(23,902)
Share of results of associates and joint ventures	(4)	–	–	–	(4)
Segment profit/(loss)	<u>21,827</u>	<u>6,185</u>	<u>2</u>	<u>(23,822)</u>	<u>4,192</u>
Income tax expense	(787)	–	–	–	(787)
Profit/(Loss) for the financial year	<u>B 21,040</u>	<u>6,185</u>	<u>2</u>	<u>(23,822)</u>	<u>3,405</u>
Assets:					
Investments in associates and joint ventures	852	–	–	–	852
Addition to capital expenditure	4,007	–	–	–	4,007
Segment assets	<u>C 573,166</u>	<u>8,932</u>	<u>357</u>	<u>(73,444)</u>	<u>509,011</u>



Notes to the Financial Statements (Cont'd)

29. Segment Information (Cont'd)

NOTE	SUSTAINABLE DEVELOPMENT DIVISION				TOTAL RM'000
	TRUSTED IDENTIFICATION DIVISION RM'000	PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	
31.3.2021					
Revenue:					
Revenue from external customers	104,844	1,689	85	–	106,618
Inter-segment revenue	A –	–	–	–	–
	<u>104,844</u>	<u>1,689</u>	<u>85</u>	<u>–</u>	<u>106,618</u>
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)	<u>15,092</u>	<u>(9,827)</u>	<u>2,846</u>	<u>123</u>	<u>8,234</u>
Unallocated corporate expenses	B –	–	–	(17,817)	(17,817)
Share of results of associates and joint ventures	14	–	–	–	14
Segment profit/(loss)	<u>15,106</u>	<u>(9,827)</u>	<u>2,846</u>	<u>(17,694)</u>	<u>(9,569)</u>
Income tax expense	(3,296)	–	–	–	(3,296)
Profit/(loss) for the financial year	<u>B 11,810</u>	<u>(9,827)</u>	<u>2,846</u>	<u>(17,694)</u>	<u>(12,865)</u>
Assets:					
Investments in associates and joint ventures	856	–	–	–	856
Addition to capital expenditure	621	–	–	–	621
Segment assets	<u>C 520,914</u>	<u>3,242</u>	<u>173</u>	<u>(60,444)</u>	<u>463,885</u>



Notes to the Financial Statements (Cont'd)

29. Segment Information (Cont'd)

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

Unallocated other corporate expenses

	31.3.2022 RM'000	31.3.2021 RM'000
Unallocated other corporate expenses	(23,902)	(17,817)

C Reconciliation of assets

Investments in associates and joint ventures

Inter-segment assets

	31.3.2022 RM'000	31.3.2021 RM'000
Investments in associates and joint ventures	852	856
Inter-segment assets	(74,296)	(61,300)
	(73,444)	(60,444)



Notes to the Financial Statements (Cont'd)

29. Segment Information (Cont'd)

Disaggregation of revenue by geographical information

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 2022				
Malaysia	68,232	4,165	48	72,445
Asia Pacific	9,755	–	–	9,755
Oceania	3,034	–	–	3,034
Africa	121,310	–	–	121,310
North America	4,443	–	–	4,443
	<u>206,774</u>	<u>4,165</u>	<u>48</u>	<u>210,987</u>
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
	<u>104,844</u>	<u>1,689</u>	<u>85</u>	<u>106,618</u>

Geographical information

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

	GROUP	
	31.3.2022 RM'000	31.3.2021 RM'000
Non-current assets		
Malaysia	220,912	220,242



Notes to the Financial Statements (Cont'd)

29. Segment Information (Cont'd)

Information about major customers

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

	GROUP		SEGMENTS
	31.3.2022 RM'000	31.3.2021 RM'000	
Customer A	49,634	12,227	Trusted identification
Customer B	51,924	38,675	Trusted identification
Customer C	53,948	–	Trusted identification
	<u>155,506</u>	<u>50,902</u>	

30. 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.



Notes to the Financial Statements (Cont'd)

30. Material Litigations (Cont'd)

(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 High 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/Appellant however filed a Notice of Appeal in the Court of Appeal against the whole decision on 20 December 2019 whereas the hearing of appeal was 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. However, the submissions could not be completed and the Court of Appeal adjourned the matter to 19 November 2021 for continuation of the appeal.

On 19 November 2021, the Defendants/Respondents completed their oral submission. The Plaintiff/Appellant had requested from the court for another date for rebuttal. Therefore, the court fixed for continuation of the appeal to 11 January 2022 for the Plaintiff/Appellant’s oral submission of their rebuttal.

On 11 January 2022, the Court of Appeal postponed the hearing to 7 February 2022. On 7 February 2022, the Court of Appeal proceeded with the hearing and parties completed their submissions. The Court of Appeal will notify parties the date of decision for the appeal.

The Court of Appeal fixed 12 May 2022 for case management via e-review for the court to announce the decision date. On 12 May 2022, the Court of Appeal rescheduled the announcement of the decision date to 28 July 2022.

(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.



Notes to the Financial Statements (Cont'd)

30. Material Litigations (Cont'd)

(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") (Cont'd)

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;
- (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 the previous financial year.

The trial was completed on 17 March 2022 and all the Defendants closed their case. The High Court directed as follows:

- (a) Notes of Proceedings to be filed on within 3 weeks from 17 March 2022;
- (b) Parties to file and exchange their written submissions by 17 May 2022;
- (c) Parties to file and exchange their respective reply to written submissions by 30 June 2022; and
- (d) clarification (if any) and decision by 21 July 2022.

The High Court had on 21 July 2022 rescheduled the date for delivery of decision to 18 August 2022.



Notes to the Financial Statements (Cont'd)

30. Material Litigations (Cont'd)

(iv) In the High Court of Malaya at Kuala Lumpur; S5 Systems Sdn. Bhd. against IRIS Information Technology Systems Sdn. Bhd.

On 3 January 2022, the Company's wholly-owned subsidiary, IRIS Information Technology Systems Sdn. Bhd. ("IITS") has been served with an Originating Summon ("OS") which is fixed for hearing on the 26 January 2022 at the High Court of Malaya. The OS was filed by S5 Systems Sdn. Bhd. ("S5"), a company incorporated in Malaysia. The OS sought for the following:

- (a) IITS be enjoined from engaging third parties/ subcontractors for the provision of works; and
- (b) any third party/subcontractors already appointed for a specified scope be terminated/halted by IITS.

The OS was partly heard on 26 January 2022 where counsel for S5 had made oral submissions. On 17 February 2022, counsel for IITS made the submissions to the High Court of Appeal. The High Court fixed the next hearing on 1 March 2022 and then postponed to 21 March 2022 for counsel of IITS to continue their submissions.

On 21 March 2022, counsel of IITS completed their submissions. On next hearing of 5 April 2022, the High Court dismissed the application for injunction by S5 with costs of RM30,000 payable to IITS within 14 days from date of decision.

On 3 May 2022, IITS received a notice of Appeal from S5. The Court of Appeal has fixed the Case Management on 24 June 2022.

On 24 June 2022, S5 sought that the requirement for the filing of a memorandum of appeal together with the appeal record be waived but this was not allowed by the Registrar. The case management was concluded on 27 June 2022 and the Registrar fixed 29 September 2022 for further case management pending the filing of all cause papers for the appeal by S5.

(v) Notice of Arbitration; S5 Systems Sdn. Bhd. against IRIS Information Technology Systems Sdn. Bhd.

On 29 June 2022, the Company's wholly owned subsidiary, IRIS Information Technology Systems Sdn. Bhd. ("IITS") received a Notice of Arbitration ("NOA") dated 29 June 2022 from S5 Systems Sdn. Bhd. ("S5"), for arbitral proceedings in relation to earlier intentions of S5 having a joint venture role in the National Integrated Immigration System ("NIISe") project ("Project") awarded by Kementerian Dalam Negeri to IITS.

In the NOA, S5 alleges that such preliminary intentions were binding and that IITS is in breach of the same in subcontracting or engaging third parties to carry out works under the Project.

S5 also seeks damages in lieu of specific performance, interest, and costs of the arbitration proceedings to be borne by IITS.

The matter is pending arbitration process. The Company is of the opinion that the alleged claims made by S5 in the NOA are without merits especially in light of the dismissal of the injunction application brought by S5 against IITS on similar grounds by the High Court on 5 April 2022.



Notes to the Financial Statements (Cont'd)

31. Significant Event during the Financial Year and Subsequent to the End of the Financial Year

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

COVID-19 endemic

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 endemic for the financial year ending 31 March 2023 to be disclosed in the financial statements as impact assessment of the COVID-19 endemic 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. Retrospective Restatements

In the previous financial years, the Group had under recognised its share of post-acquisition reserves on its investment in an associate. Accordingly, adjustments had been made retrospectively to adjust the share of post-acquisition reserves on its investment in associates.

A third statements of financial position is not presented as the retrospective restatements have no material effect on the information in the statements of financial position as at the beginning of preceding period.

As such, the audited financial statement for the financial year ended 31 March 2021 were restated during the financial year as follows:

	AS PREVIOUSLY REPORTED RM'000	ADJUSTMENT RM'000	AS RESTATE D RM'000
Group			
Statements of Financial Position			
31 March 2021			
Non-current assets			
Investment in associates	4,464	(3,608)	856
Equity			
Accumulated losses	(296,606)	(3,608)	(300,214)



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 58 to 161 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 2022 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

Chairman

DR. POH SOON SIM

Director

Kuala Lumpur

Date: 27 July 2022



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 58 to 161 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 27 July 2022.

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 2022 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 58 to 161.

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 2022, 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.



Independent Auditors' Report (Cont'd)

To the Members of IRIS Corporation Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

GROUP

Goodwill (Note 4(a) and 7(a) to the financial statements)

The Group's goodwill amounted to RM128,268,000 as at 31 March 2022. 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.

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.



Independent Auditors' Report (Cont'd)

To the Members of IRIS Corporation Berhad
(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

GROUP AND COMPANY

Trade and other receivables and contract assets (Note 4(b), 13 and 14 to the financial statements)

The Group and the Company have significant trade and other receivables and contract assets as at 31 March 2022 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;
- reviewing subsequent receipts, customer correspondences and consideration of the level of activities with the customers 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.

Revenue recognition for contract customers (Note 4(c), Note 14 and Note 21 to the financial statements)

The Group and the Company recognised contract revenue of a construction and integration system contract by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs. Significant judgement is required, in particular, with regards to the identification and separation of different performance obligations, the determination of progress towards satisfaction of performance obligations, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as the recoverability of identified contract with customer. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures included, among others:

- reading the terms and conditions of agreements with customer;
- understanding the Group's and the Company's process in preparing and updating project budgets and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing the Group's and the Company's computed progress towards complete satisfaction of performance obligation for the identified project; and
- checking the mathematical computation of recognised revenue for the project during the financial year.



Independent Auditors' Report (Cont'd)

To the Members of IRIS Corporation Berhad
(Incorporated in Malaysia)

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 (Cont'd)

To the Members of IRIS Corporation Berhad
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

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 (Cont'd)

To the Members of IRIS Corporation Berhad
(Incorporated in Malaysia)

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 9 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: 27 July 2022



Analysis of Shareholdings

As At 22 June 2022

Share Capital

Total Number of Issued Shares	:	3,262,910,862 Ordinary Shares
Issued Share Capital	:	RM610,758,803
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	204	0.88	5,797	0.00
100 to 1,000	2,350	10.10	1,393,549	0.04
1,001 to 10,000	8,963	38.54	56,129,308	1.72
10,001 to 100,000	9,515	40.91	363,977,120	11.15
100,001 to less than 5% of issued shares	2,223	9.56	2,305,424,688	70.66
5% and above of issued shares	2	0.01	535,980,400	16.43
Total	23,257	100.00	3,262,910,862	100.00

Statement of Directors' Shareholdings

NAME OF DIRECTORS	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Tan Sri Nik Mohamed Bin Nik Yaacob	–	–	12,000	*0.01
Dr. Poh Soon Sim	67,000,000	2.05	347,590,200	^10.65
Dato' Mohamed Khadar Bin Merican	–	–	–	–
Dato' Dr. Abu Talib Bin Bachik	–	–	–	–
Mr Ling Hee Keat	110,800,000	3.40	–	–
Haji Hussein Bin Ismail	–	–	–	–
Encik Shaiful Zahrin Bin Subhan	9,500,000	0.29	–	–
Mr H'ng Boon Harn	1,000,000	0.03	–	–
Dato' Ng Wan Peng	–	–	–	–

Notes:

* Deemed interest 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.

^ Deemed interest 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.



Analysis of Shareholdings (Cont'd)

As At 22 June 2022

Substantial Shareholders as per Register of Substantial Shareholders

NAME OF SHAREHOLDERS	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
Dr. Poh Soon Sim	67,000,000	2.05	347,590,200	[^] 10.65
Dato' Seri Robin Tan Yeong Ching	245,690,200	7.53	–	–
Orientalgold Equity Sdn Bhd	345,290,200	10.58	–	–

Notes:

[^] Deemed interest 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.

Thirty (30) Largest Shareholders as at 22 June 2022

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	HLIB NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR ORIENTALGOLD EQUITY SDN. BHD.	345,290,200	10.582
2	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ROBIN TAN YEONG CHING (PB)	190,690,200	5.844
3	RHB NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR REGIONAL EQUITIES SDN BHD	77,763,600	2.383
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	76,500,000	2.344
5	TIRAM TRAVEL SDN BHD	75,123,700	2.302
6	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	68,753,100	2.107
7	NG CHAI GO	68,009,900	2.084
8	MCS MICROSYSTEMS SDN BHD	65,333,333	2.002
9	POH SOON SIM	65,000,000	1.992
10	TEO TONG KOOI	62,928,000	1.928
11	ROBIN TAN YEONG CHING	55,000,000	1.685
12	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEGGED SECURITIES ACCOUNT FOR LING HEE KEAT	50,800,000	1.556
13	SETAPAK HEIGHTS DEVELOPMENT SDN. BHD.	45,000,000	1.379
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGGED SECURITIES ACCOUNT FOR BEH KIM LING	43,000,000	1.317



Analysis of Shareholdings (Cont'd)

As At 22 June 2022

Thirty (30) Largest Shareholders as at 22 June 2022 (Cont'd)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR STUART SAW TEIK SIEW	30,558,400	0.936
16	MAYBANK NOMINEES (ASING) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR MULTI TECHNOLOGIES LIMITED (PW-M01299) (426725)	30,280,556	0.928
17	KENANGA NOMINEES (ASING) SDN BHD EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED (CLIENT ACCOUNT)	30,000,000	0.919
18	MOHD JOHAR BIN ARIF	28,468,100	0.872
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR NG CHAI GO (SMART)	28,003,600	0.858
20	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR LOW KANG HAI RICHARD	24,500,000	0.750
21	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN (HONG KONG) LIMITED (A/C CLIENTS)	23,530,000	0.721
22	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELVA KUMAR A/L VEERAPPAN	23,300,000	0.714
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOO WENG SENG (7003217)	21,411,200	0.656
24	ARQGATE SDN BHD	20,000,000	0.612
25	HLB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW KANG HAI RICHARD (SIN 9131-9)	18,500,000	0.566
26	NG CHAI GO	18,244,100	0.559
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR REGIONAL EQUITIES SDN BHD (8125381)	16,486,400	0.505
28	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-NR)	16,324,000	0.500
29	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR AUGUSTUS RALPH MARSHALL (PB)	15,000,000	0.459
30	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IBRAHIM BIN HAMZAH	14,510,000	0.444
	Total	1,648,308,389	50.516



Notice of Twenty-Eighth Annual General Meeting (28th AGM)

NOTICE IS HEREBY GIVEN THAT THE TWENTY-EIGHTH (28th) ANNUAL GENERAL MEETING ("AGM") OF THE COMPANY WILL BE HELD AT

Auditorium, 1st Floor, Lot 8 & 9,
IRIS Smart Technology Complex,
Technology Park Malaysia,
Bukit Jalil, 57000 Kuala Lumpur

on Tuesday, 27 September 2022
at 11.00 a.m.

OR AT ANY ADJOURNMENT THEREOF, FOR THE PURPOSE OF CONSIDERING AND IF THOUGHT FIT, PASSING WITH OR WITHOUT MODIFICATION TO TRANSACT THE FOLLOWING BUSINESSES:

Agenda

Ordinary Business

- To receive the Audited Financial Statements for the financial year ended 31 March 2022 together with the Reports of the Directors and the Auditors thereon. **Please refer to Explanatory Note 1**
- To re-elect the following Directors who retire pursuant to Clause 97 of the Company's Constitution:
 - Dato' Dr. Abu Talib Bin Bachik **Ordinary Resolution 1**
 - Dato' Mohamed Khadar Bin Merican **Ordinary Resolution 2**
 - Mr Ling Hee Keat **Ordinary Resolution 3**
- To re-elect Dato' Ng Wan Peng who retires pursuant to Clause 104 of the Company's Constitution. **Ordinary Resolution 4**
- To approve the Directors' Fees and allowances of up to RM720,000.00 from 28th AGM until the next Annual General Meeting. **Ordinary Resolution 5**
- To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**



Notice of Twenty-Eighth Annual General Meeting (28th AGM) (Cont'd)

Agenda (Cont'd)

Special Business

To consider and, if thought fit, to pass the following ordinary resolutions:

6. **AUTHORITY TO ISSUE SHARES**

"**THAT** subject always to the Companies Act, 2016 ("Act"), Constitution of the Company, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and approvals of the relevant governmental/regulatory bodies (if any), the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act to issue new shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued in any one financial year of the Company pursuant to this resolution does not exceed ten percentage (10%) of the total issued and paid-up share capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Ordinary Resolution 7

Please refer to Explanatory Note 2

7. To transact any other business for which due notice shall have been given in accordance with the Companies Act, 2016 and the Company's Constitution.

BY ORDER OF THE BOARD,

MS WONG YOUN KIM (MAICSA 7018778)

Company Secretary

Kuala Lumpur
29 July 2022



Notice of Twenty-Eighth Annual General Meeting (28th AGM) (Cont'd)

NOTES:

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof. Provided that in the event the Member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy.
8. **General Meeting Record of Depositors**

For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 September 2022. Only a depositor whose name appears on the Record of Depositors as at 21 September 2022 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.



Notice of Twenty-Eighth Annual General Meeting (28th AGM) (Cont'd)

EXPLANATORY NOTES:

1. **Item 1 of the Agenda - Audited Financial Statement for the Financial Year Ended 31 March 2022**

The Audited Financial Statements are for discussion only as the approval of the shareholders is not required pursuant to the provisions of Section 340(1)(a) of the Companies Act, 2016. Hence, this Agenda is not put forward for voting by the shareholders of the Company.

2. **Ordinary Resolution 7 - Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Twenty-Seventh Annual General Meeting of the Company held on 29 September 2021 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

The mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring additional cost and time. This mandate is also meant for any possible fund-raising exercises including but not limited to further placement of shares, for purpose of funding current and/or future investment, working capital and/or acquisitions.



Statement Accompanying Notice of Twenty-Eighth Annual General Meeting

1. The Directors who are standing for re-election at the Twenty-Eighth Annual General Meeting of the Company pursuant to the Constitution of the Company are:
 - (a) Dato' Dr. Abu Talib Bin Bachik (Clause 97)
 - (b) Dato' Mohamed Khadar Bin Merican (Clause 97)
 - (c) Mr Ling Hee Keat (Clause 97)
 - (d) Dato' Ng Wan Peng (Clause 104)

The Board of Directors, taking into the recommendation of Nomination Committee, supported the abovementioned Directors of their re-election as Director at the Twenty Eighth Annual General Meeting of the Company.

Based on the assessment and evaluation conducted by the Nomination Committee, the retiring Director met the performance criteria required of an effective and a high-performance Board.

The details of the above Directors seeking re-election are set out in the 'Board of Directors' section as disclosed on pages 14 to 18 of the Annual Report.

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Proxy Form

I/We

NRIC No./Company No.

(FULL NAME IN BLOCK LETTERS)

of

(FULL ADDRESS)

being a member/members of **IRIS CORPORATION BERHAD**, hereby appoint the following person(s) or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf, at the Twenty-Eighth (28th) Annual General Meeting ("AGM") of the Company will be held at Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 27 September 2022 at 11.00 a.m. and any adjournment thereof:

NO.	NAME OF PROXY, NRIC NO. & ADDRESS	NO. OF SHARES TO BE REPRESENTED BY PROXY
1.	Name: NRIC No.: Address: H/P No.: Email:	
2.	Name: NRIC No.: Address: H/P No.: Email:	

NO.	RESOLUTIONS		FOR	AGAINST
1.	Re-election of Dato' Dr. Abu Talib Bin Bachik	Ordinary Resolution 1		
2.	Re-election of Dato' Mohamed Khadar Bin Merican	Ordinary Resolution 2		
3.	Re-election of Mr Ling Hee Keat	Ordinary Resolution 3		
4.	Re-election of Dato' Ng Wan Peng	Ordinary Resolution 4		
5.	Approval of the Directors' fees and allowances of up to RM720,000.00 from 28 th AGM until the next Annual General Meeting	Ordinary Resolution 5		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 6		
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 7		

Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast on the Resolutions specified in the Notice of Meeting. Unless voting instructions are indicated in the space above, the proxy will vote as he/she thinks fit.

NUMBER OF SHARES

CDS A/C NO.

Date

Signature of member(s)/Seal

NOTES:

1. A member of the Company entitled to be present and vote at the meeting is entitled to appoint a proxy/proxies, to attend and vote instead of him. A proxy may but need not be a member of the Company and need not be an advocate, an approved company auditor or a person appointed by the Registrar of Companies.
2. A member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. If the appointer is a corporation, the Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorised.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), as defined under the Securities Industry (Central Depositories) Act, 1991 there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. A proxy appointed to attend and vote in a meeting of the Company shall have the same rights as the member to speak at the meeting.
7. The duly completed Form of Proxy must be deposited at the registered office of the Company at Acclime Corporate Services Sdn Bhd, Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof. Provided that in the event the Member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy.
8. **General Meeting Record of Depositors**
For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting the Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 21 September 2022. Only a depositor whose name appears on the Record of Depositors as at 21 September 2022 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote in his stead.

FOLD HERE

The Company Secretary

IRIS Corporation Berhad
Level 5, Tower 8, Avenue 5, Horizon 2,
Bangsar South City, 59200 Kuala Lumpur,
Wilayah Persekutuan, Malaysia

www.iris.com.my

AFFIX
POSTAGE
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