Reports and Financial Statements For The Financial Year Ended 31 March 2023

REPORTS AND FINANCIAL STATEMENTS

OTHER INFORMATION

ANNUAL GENERAL MEETING

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 2023.

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 for the financial year, net of tax	21,890	20,849
Attributable to:		
Owners of the Company	21,900	20,849
Non-controlling interests	(10)	–
	21,890	20,849

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 2023.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

Directors' Report

Continued

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; 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.

AUDITORS' REMUNERATION

The auditors' remuneration of the Group and the Company during the financial year were RM467,000 and RM320,000 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debenture were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dr. Poh Soon Sim *	
Dato' Dr. Abu Talib Bin Bachik	
Dato' Mohamed Khadar Bin Merican	
Dato' Ng Wan Peng	
Ling Hee Keat	
Hussein Bin Ismail	
H'ng Boon Harng *	
Tan Sri Nik Mohamed Bin Nik Yaacob	(Resigned on 31 January 2023)
Shaiful Zahrin Bin Subhan	(Resigned on 31 December 2022)

* *Directors of the Company and certain subsidiaries*

DIRECTORS (CONTINUED)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chia Jen Wen
Junaidy Bin Yazid

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 1.4.2022	BOUGHT	SOLD	AT 31.3.2023
Direct interests:				
Dr. Poh Soon Sim	67,000,000	1,000,000	–	68,000,000
Ling Hee Keat	110,800,000	–	–	110,800,000
H'ng Boon Harng	1,000,000	–	–	1,000,000
Indirect interests:				
Dr. Poh Soon Sim *	347,590,200	1,950,000	–	349,540,200

* *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.*

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due 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 28 to the financial statements.

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

	GROUP AND COMPANY
	RM'000
Director of the Company	
Directors' fees	554
Directors' meeting allowances	59
Directors' remuneration:	
- salaries and other remuneration	2,410
- defined contribution plans and SOCSO	205
- estimated money value of benefits-in-kind	66
	3,294

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 the Company and the subsidiaries were RM5,000,000 and RM71,048 respectively.

SUBSIDIARIES

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

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

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

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

AUDITORS

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

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

DR. POH SOON SIM
Director

H'NG BOON HARNG
Director

Date: 28 July 2023

Statements of Financial Position as at 31 March 2023

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	**79,722**	90,216	**80,080**	83,861
Intangible assets	7	**110,310**	129,844	**310**	1,576
Operating financial assets	8	**6,817**	8,099	**6,817**	8,099
Investment in subsidiaries	9	**–**	–	**71,935**	77,865
Investment in associates	10	**752**	852	**752**	5,000
Investment in joint ventures	11	**–**	–	**–**	–
Total non-current assets		**197,601**	229,011	**159,894**	176,401
Current assets					
Inventories	12	**30,376**	18,374	**28,831**	17,071
Operating financial assets	8	**1,282**	1,192	**1,282**	1,192
Trade and other receivables	13	**97,529**	84,367	**136,510**	115,169
Prepayments		**1,680**	4,675	**1,680**	1,659
Contract assets	14	**9,258**	59,456	**7,902**	7,709
Current tax assets		**–**	648	**–**	–
Cash and short-term deposits	15	**91,980**	111,288	**74,548**	74,220
		232,105	280,000	**250,753**	217,020
Assets of a disposal group classified as held for sale	16	**98,810**	–	**6,000**	–
Total current assets		**330,915**	280,000	**256,753**	217,020
TOTAL ASSETS		**528,516**	509,011	**416,647**	393,421

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**610,759**	610,759	**610,759**	610,759
Other reserves	18	**30,190**	31,283	**8,851**	9,134
Accumulated losses		**(293,828)**	(316,692)	**(423,139)**	(444,271)
		347,121	325,350	**196,471**	175,622
Non-controlling interests		**(1,842)**	(1,852)	**-**	-
TOTAL EQUITY		**345,279**	323,498	**196,471**	175,622
Non-current liabilities					
Lease liabilities	6(b)	**-**	2,341	**-**	-
Deferred tax liabilities	19	**10,011**	13,106	**10,011**	13,106
Total non-current liabilities		**10,011**	15,447	**10,011**	13,106
Current liabilities					
Loans and borrowings	20	**2,795**	7,500	**2,795**	7,500
Current tax liabilities		**7,835**	1,058	**7,015**	340
Trade and other payables	21	**130,699**	157,177	**197,800**	194,140
Lease liabilities	6(b)	**-**	1,697	**-**	79
Contract liabilities	14	**2,555**	2,634	**2,555**	2,634
		143,884	170,066	**210,165**	204,693
Liabilities of a disposal group classified as held for sale	16	**29,342**	-	**-**	-
Total current liabilities		**173,226**	170,066	**210,165**	204,693
TOTAL LIABILITIES		**183,237**	185,513	**220,176**	217,799
TOTAL EQUITY AND LIABILITIES		**528,516**	509,011	**416,647**	393,421

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

Statements of Comprehensive Income for the Financial Year ended 31 March 2023

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Revenue	22	**348,871**	210,987	**242,197**	153,437
Cost of sales		**(265,110)**	(171,997)	**(171,252)**	(119,393)
Gross profit		**83,761**	38,990	**70,945**	34,044
Other income		**21,040**	5,837	**10,731**	4,549
Administrative expenses		**(38,344)**	(36,652)	**(35,461)**	(33,034)
Net reversal of impairment losses/ (impairment losses) on financial instruments		**101**	1,381	**93,299**	(96)
Other expenses		**(32,870)**	(3,712)	**(107,446)**	(3,469)
Operating profit		**33,688**	5,844	**32,068**	1,994
Finance costs	23	**(748)**	(1,648)	**(403)**	(1,266)
Share of results of associates, net of tax		**(100)**	(4)	**-**	–
Profit before tax	24	**32,840**	4,192	**31,665**	728
Income tax expense	25	**(10,950)**	(787)	**(10,816)**	(1,134)
Profit/(Loss) for the financial year		**21,890**	3,405	**20,849**	(406)
Other comprehensive loss, net of tax					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		**(129)**	–	**-**	–
Other comprehensive loss for the financial year		**(129)**	–	**-**	–
Total comprehensive income/ (loss) for the financial year		**21,761**	3,405	**20,849**	(406)

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit/(Loss) attributable to:					
Owners of the Company		**21,900**	3,412	**20,849**	(406)
Non-controlling interests		**(10)**	(7)	**-**	-
		21,890	3,405	**20,849**	(406)
Total comprehensive income/ (loss) attributable to:					
Owners of the Company		**21,771**	3,412	**20,849**	(406)
Non-controlling interests		**(10)**	(7)	**-**	-
		21,761	3,405	**20,849**	(406)
Earnings per share attributable to owners of the Company (sen per share)					
Basic	26(a)	**0.67**	0.11		
Diluted	26(b)	**0.67**	0.11		

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

Statements of Changes in Equity for the Financial Year ended 31 March 2023

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2022		610,759	130	31,153	(316,692)	325,350	(1,852)	323,498
Total comprehensive income/(loss) for the financial year								
Profit for the financial year		–	–	–	21,900	21,900	(10)	21,890
Other comprehensive loss for the financial year		–	(129)	–	–	(129)	–	(129)
Total comprehensive income/(loss)		–	(129)	–	21,900	21,771	(10)	21,761
Transactions with owners								
Shares subscribed by non-controlling interest of a subsidiary	9(b)	–	–	–	–	–	20	20
Total transactions with owners		–	–	–	–	–	20	20
Realisation of revaluation reserve	18	–	–	(964)	964	–	–	–
At 31 March 2023		610,759	1	30,189	(293,828)	347,121	(1,842)	345,279

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY						
GROUP	NOTE	SHARE CAPITAL RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 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								
Issue of ordinary shares	17	28,669	–	–	–	28,669	–	28,669
Change in ownership interests in a subsidiary	9(b)	–	–	–	(20,854)	(20,854)	20,854	–
Total transactions with owners		28,669	–	–	(20,854)	7,815	20,854	28,669
Realisation of revaluation reserve	18	–	–	(964)	964	–	–	–
At 31 March 2022		610,759	130	31,153	(316,692)	325,350	(1,852)	323,498

Statements of Changes in Equity for the Financial Year ended 31 March 2023
Continued

		ATTRIBUTABLE TO THE OWNERS OF THE COMPANY			
COMPANY	NOTE	SHARE CAPITAL RM'000	REVALUATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL EQUITY RM'000
At 1 April 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	17	28,669	–	–	28,669
Total transactions with owners		28,669	–	–	28,669
Realisation of revaluation reserve	18	–	(283)	283	–
At 31 March 2022		610,759	9,134	(444,271)	175,622
Total comprehensive income for the financial year					
Profit for the financial year		–	–	20,849	20,849
Total comprehensive income		–	–	20,849	20,849
Realisation of revaluation reserve	18	–	(283)	283	–
At 31 March 2023		610,759	8,851	(423,139)	196,471

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

Statements of Cash Flows for the Financial Year ended 31 March 2023

	NOTE	GROUP 2023 RM'000	GROUP 2022 RM'000	COMPANY 2023 RM'000	COMPANY 2022 RM'000
Cash flows from operating activities					
Profit before tax		**32,840**	4,192	**31,665**	728
Adjustments for:					
Amortisation of intangible assets		**1,266**	1,266	**1,266**	1,266
Bad debts written off		**-**	67	**-**	67
Depreciation of property, plant and equipment		**7,075**	6,627	**4,692**	4,937
Effect of accretion of interest on operating financial assets		**(704)**	(790)	**(704)**	(790)
Finance costs		**748**	1,648	**403**	1,266
Gain on disposal of investment in associate		**-***	-	**-***	-
(Gain)/Loss on disposal of property, plant and equipment		**-***	207	**-***	175
Impairment loss on goodwill		**18,268**	-	**-**	-
Impairment loss on trade and other receivables		**6**	370	**1,835**	370
Impairment loss on investment in subsidiaries		**-**	-	**93,008**	-
Impairment loss on investment in associate		**-**	-	**4,248**	-
Interest income		**(1,710)**	(1,929)	**(954)**	(1,158)
Net reversal of inventories written down		**(2,138)**	(242)	**(2,083)**	(203)
Reversal of impairment loss on trade and other receivables		**(107)**	(1,751)	**(95,135)**	(274)
Share of results of associates		**100**	4	**-**	-
Unrealised gain on foreign exchange		**14,208**	(540)	**9,856**	(564)
Operating profit before changes in working capital		**69,852**	9,129	**48,097**	5,820
Changes in working capital:					
Contract assets/(liabilities)		**(8,949)**	(49,421)	**(272)**	2,266
Inventories		**(9,864)**	2,160	**(9,677)**	3,202
Operating financial assets		**1,896**	1,896	**1,896**	1,896
Trade and other payables		**(5,623)**	17,694	**1,214**	(16,491)
Trade and other receivables		**(23,887)**	3,222	**(13,174)**	6,292
Prepayments		**2,995**	(2,520)	**(21)**	(229)
Net cash from/(used in) operations		**26,420**	(17,840)	**28,063**	2,756
Interest paid		**(528)**	(1,434)	**(398)**	(1,257)
Interest received		**1,710**	1,929	**954**	1,158
Income tax paid		**(7,400)**	(374)	**(7,236)**	(13)
Net cash from/(used in) operating activities		**20,202**	(17,719)	**21,383**	2,644

Statements of Cash Flows for the Financial Year ended 31 March 2023

Continued

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from investing activities					
Acquisition/addition in investment in subsidiaries		**-**	-	**(93,078)**	-*
Repayment from/(Advances to) subsidiaries		**-**	-	**79,063**	(24,073)
Proceeds from disposal of plant and equipment		**147**	340	**-***	226
Proceeds from disposal of an associate		**-***	-	**-***	-
Purchase of property, plant and equipment	(a)	**(983)**	(4,007)	**(911)**	(1,261)
Placement of fixed deposits		**(1,023)**	(213)	**(972)**	(212)
Subscription of shares by non-controlling interests in a subsidiary		**20**	-	**-**	-
Net cash used in investing activities		**(1,839)**	(3,880)	**(15,898)**	(25,320)
Cash flows from financing activities					
Proceeds from issuance of shares		**-**	28,669	**-**	28,669
Proceeds from bankers' acceptance	(b)	**2,795**	-	**2,795**	-
(Repayment)/Drawdown of unstructured loan	(b)	**(7,500)**	7,500	**(7,500)**	7,500
Repayment of term loan	(b)	**-**	(18,750)	**-**	(18,750)
Payments of lease liabilities	(b)	**(1,917)**	(1,283)	**(84)**	(60)
Net cash (used in)/from financing activities		**(6,622)**	16,136	**(4,789)**	17,359
Net increase/(decrease) in cash and cash equivalents		**11,741**	(5,463)	**696**	(5,317)
Cash and cash equivalents at the beginning of the financial year		**94,468**	100,666	**60,706**	66,758
Effect of exchange rate changes on cash and cash equivalents		**(1,408)**	(735)	**(1,340)**	(735)
Cash and cash equivalents at the end of the financial year	15(a)	**104,801**	94,468	**60,062**	60,706

* *Represent amount less than RM1,000*

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Purchase of property, plant and equipment	**983**	9,114	**911**	1,391
Financed by way of lease arrangement	**–**	(5,107)	**–**	(130)
Cash payments on purchase of property, plant and equipment	**983**	4,007	**911**	1,261

(b) Reconciliation of liabilities arising from financing activities:

		NON-CASH			
	1.4.2022 RM'000	TRANSFER TO DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE RM'000	INTEREST EXPENSES RM'000	CASH FLOWS RM'000	31.3.2023 RM'000
Group					
Lease liabilities	4,038	(2,341)	220	(1,917)	–
Bankers' acceptance	–	–	–	2,795	2,795
Unstructured loan	7,500	–	–	(7,500)	–
	11,538	(2,341)	220	(6,622)	2,795

		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

Statements of Cash Flows for the Financial Year ended 31 March 2023
Continued

(b) Reconciliation of liabilities arising from financing activities (Continued):

		NON-CASH		
	1.4.2022 RM'000	INTEREST EXPENSES RM'000	CASH FLOWS RM'000	31.3.2023 RM'000
Company				
Lease liabilities	79	5	(84)	–
Bankers' acceptance	–	–	2,795	2,795
Unstructured loan	7,500	–	(7,500)	–
	7,579	5	(4,789)	2,795

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

(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 RM2,219,000 and RM230,000 (2022: RM1,434,000 and RM211,000) 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 28 July 2023.

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 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 116	Property, Plant and Equipment
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
MFRS 141	Agriculture

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. BASIS OF PREPARATION (CONTINUED)

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
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	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#/ 1 January 2024
MFRS 9	Financial Instruments	1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 January 2024
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#/ 1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2023#/ 1 January 2024
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 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 140	Investment Property	1 January 2023#

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments clarify how an entity should subsequently measure the leaseback liability that arise in a sale and leaseback transaction. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date.

The amendments add subsequent measurement requirements for the right-of-use assets and lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall apply paragraphs 29 to 35 to the right-of-use asset arising from the leaseback and paragraphs 36 to 46 to the lease liability arising from the leaseback. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

Amendments to MFRS 101 Presentation of Financial Statements

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

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 101 Presentation of Financial Statements (Continued)

In another amendments, an entity is required 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.

The latest amendments to MFRS 101 clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability. As such, the amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements.

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 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

2. BASIS OF PREPARATION (CONTINUED)

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

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

Amendments to MFRS 112 Income Taxes (Continued)

In another amendments, it gives entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ("OECD") international tax reform; and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Applying the temporary relief, entities neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The relief will help to ensure consistency in the financial statements while easing into the implementation of the rules by allowing time for entities to assess how they are affected.

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 107 and MFRS 7 respond to investors' concerns that some supplier finance arrangements – also referred to as supply chain finance, trade payables finance or reverse factoring arrangements – used by entities are not sufficiently visible, hindering investors' analysis.

The disclosure requirements require entities to disclose information that would enable users of financial statements to assess how supplier finance arrangements affect an entity's operations; including the effects supplier finance arrangements have on an entity's liability, cash flows and exposures to liquidity risk. The new disclosure requirements would also inform users of financial statements on how an entity might be affected if the arrangements were no longer available to it.

(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. BASIS OF PREPARATION (CONTINUED)

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation and economic entities

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

(a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(a) Subsidiaries and business combination (Continued)

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

- 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.

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.

Notes to the Financial Statements

Continued

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(a) Subsidiaries and business combination (Continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation and economic entities (Continued)

(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.

(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 3.13(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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).

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Debt instruments

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 3.13(a) to the financial statements. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **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 3.13(a) to the financial statements. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

(i) Financial assets (Continued)

Equity instruments

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

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

(ii) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(a) Subsequent measurement (Continued)

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

(ii) Financial liabilities (Continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (Continued)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 3.13(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.

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 3.17 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (Continued)

(c) Depreciation

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

	USEFUL LIVES (YEARS)
Leasehold buildings	50 years
Office buildings	2 to 4 years
Office equipment, furniture and fittings	3 to 10 years
Motor vehicles	5 years
Plant and machinery	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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

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 3.13(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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(b) Lessee accounting (Continued)

Lease liability (Continued)

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (Continued)

(c) Lessor accounting (Continued)

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 3.13(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Goodwill and other intangible assets (Continued)

(b) Development costs (Continued)

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The development costs are amortised on a straight-line basis over the period of 5 years during which their economic benefits are expected to be consumed. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(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 3.13(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Service concession arrangements (Continued)

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 3.13(a) to the financial statements.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Non-current assets or disposal group held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset or disposal group is available for immediate sale in its present condition;
- the Group is committed to a plan to sell the asset and the asset or disposal group is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

Any impairment loss on the disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property that is measured at fair value, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint venture ceases once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

3.12 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.

3.13 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of assets (Continued)

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

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of assets (Continued)

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

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

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

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

(b) Impairment of non-financial assets

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Impairment of assets (Continued)

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

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

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

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

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

3.14 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.

3.15 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Employee benefits (Continued)

(b) Defined contribution plans

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

3.16 Revenue and other income

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

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

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

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

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

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

Financing components

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

Financing components (Continued)

(a) Sale of goods

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

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

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

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

(b) Rendering of services

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Revenue and other income (Continued)

(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.

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.

3.17 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowing costs (Continued)

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.

3.18 Income tax

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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Income tax (Continued)

(b) Deferred tax (Continued)

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.

(c) 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.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Executive Deputy Chairman, the Group Chief Executive Officer (or Acting 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.

3.20 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Fair value measurements (Continued)

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

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

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

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

3.21 Earnings per ordinary share

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

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

3.22 Contingencies

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

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

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

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

(b) Amortisation

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

(c) Impairment

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

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

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

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Contract costs (Continued)

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

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

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

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

(a) Impairment of goodwill

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

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 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.

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

(b) Impairment of financial assets and contract assets (Continued)

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 27(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.

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 contract revenue recognised is disclosed in Note 22 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 2022	67,000	27,677	1,153	70,198	21,107	187,135
Additions	–	302	–	681	–	983
Disposals	–	(662)	–	(105)	–	(767)
Derecognition	–	–	–	–	(130)	(130)
Transfer to disposal group classified as held for sale	–	(3,327)	(595)	–	(4,977)	(8,899)
At 31 March 2023	67,000	23,990	558	70,774	16,000	178,322
Accumulated depreciation and impairment loss						
At 1 April 2022	5,688	23,438	724	64,539	2,530	96,919
Depreciation charge for the financial year	1,896	1,397	215	1,390	2,177	7,075
Disposals	–	(515)	–	(105)	–	(620)
Derecognition	–	–	–	–	(130)	(130)
Transfer to disposal group classified as held for sale	–	(1,377)	(502)	–	(2,765)	(4,644)
At 31 March 2023	7,584	22,943	437	65,824	1,812	98,600
Carrying amounts						
At 31 March 2023	59,416	1,047	121	4,950	14,188	79,722

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	LEASE-HOLD BUILDINGS RM'000 (AT VALUATION)	OFFICE EQUIP-MENT, 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
Continued

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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 2022	67,000	23,820	1,174	70,180	16,130	178,304
Additions	–	230	–	681	–	911
Disposals	–	(65)	–	(105)	–	(170)
Derecognition	–	–	–	–	(130)	(130)
At 31 March 2023	67,000	23,985	1,174	70,756	16,000	178,915
Accumulated depreciation and impairment loss						
At 1 April 2022	5,688	22,278	536	64,517	1,424	94,443
Depreciation charge for the financial year	1,896	728	160	1,390	518	4,692
Disposals	–	(65)	–	(105)	–	(170)
Derecognition	–	–	–	–	(130)	(130)
At 31 March 2023	7,584	22,941	696	65,802	1,812	98,835
Carrying amounts						
At 31 March 2023	59,416	1,044	478	4,954	14,188	80,080

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	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

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) 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	
	2023 RM'000	2022 RM'000
Leasehold buildings	**22,955**	24,001
Right-of-use assets - Leasehold land	**7,154**	7,465

Fair value information

	GROUP AND COMPANY	
	2023 RM'000	2022 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 2023.

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

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 32 years (2022: 33 years).

The lease of office building has remaining lease term of NIL (2022: 1 to 3 years).

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 2021	16,000	–	16,000
Additions	–	5,107	5,107
At 31 March 2022	16,000	5,107	21,107
Derecognition	–	(130)	(130)
Transfer to disposal group classified as held for sale	–	(4,977)	(4,977)
At 31 March 2023	16,000	–	16,000
Accumulated depreciation			
At 1 April 2021	906	–	906
Depreciation charge for the financial year	453	1,171	1,624
At 31 March 2022	1,359	1,171	2,530
Depreciation charge for the financial year	453	1,724	2,177
Derecognition	–	(130)	(130)
Transfer to disposal group classified as held for sale	–	(2,765)	(2,765)
At 31 March 2023	1,812	–	1,812
Carrying amount			
At 31 March 2023	14,188	–	14,188
At 31 March 2022	14,641	3,936	18,577

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(a) Right-of-use assets (Continued)

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

	LEASEHOLD LAND (AT VALUATION) RM'000	OFFICE BUILDINGS (AT COST) RM'000	TOTAL RM'000
Company			
Cost/Valuation			
At 1 April 2021	16,000	–	16,000
Additions	–	130	130
At 31 March 2022	16,000	130	16,130
Derecognition	–	(130)	(130)
At 31 March 2023	16,000	–	16,000
Accumulated depreciation			
At 1 April 2021	906	–	906
Depreciation charge for the financial year	453	65	518
At 31 March 2022	1,359	65	1,424
Depreciation charge for the financial year	453	65	518
Derecognition	–	(130)	(130)
At 31 March 2023	1,812	–	1,812
Carrying amount			
At 31 March 2023	14,188	–	14,188
At 31 March 2022	14,641	65	14,706

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

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

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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: Future 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
Continued

7. INTANGIBLE ASSETS

	GOODWILL ON CONSOLIDATION RM'000	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	TOTAL RM'000
Group				
Cost				
At 1 April 2022/31 March 2023	129,689	16,451	40,391	186,531
Accumulated amortisation and impairment loss				
At 1 April 2022	1,421	16,303	38,963	56,687
Amortisation charge for the financial year	–	42	1,224	1,266
Impairment loss for the financial year	18,268	–	–	18,268
At 31 March 2023	19,689	16,345	40,187	76,221
Carrying amounts				
At 31 March 2023	110,000	106	204	110,310
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

7. INTANGIBLE ASSETS (CONTINUED)

	DEVELOPMENT COSTS RM'000	INTELLECTUAL PROPERTIES RM'000	TOTAL RM'000
Company			
Cost			
At 1 April 2022/31 March 2023	16,451	40,391	56,842
Accumulated amortisation			
At 1 April 2022	16,303	38,963	55,266
Amortisation charge for the financial year	42	1,224	1,266
At 31 March 2023	16,345	40,187	56,532
Carrying amounts			
At 31 March 2023	106	204	310
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 amounts			
At 31 March 2022	148	1,428	1,576

(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.

7. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (Continued)

Impairment of goodwill (Continued)

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

	GROUP	
	2023 RM'000	2022 RM'000
Trusted identification	**110,000**	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 three-year period to be more reflective of the recent new contracts entered or renewed by the Group and the Company.

As at 31 March 2023, an impairment loss of RM18,268,000 (2022: NIL) is recognised as the carrying amount of the CGU exceeded the recoverable amount. The impairment loss is fully allocated to goodwill and is recorded within other expenses line in profit or loss of the Group.

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

2023	CGU
Average gross margin	28%
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).

7. INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill on consolidation (Continued)

Impairment of goodwill (Continued)

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

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

8. OPERATING FINANCIAL ASSETS

	GROUP AND COMPANY	
	2023 RM'000	2022 RM'000
At the beginning of the financial year	**9,291**	10,397
Add: Effect on accretion of interest from discounting	**704**	790
Less: Payment received	**(1,896)**	(1,896)
At the end of the financial year	**8,099**	9,291
Non-current	**6,817**	8,099
Current	**1,282**	1,192
	8,099	9,291

8. OPERATING FINANCIAL ASSETS (CONTINUED)

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

Financial assets model

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

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

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

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. The interest at the rates ranging from 7.41% to 7.63% (2022: 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.

9. INVESTMENT IN SUBSIDIARIES

	NOTE	COMPANY 2023 RM'000	COMPANY 2022 RM'000
At cost			
Unquoted shares			
At the beginning of the financial year		**231,091**	231,091
Add: Additions during the financial year		**93,078**	–*
Less: Transfer to disposal group classified as held for sale	16	**(6,000)**	–
At the end of the financial year		**318,169**	231,091
Less: Accumulated impairment losses			
At the beginning of the financial year		**153,226**	153,226
Add: Impairment loss during the financial year		**93,008**	–
At the end of the financial year		**246,234**	153,226
Carrying amounts			
At the end of the financial year		**71,935**	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 2023 %	OWNERSHIP INTEREST 2022 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn. Bhd.	Malaysia	100	100	Dormant.
IRIS AMS Sdn. Bhd.	Malaysia	100	100	Provision of attendance management solution and other trusted identification related products.
IRIS Information Technology Systems Sdn. Bhd.	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S.) and marketing of contact and contactless smart technology based products.

Notes to the Financial Statements
Continued

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	OWNERSHIP INTEREST 2022 %	PRINCIPAL ACTIVITIES
IRIS Advancetech Sdn. Bhd.	Malaysia	100	100	Provision of trusted identification and information technology related products.
IRIS KM Sdn. Bhd.	Malaysia	100	100	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	Provision of trusted identification services and maintenance.
RB Biotech Sdn. Bhd.	Malaysia	66.67	66.67	Dormant.
IRIS Tech Ventures Sdn. Bhd.	Malaysia	100	100	Dormant.
Thetris ISS Sdn. Bhd.	Malaysia	77.78	–	Dormant.
Subsidiary of IRIS Advancetech Sdn. Bhd.				
Endah Farm Sdn. Bhd.	Malaysia	60	60	Dormant.

\+ *Audited by auditors other than Baker Tilly Monteiro Heng PLT.*
^ *The Group has control over the subsidiary pursuant to MFRS 10 Consolidated Financial Statements.*

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition/Incorporation of subsidiaries

2023

(i) Acquisition of 77.78% equity interest of Thetris ISS Sdn. Bhd.

On 16 August 2022, the Company subscribed for 70,000 shares representing 77.78% of the issued and fully paid-up shares of RM1.00 each in Thetris ISS Sdn. Bhd. for a total consideration of RM70,000.

2022

(ii) Acquisition of remaining 49% equity interest of IRIS KM 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:

	2022 RM'000
Fair value of consideration transferred	-*
Increase in share of net liabilities (before intra-group elimination)	(20,854)
Excess charged directly to equity	(20,854)

* *Represent amount less than RM1,000*

(c) Allotment of additional investment in subsidiaries

(i) Allotment of additional interest in IRIS Advancetech Sdn. Bhd.

On 2 June 2022, the Company subscribed additional RM24,758,000 interest (representing 24,758,000 ordinary shares) in IRIS Advancetech Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

(ii) Allotment of additional interest in IRIS AMS Sdn. Bhd.

On 2 June 2022, the Company subscribed additional RM17,250,000 interest (representing 17,250,000 ordinary shares) in IRIS AMS Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

(iii) Allotment of additional interest in IRIS KM Sdn. Bhd.

On 2 June 2022, the Company subscribed additional RM22,000,000 interest (representing 22,000,000 ordinary shares) in IRIS KM Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(c) Allotment of additional investment in subsidiaries (Continued)

(iv) Allotment of additional interest in IRIS RK Sdn. Bhd.

On 2 June 2022, the Company subscribed additional RM29,000,000 interest (representing 29,000,000 ordinary shares) in IRIS RK Sdn. Bhd. at a price of RM1 per share by way of allotment of shares.

(d) Non-controlling interests in subsidiaries

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

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	2022 %
Warisan Atlet (M) Sdn. Bhd.	Malaysia	51	51
RB Biotech Sdn. Bhd.	Malaysia	33.33	33.33
Endah Farm Sdn. Bhd.	Malaysia	40	40
Thetris ISS Sdn. Bhd.	Malaysia	22.22	–

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

The summarised financial information of the Group's and the Company's subsidiaries that have non-controlling interests has not been presented as the non-controlling interests in subsidiaries are not individually material to the Group.

10. INVESTMENT IN ASSOCIATES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Unquoted shares	**5,000**	5,500	**5,000**	5,500
Share of post-acquisition reserves, net of dividend received	**(4,248)**	(4,148)	**–**	–
	752	1,352	**5,000**	5,500
Less: Impairment losses	**–**	(500)	**(4,248)**	(500)
	752	852	**752**	5,000

10. INVESTMENT IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	2022 %	PRINCIPAL ACTIVITIES/ NATURE OF RELATIONSHIP
Multimedia Display Technologies Sdn. Bhd. ("MDT") + *	Malaysia	44.4	44.4	Research, development, marketing and distribution of CRT/LCD display monitors and Radio Frequency Identity System (RFID). The activities contribute to the Group's trusted identification business segment.
Neuralogy Sdn. Bhd. + #	Malaysia	–	20	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 2023 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.*

(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.

The Group has not recognised its share of losses of Ubud Tower Sdn. Bhd. amounting to RM3,370 (2022: RM2,544) 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 RM27,589 (2022: RM422,375).

(c) Disposal of associate – Neuralogy Sdn. Bhd.

During the financial year, the Company disposed of its 20% equity investments in Neuralogy Sdn. Bhd., for a cash consideration of RM1.

11. INVESTMENT IN JOINT VENTURES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At cost				
Unquoted shares	**39,037**	39,037	**39,037**	39,037
Share of post-acquisition reserves	**(30,493)**	(30,493)	**-**	-
	8,544	8,544	**39,037**	39,037
Less: Impairment losses	**(8,752)**	(8,752)	**(39,037)**	(39,037)
Add: Exchange differences	**208**	208	**-**	-
	-	-	**-**	-

Details of the joint ventures are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2023 %	OWNERSHIP INTEREST 2022 %	PRINCIPAL ACTIVITIES
Plaman Resources Limited ("Plaman") +	New Zealand	51	51	In liquidation.
Subsidiary of Plaman Resources Limited				
Plaman Services Limited + #	New Zealand	100	100	In liquidation.
Plaman Services (Australia) Pty. Ltd. + #	Australia	100	100	In liquidation.
Plaman Services Corporation + #	United States of America	100	100	Dormant.

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

\# *The financial statements of the subsidiaries have not been consolidated in Plaman's financial statements as all the subsidiaries have not commenced their business operations.*

11. INVESTMENT IN JOINT VENTURES (CONTINUED)

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.

12. INVENTORIES

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Raw materials	**3,097**	10,897	**3,097**	10,897
Work-in-progress	**7,343**	3,036	**7,343**	3,036
Finished goods	**19,936**	4,441	**18,391**	3,138
	30,376	18,374	**28,831**	17,071

The cost of inventories of the Group and of the Company recognised as an expense in cost of sales during the financial year was RM73,280,767 (2022: RM31,822,547) and RM47,408,540 (2022: RM27,737,140) 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 RM2,138,153 (2022: RM242,128) and RM2,083,236 (2022: RM202,728) respectively, following a subsequent sale of inventories.

13. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:					
Trade					
Third parties	(a)	**105,595**	96,358	**77,650**	78,859
Amount owing by a subsidiary		**-**	–	**9,679**	2,728
		105,595	96,358	**87,329**	81,587
Less: Accumulated impairment losses		**(16,566)**	(20,217)	**(10,014)**	(10,458)
		89,029	76,141	**77,315**	71,129
Non-trade					
Other receivables	(b)	**14,857**	21,997	**10,847**	17,624
Value added tax refundable		**3,058**	2,943	**2,596**	2,596
Withholding tax refundable		**4,988**	2,765	**4,988**	2,765
Deposits	(b)	**21,333**	19,465	**14,124**	12,997
Advances to suppliers		**1,134**	2,232	**1,134**	2,232
Amount owing by subsidiaries	(b)	**-**	–	**145,171**	222,999
Amount owing by associates	(b)	**52**	46	**52**	46
		45,422	49,448	**178,912**	261,259
Less: Accumulated impairment losses					
- other receivables	(b)	**(13,964)**	(18,270)	**(10,015)**	(14,321)
- 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)	**-**	–	**(92,605)**	(185,807)
- amount owing by associates	(b)	**(52)**	(46)	**(52)**	(46)
		(36,922)	(41,222)	**(119,717)**	(217,219)
		8,500	8,226	**59,195**	44,040
Total trade and other receivables		**97,529**	84,367	**136,510**	115,169

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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 (2022: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 April	**20,217**	21,777	**10,458**	10,451
Charge for the financial year				
- Individually assessed	**-**	202	**-**	202
Reversal of impairment losses				
- Individually assessed	**(107)**	(1,751)	**(104)**	(274)
Written off for the financial year	**(3,662)**	(122)	**(725)**	(32)
Transfer to disposal group classified as held for sale	**(267)**	–	**-**	–
Exchange differences	**385**	111	**385**	111
At 31 March	**16,566**	20,217	**10,014**	10,458

Included in trade receivables is an amount owing of RM38,926,059 (2022: RM49,064,649) owing by a contract customer of which credit is enhanced by a security deposit received as disclosed in Note 21(c) to the financial statements.

The information about the credit exposures is disclosed in Note 27(b)(i) to the financial statements.

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

(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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 April	**41,222**	41,772	**217,219**	217,442
Charge for the financial year	**6**	168	**1,835**	168
Reversal for the financial year	**-**	–	**(95,031)**	–
Written off for the financial year	**(4,306)**	(718)	**(4,306)**	(391)
At 31 March	**36,922**	41,222	**119,717**	217,219

14. CONTRACT ASSETS/(LIABILITIES)

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contract assets relating to contract works with customers	**9,258**	59,456	**7,902**	7,709
Contract liabilities relating to contract works with customers	**(2,555)**	(2,634)	**(2,555)**	(2,634)

14. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(a) Significant changes in contract balances

	2023		2022	
	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	**-**	**2,634**	–	2
Increases due to consideration received from customers, but revenue not recognised	**-**	**(2,555)**	–	(2,621)
Increases due to unbilled revenue recognised	**66,607**	**-**	57,332	–
Transfers from contract assets recognised at the beginning of the period to receivables	**(57,737)**	**-**	(5,292)	–
Transfer to disposal group classified as held for sale	**(59,068)**	**-**	–	–
Company				
Revenue recognised that was included in contract liabilities at the beginning of the financial year	**-**	**2,634**	–	–
Increases due to consideration received from customers, but revenue not recognised	**-**	**(2,555)**	–	(2,621)
Increases due to unbilled revenue recognised	**6,183**	**-**	5,585	–
Transfers from contract assets recognised at the beginning of the period to receivables	**(5,990)**	**-**	(5,230)	–

14. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

(b) Revenue recognised in relation to contract balances

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	**2,634**	2	**2,634**	–

15. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	**17,311**	33,905	**14,680**	18,932
Short-term deposits placed with licensed banks	**74,669**	77,383	**59,868**	55,288
	91,980	111,288	**74,548**	74,220

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

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term deposits placed with licensed banks	**74,669**	77,383	**59,868**	55,288
Less: Deposits with maturity period of more than three months	**(14,486)**	(16,820)	**(14,486)**	(13,514)
	60,183	60,563	**45,382**	41,774
Cash and bank balances	**17,311**	33,905	**14,680**	18,932
	77,494	94,468	**60,062**	60,706
Transfer to disposal group classified as held for sale (Note 16)	**30,664**	–	**-**	–
Less: Deposits with maturity period of more than three month	**(3,357)**	–	**-**	–
	104,801	94,468	**60,062**	60,706

15. CASH AND SHORT-TERM DEPOSITS (CONTINUED)

(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 RM14,485,825 and RM14,485,825 (2022: RM31,214,218 and RM15,014,482) respectively pledged to licensed banks for bank guarantee facilities and credit facilities granted to the Group and the Company as disclosed in Note 19 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 1.60% to 5.50% (2022: 1.35% to 5.50%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 days (2022: 30 to 365 days).

16. ASSETS/(LIABILITIES) OF A DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 10 February 2023, the Company entered into a Shares Sale Agreement with Tass Tech Technologies Sdn. Bhd., a company incorporated in Malaysia, for the proposed disposal of 80% equity interest in IRIS Information Technology Systems Sdn. Bhd. ("IITS"), for a total cash consideration of RM70,000,000. The assets and liabilities related to IITS (part of the trusted identification segment) have been presented as held for sale. The Shares Sale Agreement is expected to be completed in November 2023.

	GROUP
	2023 RM'000
Assets of a disposal group classified as held for sale	
Property, plant and equipment & right-of-use assets (Note 5)	**4,255**
Trade and other receivables	**3,596**
Prepayment	**447**
Contract assets (Note 14)	**59,068**
Current tax assets	**780**
Cash and bank balances (Note 15)	**30,664**
	98,810
Liabilities of a disposal group classified as held for sale	
Trade and other payables	**(27,001)**
Lease liabilities	**(2,341)**
	(29,342)

The asset classified as held for sale on the Company's statement of financial position as at 31 March 2023 is as follows:

	COMPANY
	2023 RM'000
Assets:	
Investment in a subsidiary	**6,000**

Notes to the Financial Statements
Continued

17. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARES		AMOUNT	
	2023 UNIT'000	2022 UNIT'000	2023 RM'000	2022 RM'000
Ordinary shares				
Issued and fully paid up: (no par value)				
At 1 April	**3,262,910**	3,116,282	**610,759**	582,090
Issued during the financial year	**–**	146,628	**–**	28,669
At 31 March	**3,262,910**	3,262,910	**610,759**	610,759

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.

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

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

18. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign exchange translation reserve	(a)	**1**	130	**–**	–
Revaluation reserve	(b)	**30,189**	31,153	**8,851**	9,134
		30,190	31,283	**8,851**	9,134

(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.

19. DEFERRED TAX LIABILITIES

Presented after appropriate offsetting as follows:

	GROUP AND COMPANY	
	2023 RM'000	2022 RM'000
Deferred tax liabilities	**(10,011)**	(13,106)

Deferred tax relates to the following:

GROUP AND COMPANY	AT 1 APRIL 2022 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	AT 31 MARCH 2023 RM'000
Deferred tax liabilities:			
Property, plant and equipment	(15,105)	75	(15,030)
Deferred tax assets:			
Other items	1,999	3,020	5,019
	(13,106)	3,095	(10,011)

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

Notes to the Financial Statements
Continued

19. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Temporary differences on property, plant and equipment	**(564)**	(625)	**-**	–
Unabsorbed capital allowances	**15,152**	24,489	**-**	–
Unutilised tax losses	**103,308**	114,880	**-**	–
Impairment losses for trade receivables	**10,014**	10,458	**10,014**	10,458
Other items	**14,503**	16,207	**14,116**	16,207
	142,413	165,409	**24,130**	26,665
Potential deferred tax assets not recognised at 24% (2022: 24%)	**34,179**	39,698	**5,791**	6,400

Unutilised tax losses which are available for offset against future taxable income are available for utilisation up to the following financial years:

	GROUP	
	2023 RM'000	2022 RM'000
Year of assessment		
2028	**84,109**	94,494
2029	**10,933**	10,933
2030	**958**	958
2031	**6,239**	7,576
2032	**919**	919
2033	**150**	–
	103,308	114,880

20. LOANS AND BORROWINGS

	GROUP AND COMPANY	
	2023 RM'000	2022 RM'000
Current:		
Unsecured		
Bankers' acceptance	**2,795**	–
Unstructured loan	**–**	7,500
Total loans and borrowings	**2,795**	7,500

The bankers' acceptance bears effective interest rates ranging from 4.50% to 4.90% per annum at the end of the financial year.

In the previous financial year, the unstructured loan of RM7,500,000 bore interest at 4.6% per annum and was settled by one lump sum payment on its maturity date.

21. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:					
Trade					
Third parties	(a)	**27,486**	51,351	**24,300**	25,812
Amount owing to subsidiaries	(b)	**–**	–	**530**	–
		27,486	51,351	**24,830**	25,812
Non-trade					
Other payables		**3,804**	6,655	**2,160**	3,838
Goods and services tax, sales and services tax and value added tax payable		**642**	902	**627**	699
Deposits	(c)	**55,996**	52,403	**55,269**	51,689
Accruals		**42,771**	45,866	**35,369**	32,744
Amount owing to subsidiaries	(b)	**–**	–	**79,545**	79,358
		103,213	105,826	**172,970**	168,328
Total trade and other payables		**130,699**	157,177	**197,800**	194,140

21. TRADE AND OTHER PAYABLES (CONTINUED)

(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 90 days (2022: 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 (2022: 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 RM48,203,670 (2022: RM51,612,222) 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 27(b)(ii) to the financial statements.

22. REVENUE

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract customers:				
Sales of goods	**159,168**	101,537	**148,740**	98,691
Maintenance and services	**16,845**	8,372	**16,679**	7,976
Construction and integration system contract	**95,659**	53,948	**-**	-
Construction contracts	**4,637**	4,165	**4,216**	3,805
Concession arrangements *	**72,562**	42,965	**72,562**	42,965
	348,871	210,987	**242,197**	153,437

* 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.

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue

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

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

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Group			
2023			
Major goods or services:			
Sales of goods	159,096	72	159,168
Maintenance and services	16,845	–	16,845
Construction and integration system contract	95,659	–	95,659
Construction contracts	–	4,637	4,637
Concession arrangements	72,562	–	72,562
	344,162	4,709	348,871
Timing of revenue recognition:			
At a point in time	159,096	72	159,168
Over time	185,066	4,637	189,703
	344,162	4,709	348,871
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
	206,774	4,213	210,987
Timing of revenue recognition:			
At a point in time	101,489	48	101,537
Over time	105,285	4,165	109,450
	206,774	4,213	210,987

22. REVENUE (CONTINUED)

(a) Disaggregation of revenue (Continued)

	TRUSTED IDENTIFICATION RM'000	SUSTAINABLE DEVELOPMENT RM'000	TOTAL RM'000
Company			
2023			
Major goods or services:			
Sales of goods	148,740	–	148,740
Maintenance and services	16,679	–	16,679
Construction contracts	–	4,216	4,216
Concession arrangements	72,562	–	72,562
	237,981	4,216	242,197
Timing of revenue recognition:			
At a point in time	148,740	–	148,740
Over time	89,241	4,216	93,457
	237,981	4,216	242,197
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
	149,632	3,805	153,437
Timing of revenue recognition:			
At a point in time	98,691	–	98,691
Over time	50,941	3,805	54,746
	149,632	3,805	153,437

22. REVENUE (CONTINUED)

(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.

23. FINANCE COSTS

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expenses on:				
- bankers' acceptances	**72**	–	**72**	–
- lease liabilities	**220**	214	**5**	9
- term loan and unstructured loan	**55**	974	**55**	974
- others	**401**	460	**271**	283
	748	1,648	**403**	1,266

24. PROFIT BEFORE TAX

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

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
- audit services				
- current year	**467**	448	**320**	320
- prior year	**(5)**	120	**8**	120
- other services	**10**	10	**10**	10
Amortisation of intangible assets	**1,266**	1,266	**1,266**	1,266
Bad debts written off	**-**	67	**-**	67
Depreciation of property, plant and equipment	**7,075**	6,627	**4,692**	4,937
Directors' fees	**554**	518	**554**	518
Directors' meeting allowances	**59**	52	**59**	52
Directors' remuneration:				
- salaries and other remuneration	**2,410**	1,862	**2,410**	1,862
- defined contribution plans and SOCSO	**205**	162	**205**	162
Effect of accretion of interest on operating financial assets	**(704)**	(790)	**(704)**	(790)
Expenses relating to short-term leases	**270**	134	**139**	134
Expenses relating to lease of low value assets	**32**	17	**7**	17
(Gain)/Loss on disposal of property, plant and equipment	**-***	207	**-***	175
Impairment loss on:				
- goodwill on consolidation	**18,268**	-	**-**	-
- trade and other receivables	**6**	370	**1,835**	370
- investment in subsidiaries	**-**	-	**93,008**	-
- investment in associate	**-**	-	**4,248**	-
Interest income	**(1,710)**	(1,929)	**(954)**	(1,158)
Gain on disposal of investment in associate	**-***	-	**-***	-
(Gain)/Loss on foreign exchange:				
- realised	**(10,129)**	581	**(9,582)**	211
- unrealised	**14,208**	(540)	**9,856**	(564)
Net reversal of inventories written down	**(2,138)**	(242)	**(2,083)**	(203)
Reversal of impairment loss on trade and other receivables	**(107)**	(1,751)	**(95,135)**	(274)
Staff costs:				
- salaries and other remuneration	**44,408**	34,503	**25,881**	22,771
- defined contribution plans	**4,546**	3,491	**2,502**	2,227

* *Represent amount less than RM1,000.*

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2023 and 31 March 2022 are as follows:

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Statements of comprehensive income				
Current income tax:				
- current year	**12,352**	1,342	**12,218**	1,342
- prior years	**1,693**	(407)	**1,693**	(60)
	14,045	935	**13,911**	1,282
Deferred tax:				
Origination of temporary differences	**(3,095)**	(148)	**(3,095)**	(148)
	(3,095)	(148)	**(3,095)**	(148)
Income tax expense recognised in profit or loss	**10,950**	787	**10,816**	1,134

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2022: 24%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

25. INCOME TAX EXPENSE (CONTINUED)

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	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Profit before tax	**32,840**	4,192	**31,665**	728
Tax at Malaysian statutory income tax rate of 24% (2022: 24%)	**7,882**	1,006	**7,600**	175
Adjustments:				
Income not subject to tax	**(2,586)**	(779)	**(25,393)**	(294)
Non-deductible expenses	**9,714**	2,789	**27,510**	2,183
Deferred tax not recognised on tax losses and temporary differences	**(2,706)**	(1,214)	**(609)**	(1,248)
Tax effect on share of results of associates	**(24)**	1	**-**	–
Utilisation of previously unrecognised tax losses	**(2,813)**	(701)	**-**	–
Adjustment in respect of income tax of prior years	**1,693**	(407)	**1,693**	(60)
Adjustment in respect of deferred tax of prior years	**104**	467	**104**	467
Adjustment in respect of revaluation reserves	**(304)**	(304)	**(89)**	(89)
Effect of changes in tax rate	**(10)**	(71)	**-**	–
Income tax expense	**10,950**	787	**10,816**	1,134

26. EARNINGS PER SHARE

(a) Basic earnings per ordinary share

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

	GROUP	
	2023 RM'000	2022 RM'000
Profit attributable for the financial year attributable to owners of the Company	**21,900**	3,412
	UNIT'000	UNIT'000
Weighted average number of ordinary shares for basic earnings per share	**3,262,910**	3,169,161
Basic earnings per ordinary share (sen):	**0.67**	0.11

(b) Diluted earnings per ordinary share

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

27. 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 2023		
Financial assets		
Group		
Operating financial assets	8,099	8,099
Trade and other receivables #	93,710	93,710
Cash and short-term deposits	91,980	91,980
	193,789	193,789
Company		
Operating financial assets	8,099	8,099
Trade and other receivables #	133,153	133,153
Cash and short-term deposits	74,548	74,548
	215,800	215,800
As at 31 March 2023		
Financial liabilities		
Group		
Loans and borrowings	(2,795)	(2,795)
Trade and other payables *	(130,057)	(130,057)
	(132,852)	(132,852)
Company		
Loans and borrowings	(2,795)	(2,795)
Trade and other payables *	(197,173)	(197,173)
	(199,968)	(199,968)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (Continued)

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

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

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.*

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

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

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

(i) Credit risk

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

Trade receivables and contract assets

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

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

Credit risk concentration profile

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

	GROUP 2023		2022	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	**84,241**	**86**	70,496	52
Others	**4,788**	**5**	5,645	4
	89,029	**91**	76,141	56
Contract assets				
Trusted identification, payment and transportation	**9,258**	**9**	59,456	44
	98,287	**100**	135,597	100

	COMPANY 2023		2022	
	RM'000	%	RM'000	%
Trade receivables				
Trusted identification, payment and transportation	**72,527**	**84**	65,484	82
Others	**4,788**	**6**	5,645	7
	77,315	**90**	71,129	89
Contract assets				
Trusted identification, payment and transportation	**7,902**	**10**	7,709	11
	85,217	**100**	78,838	100

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The Group and the Company apply the simplified approach to 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 2023			
Group			
Contract assets	9,258	–	9,258
Trade receivables			
Current (not past due)	5,389	–	5,389
1 - 90 days past due	34,117	–	34,117
91 - 180 days past due	13,302	–	13,302
More than 181 days past due	36,221	–	36,221
Credit impaired (individually assessed)	16,566	(16,566)	–
	105,595	(16,566)	89,029
	114,853	(16,566)	98,287
Company			
Contract assets	7,902	–	7,902
Trade receivables			
Current (not past due)	5,929	–	5,929
1 - 90 days past due	33,018	–	33,018
91 - 180 days past due	6,345	–	6,345
More than 181 days past due	32,023	–	32,023
Credit impaired (individually assessed)	10,014	(10,014)	–
	87,329	(10,014)	77,315
	95,231	(10,014)	85,217

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

Trade receivables and contract assets (Continued)

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

	GROSS CARRYING AMOUNT RM'000	IMPAIRMENT LOSS RM'000	NET BALANCE RM'000
At 31 March 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

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 RM59,349,649 (2022: RM57,867,723) due from 2 (2022: 2) of its significant receivables.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(i) Credit risk (Continued)

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

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 3.13(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.

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

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.

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			
	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Group					
At 31 March 2023					
Trade and other payables *	130,057	130,057	–	–	130,057
Bankers' acceptance	2,795	2,795	–	–	2,795
	132,852	132,852	–	–	132,852
At 31 March 2022					
Trade and other payables *	156,275	156,275	–	–	156,275
Unstructured loan	7,500	7,585	–	–	7,585
	163,775	163,860	–	–	163,860

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(ii) Liquidity risk (Continued)

Maturity analysis (Continued)

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 (Continued):

		CONTRACTUAL CASH FLOWS			
	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
Company					
At 31 March 2023					
Trade and other payables *	197,173	197,173	–	–	197,173
Bankers' acceptance	2,795	2,795	–	–	2,795
	199,968	199,968	–	–	199,968
At 31 March 2022					
Trade and other payables *	193,441	193,441	–	–	193,441
Unstructured loan	7,500	7,585	–	–	7,585
	200,941	201,026	–	–	201,026

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

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk

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

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

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

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
US Dollar	**90,050**	74,791	**68,671**	71,132
Euro	**1,820**	1,797	**1,820**	2,364
Others	**132**	1,133	**132**	6,823
	92,002	77,721	**70,623**	80,319
Cash and short-term deposits				
US Dollar	**15,065**	4,280	**13,948**	4,280
Euro	**9,627**	10,692	**9,627**	10,692
Egyptian Pound	**1,410**	1,541	**1,410**	1,541
	26,102	16,513	**24,985**	16,513
Trade and other payables				
US Dollar	**(84,986)**	(87,192)	**(82,859)**	(85,168)
Euro	**(2,971)**	(1,094)	**(2,883)**	(1,009)
Others	**(3,475)**	(130)	**(3,455)**	–
	(91,432)	(88,416)	**(89,197)**	(86,177)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

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

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

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Group			
31 March 2023			
US Dollar	+10%	2,013	2,013
	-10%	(2,013)	(2,013)
Euro	+10%	848	848
	-10%	(848)	(848)
Egyptian Pound	+10%	141	141
	-10%	(141)	(141)
Others	+10%	(334)	(334)
	-10%	334	334
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)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iii) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk (Continued)

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

	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
Company			
31 March 2023			
US Dollar	+10%	(24)	(24)
	-10%	24	24
Euro	+10%	856	856
	-10%	(856)	(856)
Egyptian Pound	+10%	141	141
	-10%	(141)	(141)
Others	+10%	(332)	(332)
	-10%	332	332
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)

27. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (Continued)

(iv) Interest rate risk

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

(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 (2022: 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 2023					
Financial assets					
Operating financial assets	8,099	–	–	8,099	8,099
31 March 2022					
Financial assets					
Operating financial assets	9,291	–	–	9,291	9,291

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of operating financial assets is 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.

28. RELATED PARTIES

(a) Identification of related parties

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

Related parties of the Group include:

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

(b) Significant related party transactions

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

	COMPANY	
	2023 RM'000	2022 RM'000
Sales		
Subsidiaries	**25,295**	3,586
Purchases		
Subsidiaries	**(536)**	–
Rental income		
Subsidiaries	**111**	106
Management fee paid		
Subsidiary	**(243)**	(269)

28. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	**3,787**	2,840	**3,228**	2,477
Post-employment employee benefits	**328**	273	**279**	230
	4,115	3,113	**3,507**	2,707

29. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustment to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2023 and 31 March 2022.

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

		GROUP		COMPANY	
	NOTE	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total loans and borrowings	20	**2,795**	7,500	**2,795**	7,500
Total equity		**345,279**	323,498	**196,471**	175,622
Gearing ratio		**1%**	2%	**1%**	4%

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.

30. SEGMENT INFORMATION

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

The two 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
Sustainable development division	Construction of buildings and modern integrated farms and 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 (or Acting 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 (or Acting 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 (or Acting Chief Executive Officer) and the Group Finance Director. Hence, no disclosures are made on segment liabilities.

30. SEGMENT INFORMATION (CONTINUED)

	NOTE	TRUSTED IDENTIFICA-TION DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL RM'000
2023						
Revenue:						
Revenue from external customers		344,162	4,637	72	–	348,871
Inter-segment revenue	A	–	–	–	–	–
		344,162	4,637	72	–	348,871
Results						
Operating results		79,879	8,987	72	–	88,938
Interest income		1,710	–	–	–	1,710
Other operating income		10,373	–	8,957	–	19,330
Depreciation and amortisation		(8,388)	–	–	47	(8,341)
Finance costs		(748)	–	–	–	(748)
Impairment loss on goodwill on consolidation		(18,268)	–	–	–	(18,268)
Net reversal of impairment losses on financial instruments		(3)	104	–	–	101
Unrealised loss on foreign exchange		(14,208)	–	–	–	(14,208)
Administrative and operating expenses	B	(11,386)	4,857	(25)	–	(6,554)
Reportable segment profit		38,961	13,948	9,004	47	61,960
Unallocated corporate expenses	B	–	–	–	(29,020)	(29,020)
Share of results of associates and joint ventures		(100)	–	–	–	(100)
Segment profit		38,861	13,948	9,004	(28,973)	32,840
Income tax expense		(10,770)	(180)	–	–	(10,950)
Profit for the financial year	B	28,091	13,768	9,004	(28,973)	21,890
Assets:						
Investments in associates and joint ventures		752	–	–	–	752
Addition to capital expenditure		983	–	–	–	983
Segment assets	C	633,659	5,088	–	(110,231)	528,516

30. SEGMENT INFORMATION (CONTINUED)

	NOTE	TRUSTED IDENTIFICATION DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION: PROPERTY DEVELOPMENT & CONSTRUCTION SUB-DIVISION RM'000	SUSTAINABLE DEVELOPMENT DIVISION: FOOD & AGRO TECHNOLOGY SUB-DIVISION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL RM'000
2022						
Revenue:						
Revenue from external customers		206,774	4,165	48	–	210,987
Inter-segment revenue	A	–	–	–	–	–
		206,774	4,165	48	–	210,987
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		21,831	6,185	2	80	28,098
Unallocated corporate expenses	B	–	–	–	(23,902)	(23,902)
Share of results of associates and joint ventures		(4)	–	–	–	(4)
Segment profit		21,827	6,185	2	(23,822)	4,192
Income tax expense		(787)	–	–	–	(787)
Profit for the financial year	B	21,040	6,185	2	(23,822)	3,405
Assets:						
Investments in associates and joint ventures		852	–	–	–	852
Addition to capital expenditure		4,007	–	–	–	4,007
Segment assets	C	573,166	8,932	357	(73,444)	509,011

30. SEGMENT INFORMATION (CONTINUED)

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

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidation.

B Reconciliation of profit or loss

	2023 RM'000	2022 RM'000
Unallocated other corporate expenses	**(29,020)**	(23,902)

C Reconciliation of assets

	2023 RM'000	2022 RM'000
Investments in associates and joint ventures	**752**	852
Inter-segment assets	**(110,983)**	(74,296)
	(110,231)	(73,444)

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 2023				
Malaysia	141,438	4,637	72	146,147
Asia Pacific	20,576	–	–	20,576
Oceania	6,349	–	–	6,349
Africa	175,663	–	–	175,663
North America	136	–	–	136
	344,162	4,637	72	348,871
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
	206,774	4,165	48	210,987

30. SEGMENT INFORMATION (CONTINUED)

Geographical information

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

	GROUP	
	2023 RM'000	2022 RM'000
Non-current assets		
Malaysia	**190,784**	220,912

Information about major customers

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

	GROUP		
	2023 RM'000	2022 RM'000	SEGMENTS
Customer A	**54,596**	49,634	Trusted identification
Customer B	**51,765**	51,924	Trusted identification
Customer C	**95,659**	53,948	Trusted identification
	202,020	155,506	

31. MATERIAL LITIGATIONS

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

The JVCO had on 5 October 2009 claimed for unlawful termination of contract by EMGM and payment for the balance amount of (Turkish Lira) TL6,195,000 due to JVCO for work completed. The JVCO's claim was rejected by the Ankara 12th Civil Court of First Instance. Despite JVCO's claim against EMGM, EMGM'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 for the sum of TL6,195,000 was allowed together with interest. The JVCO was also directed to pay TL5,053.84 as expenses arising from their performance of the contract and loss suffered by EMGM. EMGM's claim of TL49,761.53 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 had on 27 November 2018 filed an appeal against the decision in favour of EMGM and request for a retrial.

In relation to the JVCO's appeal, the Ankara 35th Civil Court of First Instance on 20 December 2022 reaffirmed the decisions by the earlier courts requiring JVCO to pay TL6,195,000 and TL5,053.84 as aforementioned together with interest, attorney's fee, decision fee and litigation expenses. The Ankara 12th Civil Court of First Instance rejected the JVCO's application for retrial on 28 February 2023. The JVCO will be appealing against the decisions of the Ankara 35th Civil Court of First Instance and the Ankara 12th Civil Court of First Instance.

The Group had made the appropriate provision in relation to the judgement.

(ii) 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 ("High Court") against the Defendants concerning the Company's investment in Border Control Solutions Limited ("BCS"). The Company brought this action for loss suffered from the Defendants' failure to discharge their respective fiduciary duty, duty of fidelity and/or duty to exercise reasonable care, skill and diligence as directors of the Company at that material time.

The Company sought 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);

31. MATERIAL LITIGATIONS (CONTINUED)

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

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

(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, general damages to be assessed;
(f) Interest on the general damages awarded in (e) above;
(g) Costs; and/or
(h) 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.

On 18 August 2022, the High Court dismissed the claims by the Plaintiff against the Defendants.

The High Court awarded costs in the sum of RM85,000 to each of the 1st Defendant, 2nd Defendant, 3rd Defendant and 4th Defendant. While a sum of RM85,000 was awarded collectively to the 5th Defendant, 6th Defendant, 7th Defendant and 9th Defendant.

IRIS had on 12 September 2022 filed an appeal to the Court of Appeal against the decision of the High Court.

The appeal has been fixed for e-review on 12 December 2022.

During the e-review, the Registrar gave the following directions:
(i) a common core bundle is to be filed by 10 September 2023;
(ii) written submission and executive summary of written submission is to be filed by 10 September 2023;
(iii) submission in reply (if any) is to be filed by 24 September 2023; and
(iv) Documents in (i) to (iii) above must be served by hand to the Court of Appeal on or before 25 September 2023.

The Registrar has fixed the next e-review on 25 September 2023 and the hearing of the appeal on 9 October 2023.

31. MATERIAL LITIGATIONS (CONTINUED)

(iii) 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 sought for damages in lieu of specific performance, interest, and costs of the arbitration proceedings to be borne by IITS.

IITS has since responded to the NOA submitted by S5 via its Response to Notice of Arbitration dated 29 July 2022.

The Arbitral Tribunal had since presided over 2 procedural meetings on 31 May 2023 and 6 July 2023 on the procedural framework and timetable on which the matter will progress.

The next milestone is for the filing of the Statement of Case by S5 on 1 August 2023.

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

(a) Proposed disposal of a subsidiary, IRIS Information Technology Systems Sdn. Bhd. ("IITS")

On 10 February 2023, the Company entered into a Shares Sale Agreement with Tass Tech Technologies Sdn. Bhd., a company incorporated in Malaysia, for the proposed disposal of 80% equity interest in IITS, for a total cash consideration of RM70,000,000. The assets and liabilities related to IITS (part of the trusted identification segment) have been presented as held for sale. The Shares Sale Agreement is expected to be completed in November 2023.

(b) Proposed capital reduction and proposed share consolidation

On 14 July 2023, the Company proposed to undertake the following:

(i) proposed reduction of the issued share capital of IRIS pursuant to Section 116 of the Companies Act, 2016 ("Act") ("Proposed Capital Reduction"); and

(ii) proposed consolidation of every 4 existing ordinary shares in IRIS into 1 IRIS Share ("Proposed Share Consolidation") upon completion of the Proposed Capital Reduction.

The Proposed Capital Reduction entails the cancellation of RM450.0 million of the issued share capital of the Company pursuant to Section 116 of the Act. The corresponding credit of RM450.0 million arising from such cancellation will be utilised to set-off against the accumulated losses of the Company while the remaining balance, if any will be credited to the retained earnings of the Company which shall be utilised in a manner to be determined by the Board at a later date and in the best interest of the Company as permitted by the relevant and applicable laws, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Company's Constitution.

Upon the completion of the Proposed Capital Reduction, the Company will undertake the Proposed Share Consolidation which entails the consolidation of every 4 existing IRIS Shares held by the shareholders of the Company. Any fractional entitlements arising from the Proposed Share Consolidation shall be disregarded and/or dealt with by the Board in such manner at its absolute discretion as it may deem fit or expedient and in the best interest of the Company.

Both the Proposed Capital Reduction and Proposed Share Consolidation do not have any financial impact to the current financial year.

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

We, **DR. POH SOON SIM** and **H'NG BOON HARNG**, 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 56 to 163 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 2023 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:

DR. POH SOON SIM
Director

H'NG BOON HARNG
Director

Kuala Lumpur

Date: 28 July 2023

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 56 to 163 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
Director
MIA Membership No.: 15998

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 July 2023.

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 2023 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 56 to 163.

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 2023, 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.

KEY AUDIT MATTERS (CONTINUED)

GROUP

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

The Group's goodwill amounted to RM110,000,000 as at 31 March 2023. 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; and
- testing the mathematical accuracy of the impairment assessment.

Independent Auditors' Report to the Members of IRIS Corporation Berhad (Incorporated in Malaysia)
Continued

KEY AUDIT MATTERS (CONTINUED)

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 2023 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 22 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.

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.

Independent Auditors' Report to the Members of IRIS Corporation Berhad (Incorporated in Malaysia)
Continued

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.

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.

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

Ong Teng Yan
No. 03076/07/2025 J
Chartered Accountant

Kuala Lumpur

Date: 28 July 2023