IRIS CORPORATION BERHAD (302232-X)
ANNUAL REPORT 2008

travelling a successful path

IRIS
Bringing Solutions to Life

IRIS CORPORATION BERHAD
(302232-X)

IRIS SMART TECHNOLOGY COMPLEX
TECHNOLOGY PARK MALAYSIA
BUKIT JALIL
57000 KUALA LUMPUR
MALAYSIA

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FAX +603 8996 0441

www.iris.com.my

TRAVELLING
A SUCCESSFUL PATH

a journey of innovations that began with the world's first e-passport

Over a decade ago, IRIS invented proprietary compression techniques to enable a huge amount of data and images to be stored onto a contactless chip, an innovative technology that made the world's first electronic passport possible. Through it, we have provided unprecedented convenience and security to travellers all over the world.

Our pioneering technology has also opened more doors that lead to greater efficiency and service quality. We have initiated and managed an automated immigration clearance system, the world's first multi-application smart card and a 2-hour passport renewal kiosk.

It is our lifelong commitment to enrich communities with creative yet beneficial solutions. Combining both experience and insights, we are driving more projects that will enhance the lives of people around the world. Our end-to-end digital identity solutions will be our vehicle towards empowering everyone with our continuous technological advantages.

awards and recognition

2008
FROST & SULLIVAN ASIA PACIFIC ENABLING TECHNOLOGY AWARD
THE E-PASSPORT SMART CARD MARKET

2007
SESAMES AWARD
BEST IDENTIFICATION APPLICATION

2007
CARDEX AWARD
OUTSTANDING SUPPLIER ORGANIZATION AWARD

2006
PIKOM AWARDS
TECHNOPRENEUR OF THE YEAR

2001
ICT PRODUCT OF THE YEAR

contents

2005
D'UCOTY AWARD
TECHNOLOGY
LEADERSHIP
SMARTCARDS

2003 & 2002
MSC-APICTA AWARDS
BEST OF
E-GOVERNMENT
APPLICATIONS &
SERVICES

2003 & 2002
APICTA AWARDS
BEST OF
E-GOVERNMENT & SERVICES

2001
BEST OF E-GOVERNMENT
APPLICATIONS

2000
APMITTA AWARDS
BEST OF E-GOVERNMENT
APPLICATIONS

1999
BEST OF MULTIPURPOSE
CARD SOLUTIONS

corporate profile

IRIS Corporation Berhad is a global solutions provider with core expertise in digital identity, business, farming and environmental solutions. Incorporated in 1994, IRIS is the first company in Asia to set up fully integrated manufacturing facilities for contact and contactless smart cards, contactless document inserts and assembled module in tapes and reels.

IRIS pioneered the world's first electronic passport and national multi-application identity card with the implementation of the Malaysian Electronic Passport in March 1998 and MyKAD - the Malaysian Government multi-application identity card in April 2001. These technologies are deployed in many countries across the Asia, Middle East and Africa regions.

In 2006, IRIS introduced the AutoPot system, an innovative farming solutions and environmental friendly fertigation system designed to supply water and nutrient to the exact needs of a plant. Within the same year, IRIS' environmental solutions were launched with the introduction of a green gas-powered waste disposal system capable of environmental-friendly incineration of solid and liquid waste.

IRIS Corporation Berhad is an MSC Status company and is listed on the MESDAQ market of Bursa Malaysia Exchange.


SOUTH KOREA
ITALY
TURKEY
MYANMAR
BAHRAIN
THAILAND
CAMBODIA
EGYPT
MALAYSIA
SOMALIA
MALDIVES
NIGERIA
NEW ZEALAND

chairman's statement

On behalf of the Board of Directors of IRIS Corporation Berhad ("IRIS"), it is with great pleasure that I present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2008.

TAN SRI RAZALI BIN ISMAIL
CHAIRMAN

GROUP RESULTS

The year 2008 has been the most successful for IRIS to-date as it achieved a record profit before tax of RM15.8 million, a 187% increase over the previous year's profit before tax of RM5.5 million. This significant improvement is largely due to higher profit contributions from e-Passport projects both local and overseas and cost reduction measures implemented in operations. The outsourcing of the IRIS hardware division that develops contact and contactless card readers also contributed to the increased profits.

Group revenue was up 30% to RM286 million from RM219 million due to higher volume sales of Malaysian ID cards - MyKad and overseas e-Passport projects in Nigeria and Senegal. Our strategy to penetrate overseas markets has borne fruit with overseas revenue increasing to RM132.7 million or 47% of total revenue compared with RM93.8 million or 43% of total revenue in 2007.

Cash flow from operations improved 94% to RM65.8 million compared with RM33.9 million in the previous year, reflecting the effects of higher profit contributions and better operating cash cycle.

Corresponding to the improved performance, profit attributable to shareholders grew by 42% to RM10.7 million, translating to diluted earnings per share of 0.76 sen as compared with 0.55 sen in the previous year. The record profit for 2008 is another milestone that IRIS has achieved.

INCREASE

187%
PROFIT BEFORE TAX

30%
GROUP REVENUE

42%
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

OPERATION REVIEWS

Digital Identity Solutions

It was in 1998 that Malaysia introduced the world's first e-Passport and other countries gradually followed. The world experienced a surge in demand for e-passports arising from the event of 11 September 2001. The Keesing Journal* published statistics to show that there are approximately 100 million e-Passports in circulation as at end of 2008. It also stated that 94 nations are expected to issue e-Passports by 2009 and the cumulative volume will further increase to 120 million e-Passports.

Travelling a successful path has been a hallmark of IRIS. We pioneered the world's first e-Passport that provides unprecedented convenience and security to travelers. To-date, we have delivered more than 23.5 million e-passports and its solutions to over 13 countries across the globe. From the innovation of the world's first automated immigration clearance system to the world's first e-Passport Renewal Kiosk, IRIS is still the world pioneer at the helm of e-Passport solutions.

The digital identity solution projects already secured continued to provide the momentum for IRIS in 2008. The projects on hand in overseas countries such as Senegal, Nigeria, Bahamas, Thailand, Cambodia, Turkey, Egypt, Canada and Maldives will carry on and keep us busy for 2009. We have signed a contract with the Government of Ghana for an e-Passport system project on Build-Operate-Transfer (BOT) basis in 2008 and the project is expected to kick off in the last quarter of 2009.

Business Solutions

Revenue for this division is not significant as there were fewer projects in 2008. With the completion of the Common Ticketing System for Rapid KL, the division is currently partnering with reputable transport solution providers to actively bid for a few automatic fare collection tenders in the country.

Farming Solutions

The IRIS AutoPot System (Automatic Pot Growing System), is an efficient and environmentally friendly "Fertigation" system that leap-frogs conventional fertilization and irrigation methods by introducing "plant-driven" processes as opposed to "human-driven" processes.

The revenue of the farming division was up 100% to RM1.6 million in comparison with RM0.8 million in the previous year. The increase is mainly due to the delivery of 68,000 units of AutoPot to Jabatan Pertanian Malaysia as well as the sales of AutoPot system to the Government of Maldives.

Environmental Solutions

The Environmental solution business started in 2006 with a vision to help expand the IRIS group business portfolio for revenue growth. The strategy to venture into the environmental industry was largely due to the increasing potential for the global environmental market of which the target clients (government, municipals) can be leveraged from IRIS's existing and potential clients.

In 2008, this division secured a 2 years service contract with Kementerian Dalam Negeri (KDN) for the controlled incineration of confiscated religious material. The division has also completed the installation of a 60 tonne per day Waste-to-Energy Plant in Amata Nakorn Industrial Estate in Bangkok. This plant is projected to generate revenue in 2009.

CORPORATE DEVELOPMENTS

Corporate proposals reported during financial year under review were:

1. On 30 April 2008, IRIS had entered into a Shareholders' Agreement with EC Switch Sdn Bhd (formerly known as ePetrol Development Sdn Bhd) to establish a joint venture company, I-Kiosk Sdn Bhd.

BCR200-DTP

150,000 units

CONTACT/CONTACTLESS CARD READERS SOLD GLOBALLY

16 nations

PROVIDED **DIGITAL IDENTITY SOLUTIONS** TO 16 COUNTRIES ACROSS VARIOUS CONTINENTS

2. On 29 May 2008, IRIS had incorporated a 75%-owned subsidiary in Egypt, IRIS EGYPT ("IE"). The authorized and issued paid-up capital of IE is EGP300,000.00. IE was formed to facilitate IRIS's operation and business opportunities in Egypt and the Middle East.

3. On 16 May 2008, the Board had announced that the application to the Securities Commission and Foreign Investment Committee on the Proposed Private Placement of up to 155,431,281 new ordinary shares of RM0.15 each in representing up to ten percent (10%) of the issued and paid-up share capital of the company to investors to be identified has been approved.

   On 30 October 2008, Securities Commission had vide its letter approved the extension of time up to 15 May 2009 for the company to implement the Proposed Private Placement. As at 15 April 2009, the Proposed Private Placement is pending implementation.

4. On 6 June 2008, ICB's wholly-owned subsidiary IRIS Technologies (M) Sdn Bhd ("IRIS Tech"), Dibena Enterprise Sdn Bhd, TricubesNCR JV Sdn Bhd and Unisys MSC Sdn Bhd have entered into a Sale and Purchase agreement with the existing shareholder, namely CSA MSC Sdn Bhd to collectively acquire 1,000,000 ordinary shares of RM1 each in GMPC, representing 20% equity interest in GMPC for a purchase consideration of RM2.00.

   IRIS Tech's shareholding in GMPC was increased to 25% from 20% upon completion of this acquisition.

5. On 6 October 2008, IRIS had passed a resolution for a member's voluntary winding up of Asiatronics Sdn Bhd and TL Automation Electronics (M) Sdn Bhd, being 80% and 75% owned-subsidiaries of IRIS respectively.

6. On 11 July 2007, IRIS announced that its wholly owned subsidiary IRIS Technologies (M) Sdn Bhd accepted a conditional letter of offer issued by Mapletree Industrial Fund Management Pte Ltd for the proposed disposal and leaseback of the IRIS Smart Complex at Technology Park Malaysia. Both companies have mutually agreed to extend the period to negotiate on the terms of the definitive Sale and Purchase Agreement to 18 June 2009.

AWARDS AND RECOGNITION

IRIS emerged as a winner in Asia Pacific Frost & Sullivan Enabling Technology Award 2008 in the e-Passport Smart Card Market and Malaysian Best Overall Award 2008 from Malaysian Trade and Industry Organisation. The awards were in recognition of our outstanding performance in the digital security solutions industry.

THE BOARD

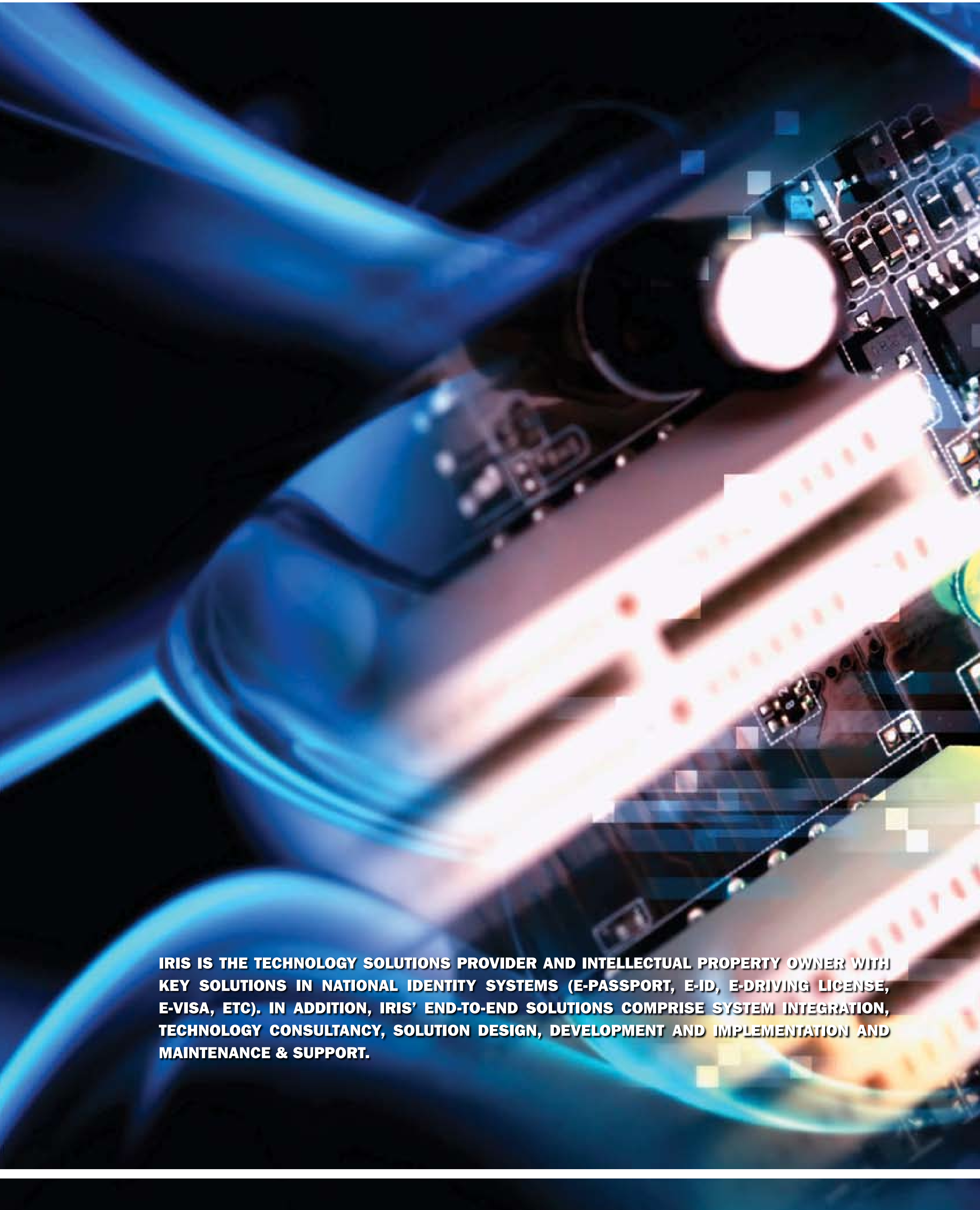
On behalf of the Board of Directors, I am very pleased to welcome Mr. Chan Feoi Chun as an Independent Non-Executive Director.

Mr. Chan is a fellow of the Chartered Institute of Management Accountants, UK and a member of the Malaysian Institute of Accountants. He is currently employed as the Chief Executive Officer of Swiss-Garden International Vacation Club Bhd and given his wealth of experience both local and overseas, will further contribute to the ongoing success of the Group.

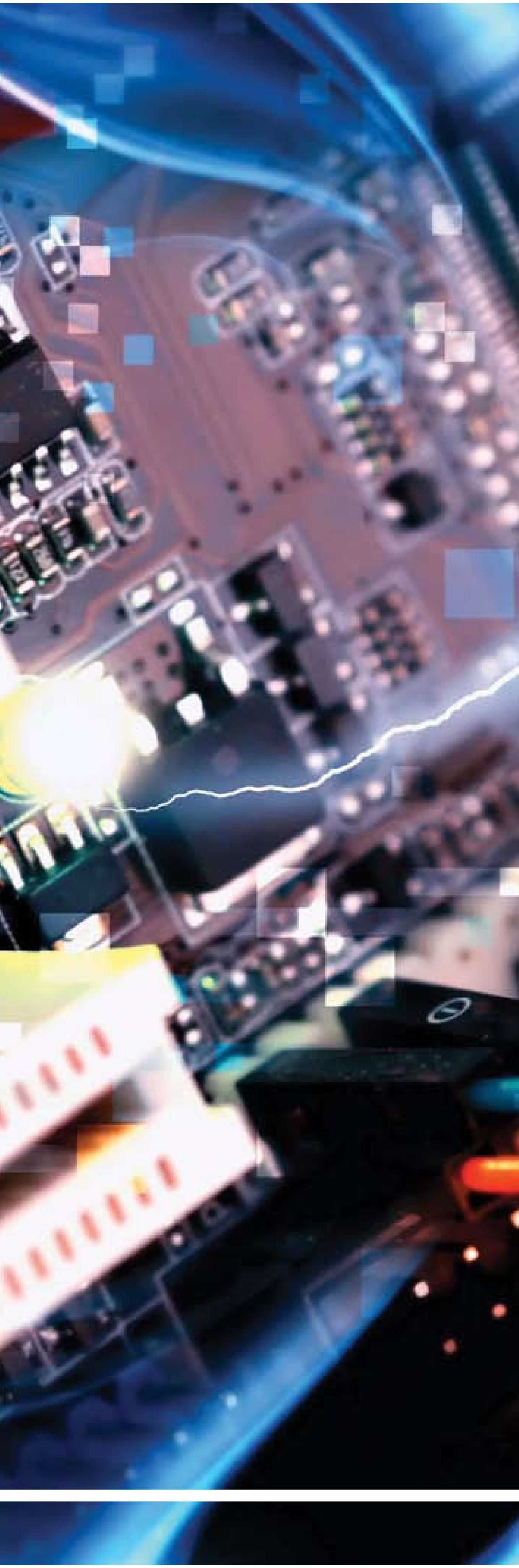
SPECIAL THANKS

The financial achievement for the year and continued success of the Group would not have been possible without the dedication and commitment of the Board of Directors, Management Team and Staff of IRIS. I would also like to express our thanks to our customers, government authorities, business partners, shareholders and other stakeholders for their continued support and confidence in IRIS.

** Keesing Journal of Documents & Identity is an authoritative magazine for professionals active in the document security and identity verification sectors*



IRIS IS THE TECHNOLOGY SOLUTIONS PROVIDER AND INTELLECTUAL PROPERTY OWNER WITH KEY SOLUTIONS IN NATIONAL IDENTITY SYSTEMS (E-PASSPORT, E-ID, E-DRIVING LICENSE, E-VISA, ETC). IN ADDITION, IRIS' END-TO-END SOLUTIONS COMPRISE SYSTEM INTEGRATION, TECHNOLOGY CONSULTANCY, SOLUTION DESIGN, DEVELOPMENT AND IMPLEMENTATION AND MAINTENANCE & SUPPORT.



TRAVELLING A SUCCESSFUL PATH:
WORLD'S FIRST ELECTRONIC PASSPORT

secured convenience & global recognition

interview with our managing director

2008 was without doubt the most exciting year in my tenure as Managing Director of IRIS Group. We selected the tagline "travelling a successful path" for this year's annual report, because the 2008 performance added another significant milestone for IRIS since we launched the world's first e-Passport 10 years ago.

DATO' TAN SAY JIM
MANAGING DIRECTOR

THE E-PASSPORT HAD ITS BEGINNINGS IN MALAYSIA 10 YEARS AGO, KINDLY RETRACE THE MOST IMPORTANT ACHIEVEMENTS OF THIS HISTORIC JOURNEY.

“ The Malaysian Immigration Department’s e-Passport developed in collaboration with IRIS, was based on a contact-less chip that was securely embedded into the conventional travel document. The immediate benefit gained from the technology was that it made counterfeiting enormously difficult, and to-date, nobody has been successful in tampering with the embedded chip.

Perhaps the greatest benefit to the passport holder was the introduction of Automated Border Control (Autogate) in August 2000. With the introduction of Autogates at Kuala Lumpur International Airport, a Malaysian passport holder could be processed within 15 seconds by merely placing his/her e-Passport in the reader and presenting the right/left thumb on the fingerprint scanner.

Another major breakthrough was the introduction of the Passport Renewal Kiosk. With the introduction of the Kiosk in the Malaysian Immigration Department, the waiting time for renewal of passports has been significantly reduced from two weeks to two hours.

This journey does not end here and recognizing the need to be innovative in the global market, IRIS will continue to focus on research and development in order to further enhance our products and solutions. ”

WHAT IS YOUR ASSESSMENT OF THE RESULTS FOR FISCAL 2008?

“ 2008 was without doubt the most exciting year in my tenure as Managing Director of IRIS Group. We selected the tagline “travelling a successful path” for this year’s annual report, because the 2008 performance added another significant milestone for IRIS since we launched the world’s first e-Passport 10 years ago.

Compared to 2007, the revenue, profit before taxation and cash flow have improved tremendously and these reflect our continuous progress. The Group achieved a best ever profit before taxation of RM15.8 million, up 187% from RM5.5 million in the previous year. The contracts secured in the previous year, which were partly recognized in 2008, boosted Group revenue to RM286 million from RM219 million, representing a 30% year-on-year growth. EBITDA increased to RM48.2 million from RM35.2 million in the previous year.

In 2008, IRIS added a few more countries to its customer base, namely Senegal, Ghana and Egypt. These countries are strategically located and offer easy access to the Middle East and Africa, two important regions for IRIS. We also secured a contract in Italy and supplied e-Passport Inlays to Samsung of Korea.

The collaboration with IBM in digital identity solutions has resulted in the winning of a contract in Canada for driving license cards in 2008. This would improve our chances of jointly securing more projects in both North and South America. ”

41 million

AS AT MARCH 2009, WE HAVE DELIVERED 41 MILLION PIECES OF E-ID AND/OR CARD-BASED DRIVING LICENSES

23.5 million

AS AT MARCH 2009, WE HAVE DELIVERED 23.5 MILLION PIECES OF E-PASSPORT AND/OR INLAYS TO 12 COUNTRIES

interview with our managing director

WHERE DO YOU SEE THE POTENTIAL IN THE E-PASSPORT AND E-ID INDUSTRY?

" The e-Passport industry has made remarkable progress since 2007. The Keesing Journal published estimates to show that by the end of 2009 more than 90 countries are expected to issue e-Passports. This will bring the total number of e-Passports in circulation in the world to 120 million.

The United States of America ("US") and the European Commission are playing a leading role in the e-Passport industry. The US has mandated all 27 Visa Waiver Program Nations to issue e-Passports from October 2006 and the European Commission requires all European Countries to adopt e-Passport with Biometric data before June 2009.

In view of the above, we expect the demand for e-Passports and its solutions to be further boosted and more governments are required to implement inexpensive but reliable e-Passport solutions. With a decade of unsurpassed experience and having delivered more than 23.5 million e-Passports worldwide, IRIS is poised to capitalize on these opportunities in 2009 and beyond.

Electronic Identity Cards ("e-ID") represent another untapped source of growth, which usually takes a longer gestation period for government approvals. Malaysia launched the world's first Multi-Application Identity Card – MyKad in April 2001. To-date, IRIS has delivered more than 41 million pieces of e-ID cards and card-based driving licenses to 6 countries, including Malaysia. Although the potential for e-ID has yet to be fully recognized, we believe our existing and future customers would create a demand that would contribute to the growth of e-ID. "

BEING A MALAYSIAN BASED COMPANY, YOU HAVE MANAGED TO MARKET THE IRIS DIGITAL IDENTITY SOLUTIONS TO 16 COUNTRIES, WHAT DO YOU SEE THE KEY CHALLENGES FOR IRIS?

" There are several factors that drew IRIS to venture into the international arena. We needed a larger customer base to achieve economies of scale and to reduce our dependence on the domestic market so as to spread our risk. IRIS has been promoting its products and solutions in the international market since 2003. The first challenge we encountered was the perception that being a Malaysian company, IRIS would not be able to conceptualise such technologies which was assumed to be only available from European or US companies. Secondly, e-Passport projects needed a longer gestation period to implement from the tender stage to roll-out and higher cost would be incurred during the initial period. And thirdly, we will have to face continued intense competition coming from other international players.

To build our international reference sites, Malaysia's success story alone was not enough. We had to make concerted efforts to win reference sites in Southeast Asia, Middle East and Africa. We believe the adoption rate for e-Passports and e-IDs in this region will be higher as European markets are maturing in the near future.

ST4EX MOBILE TERMINAL

ranked no.1

- **AXESS F1000 E-PASSPORT READER** ACHIEVED 100% LEVEL OF E-PASSPORT INTEROPERABILITY TEST, BERLIN 2006
- **ST4EX MOBILE TERMINAL** WON BEST IDENTIFICATION APPLICATION IN SESAMES AWARDS, PARIS 2007

Once we secured a new national mandate, failure to deliver is not an option. We do not compromise on our quality of products and services as such projects are normally part of a national security program. We have completed several very challenging projects including the delivery of 12 million Thai National Identity Cards and 36,000 smart card readers to the Government of Thailand in 2005, delivery of 5 million e-Passport Inlays to Turkey in 2007 and implementing a complete e-Passport system for the Government of Senegal within 3 months. All these projects were completed within very short lead times.

We have complete end-to-end solutions for e-Passport systems and we can offer very competitive pricing which differentiates us from our competitors. We believe our proven track record speaks for itself. ”

WHAT NEW BUSINESS SEGMENTS HAS THE COMPANY EMBARKED ON TO PROMOTE CONTINUOUS GROWTH?

“ Our new ventures are in line with the Ninth Malaysia Plan, which places heavy emphasis on agriculture and the environment. We have introduced a modern farming system – the AutoPot System. This is a remarkable device and brings substantial savings in the use of fertilizers and water to the farmer. For instance, to produce 500g of tomatoes through conventional farming methods will consume 87 liters of water. However, with our farming system we only require 15 liters of water. This system can be used anywhere as it uses a container farming concept, opening up the possibility of using unproductive or marginal land, former mining land and even rooftops. The revenue of this division increased significantly in 2008 with the supply of the system to both local and overseas markets. We expect this momentum to carry on into 2009 and beyond.

Another new venture we embarked on was an environmental solution using the IRIS Green Gas Incineration System. We have successfully developed this System through the collaboration with our technology partners in Singapore and Taiwan. Using water as the fuel source, the system generates green gas through an electrolysis process and the burning of the gas converts waste into usable energy in the form of electricity without polluting the environment in the process. Based on the IRIS Green Gas Technology, we have developed mobile incinerators and a waste-to-energy plant. The completion of a 60 tonne Waste-to-Energy Plant in the Amata Nakorn Industrial Estate in Bangkok marked another milestone for the division and we expect more sizable projects to be secured in Thailand in the future. ”


AUTOPOT SYSTEM


WASTE-TO-ENERGY PLANT IN BANGKOK

interview with our managing director

WHAT ARE THE KEY CHALLENGES AND OPPORTUNITIES FOR IRIS DURING THE CURRENT ECONOMIC CRISIS?

“ Revenue from the digital identity business would not be materially affected by the current economic downturn as compared to other industries. This is because the passport is needed for travel out of the country and most passport holders would renew their passports when their travel documents expire. Passports generate profits for the Government and based on our past experience the demand for passports does not fluctuate with the country’s economic performance. On the other hand, we are controlling expenses to counter the economic downturn. We will restructure our operations to manage our costs and to achieve satisfactory performance for 2009. ”

IRIS HAD SETTLED THE LAWSUIT WITH THE US GOVERNMENT IN NOVEMBER 2008, HAVE YOU ACHIEVED THE DESIRED OBJECTIVE?

“ In November 2006, IRIS filed a lawsuit against the US Government in the US Court. We claimed that the e-Passport readers purchased and used by the US Government had infringed on our patent. The US Government brought Fulcrum IT Services Company (“Fulcrum”) and 3M Rochford Thompson Ltd (“3M”) into the litigation as they were the suppliers of the readers.

On 24 November 2008, IRIS and 3M entered into an agreement to settle this claim amicably. The settlement also include the grant of a non-exclusive license by IRIS to 3M to produce and distribute its US patented e-Passport readers and encoders. This settlement and the granting of a non-exclusive license to 3M has demonstrated that we have achieved our objective to have our US filed patents recognized by US companies. ”

IRIS MOBILE INCINERATOR

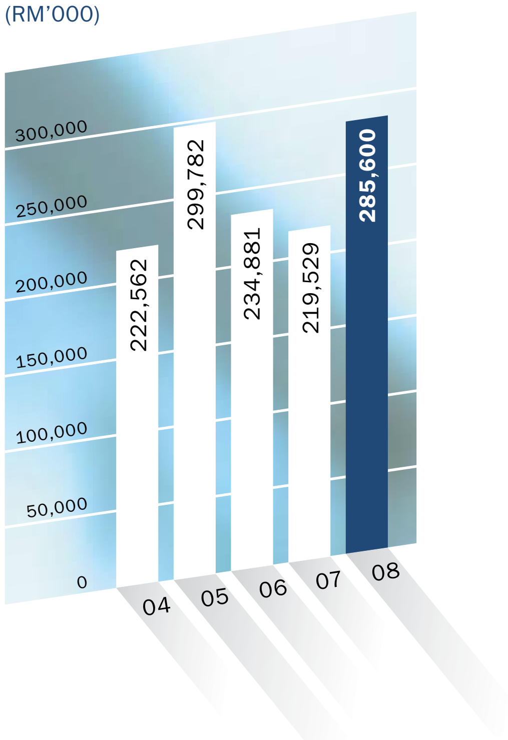
PUBLIC TRANSPORT TICKETING SYSTEM

650 sites

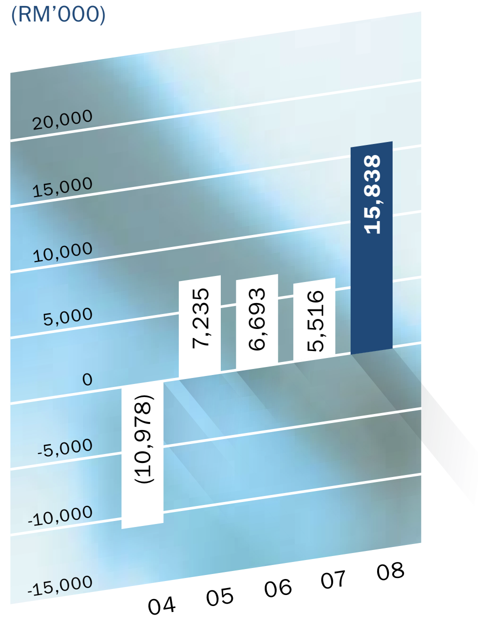
IRIS’S **SECURE IDENTITY SOLUTIONS** (E-PASSPORT AND/OR E-ID SYSTEMS) HAVE BEEN DEPLOYED IN MORE THAN 650 SITES WORLDWIDE

Description	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000
Revenue	**285,600**	219,529	234,881	299,782	222,562
Profit/(Loss) before taxation	**15,838**	5,516	6,693	7,235	(10,978)
Profit/(Loss) after taxation	**10,632**	7,528	4,768	7,386	(10,978)
Share capital	**216,416**	216,416	196,886	137,101	125,101
Reserves	**61,870**	50,799	33,044	27,097	19,451
Shareholders' equity	**278,286**	267,215	229,930	164,198	144,552
Current liabilities	**165,877**	119,579	139,239	141,992	113,810
Non-current liabilities	**116,924**	140,724	174,159	181,508	188,500
Total equity and liabilities	**561,087**	527,518	543,328	487,698	446,862
Non-current assets	**286,166**	292,391	279,148	263,403	257,170
Current assets	**274,921**	235,127	264,180	224,295	189,692
Total assets	**561,087**	527,518	543,328	487,698	446,862
Pre-tax profit margin (%)	**5.55**	2.51	2.85	2.41	(4.93)
Post-tax profit margin (%)	**3.72**	3.43	2.03	2.46	(4.93)
Basic earnings per share (sen)	**0.78**	0.60	0.47	0.86	(1.32)
Net assets per share (sen)	**19.81**	19.52	19.85	17.97	17.33
Total borrowings to equity ratio (times)	**0.66**	0.74	1.01	1.39	1.58

REVENUE
(RM'000)



PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



corporate information

BOARD OF DIRECTORS
TAN SRI RAZALI BIN ISMAIL
Chairman, Non-Independent Non-Executive Director

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN
Vice Chairman, Independent Non-Executive Director

DATO' TAN SAY JIM
Managing Director

LEE KWEE HIANG
Executive Director

YAP HOCK ENG
Executive Director

EOW KWAN HOONG
Executive Director

DATO' MOHAMAD SUPARADI BIN MD NOOR
Executive Director

SYED ABDULLAH BIN SYED ABD KADIR
Independent Non-Executive Director

DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR
Independent Non-Executive Director

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Director

CHAN FEOI CHUN
Independent Non-Executive Director

DATO' NOORAZMAN BIN ABD AZIZ
Non-Independent Non-Executive Director

AUDIT COMMITTEE
YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN
Chairman

SYED ABDULLAH BIN SYED ABD KADIR

DATUK KAMARUDDIN BIN TAIB

CHAN FEOI CHUN

COMPANY SECRETARIES
Eow Kwan Hoong (MIA 3184)
Ng Yen Hoong (LS 008016)
Loo Choon Keow (MAICSA 7039252)

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Website: www.iris.com.my

SHARE REGISTRAR
Epsilon Registration Services Sdn Bhd
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Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603 2264 3883
Fax: +603 2282 1886

PRINCIPAL BANKERS
EON Bank Berhad
AmBank (M) Berhad
Export-Import Bank of Malaysia Berhad (EXIM)
Malaysia Debt Ventures Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING
Mesdaq Market of Bursa Malaysia Securities Berhad
Stock Code: 0010
Stock name: IRIS

corporate structure

IRIS

IRIS CORPORATION BERHAD

100%
IRIS TECHNOLOGIES (M) SDN BHD

- **100%**
  IRIS INFORMATION TECHNOLOGY SYSTEMS SDN BHD
- **51%**
  VERSATILE P4 POWER RESOURCES SDN BHD
- **25%**
  GMPC CORPORATION SDN BHD
- **20%**
  LOYALTY WIZARDS SDN BHD

100%
CAPILLARY AGROTECH (MALAYSIA) SDN BHD

100%
IRIS CORPORATION NORTH AMERICA

100%
TL TECHNOLOGY RESEARCH (AUSTRALIA) PTY LTD*

80%
ASIATRONICS SDN BHD*

75%
TL AUTOMATION ELECTRONICS (M) SDN BHD*

75%
IRIS EGYPT LLC

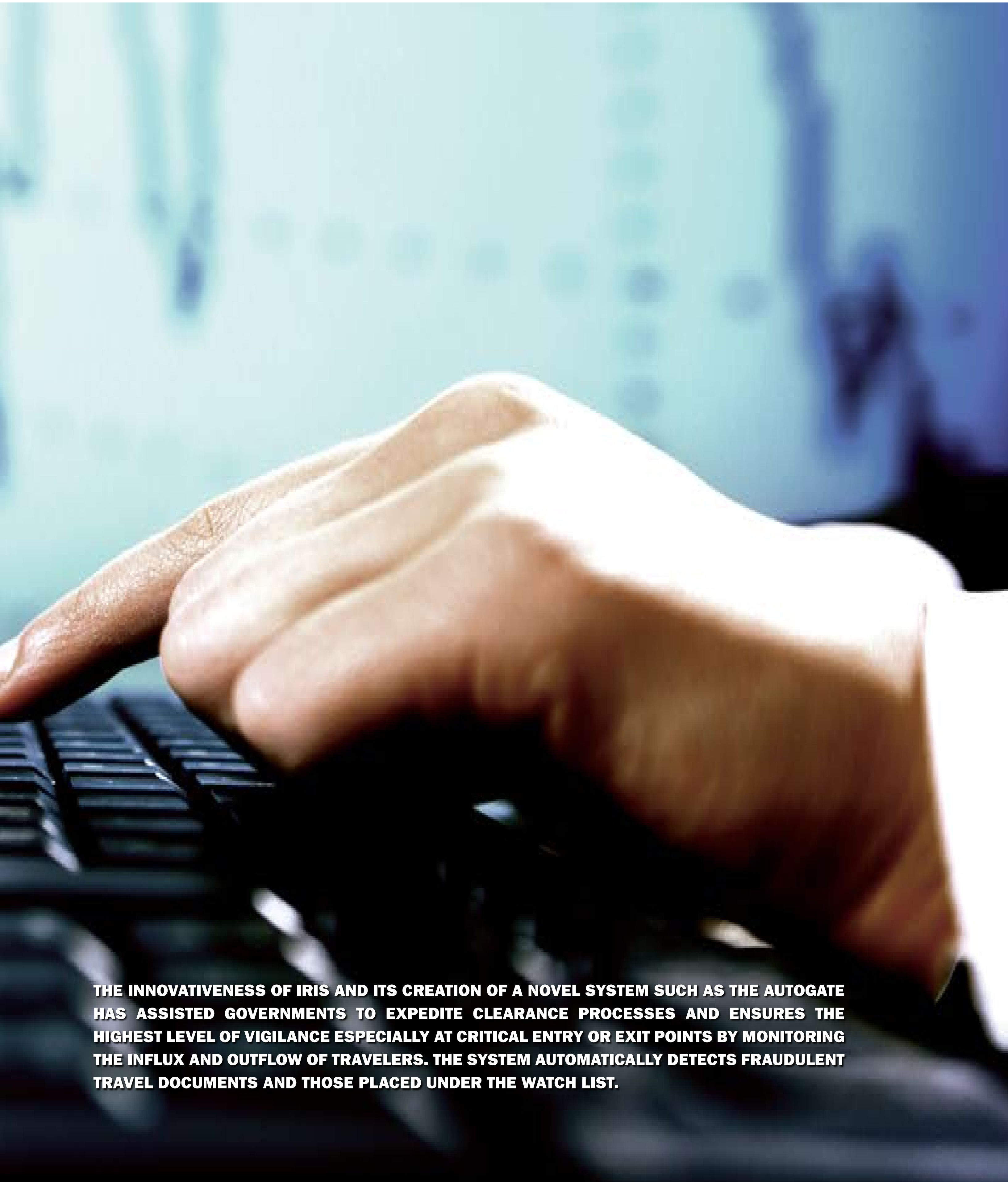
44.4%
MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD

30%
PAYSYS (M) SDN BHD

Note:
** Company is under creditors' / members' voluntary winding up*

TRAVELLING A SUCCESSFUL PATH:
WORLD'S FIRST AUTOGATE

automated immigration clearance



THE INNOVATIVENESS OF IRIS AND ITS CREATION OF A NOVEL SYSTEM SUCH AS THE AUTOGATE HAS ASSISTED GOVERNMENTS TO EXPEDITE CLEARANCE PROCESSES AND ENSURES THE HIGHEST LEVEL OF VIGILANCE ESPECIALLY AT CRITICAL ENTRY OR EXIT POINTS BY MONITORING THE INFLUX AND OUTFLOW OF TRAVELERS. THE SYSTEM AUTOMATICALLY DETECTS FRAUDULENT TRAVEL DOCUMENTS AND THOSE PLACED UNDER THE WATCH LIST.

profile of directors

Tan Sri Razali Bin Ismail
Chairman,
Non-Independent Non-Executive Director

A Malaysian aged 70, was appointed to the Board on 2 May 2002. He graduated with a Bachelor of Arts Degree from University of Malaya in 1962. He has an extensive experience gained in the Malaysian Diplomatic Services, which he has served over 35 years until his retirement in 1998. He was last appointed Malaysia's Permanent Representative to the United Nations in New York and he was also the UN Secretary-General's Special Envoy for Myanmar from April 2000 to December 2005.

He is currently the Pro Chancellor of the University Science Malaysia, Chairman of the National Peace Volunteer Corp (Yayasan Salam), President of World Wildlife Fund Malaysia and advises on a government supported project on street and displaced children. He is the Special Envoy of the Malaysian Prime Minister to facilitate assistance for natural disaster victims.

He is also a director of Leader Universal Holdings Berhad, Allianz General Insurance Malaysia Berhad, Plus Expressway Berhad and several private limited companies.

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, D.K, S.P.T.J., AO (Australia)
Vice Chairman,
Independent Non-Executive Director

A Malaysian aged 73 was appointed to the Board on 11 February 1998. He graduated with a Bachelor of Science (Economics) from Queens University of Northern Ireland.

He began his career with Esso Malaysia Limited as an economic analyst and moved on as a Finance Manager in one of the finance company within Malayan Banking Group. Currently, he is the Executive Chairman and co-founder of Kompakar which is a leading technology provider offering scalable integrated solutions that has been instrumentally localised and expanding to countries in the Asia Pacific region.

Amongst the accolades bestowed on Tunku were the Austrade International Award 2000 Australian Export Awards for outstanding contribution to Australia's international trading performance by a foreign individual based outside of Australia, the "Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji (S.P.T.J)" by his Royal Highness The Yang Di-Pertuan Besar Negeri Sembilan and the appointment as an Honorary Officer (AO) in the General Division of the Order of Australia award for his service to Australian-Malaysian relations by the Governor-General of the Commonwealth of Australia.

He is now a director and a shareholder of DHL Worldwide Express (M) Sdn Bhd, Jotun (M) Sdn Bhd, Totaliser Board of Malaysia, Selangor Turf Club and the Malaysia Australia Business Council.

YAM Tunku Dato' Seri Shahabuddin currently serves as the Chairman of Audit Committee, Remuneration Committee and Nomination Committee.

Dato' Tan Say Jim
Managing Director

A Malaysian aged 51, was appointed to the Board on 30 June 1996. He is the co-founder and the Managing Director of IRIS Corporation Berhad. He is an associate member of the Chartered Institute of Management Accountants, UK.

He began his career with UMW Holdings Berhad and he was the Group Finance Manager when he left the company in 1986.

Prior to joining IRIS Corporation Berhad, he was with Lion Group as the Group Treasurer, a post he held till 1997.

In 2006, he was awarded the "Technopreneur of the Year" at the PIKOM National ICT Awards, as one of the outstanding ICT entrepreneurs in Malaysia.

Lee Kwee Hiang
Executive Director

A Malaysian aged 60, was appointed to the Board on 31 May 1994. He is one of the co-founder of IRIS Corporation Berhad. He is primarily responsible for the Research and Development as well as the Manufacturing of IRIS Corporation Berhad.

He began his career in 1969 with Royal Malaysia Air Force in computer and electronics division. In 1974, he joined DE Electronic & Computer Sdn Bhd as the Managing Director, a post he held till 1984. He started up Microcomputer Systems (M) Sdn Bhd in 1985 where he is primarily responsible in helping Microcomputer to obtain the first computer manufacturing license with pioneer status with its first launched Malaysian designed PC in 1987.

In 1989, its Microsystem 386sx computer was awarded "PIKOM PRODUCT OF THE YEAR." He was a member of the R&D committee which designed and produced the ATOM 1 for the Malaysian Ministry of Education. The first batch of ATOM 1 was subsequently installed in 60 pilot schools throughout the country under the Computer in Education programme.

In 1993, Microcomputer was merged with LIKOM Corporation, accompany under Lion Group and he is the Executive Director till 1994 after which he set up his own consultancy business named Power Metric Consultant Sdn Bhd, where he remains a director until present.

In appreciation for his contributions to the IT industry, he was awarded the "PIKOM-Computime IT Personality of the Year" in 1991 and in October 2006, he was honoured with the "PIKOM Key Industry Leader Award".

Yap Hock Eng
Executive Director

A Malaysian aged 63, was appointed to the Board on 5 January 1995. He is a co-founder and is heavily involved in technical and technology matters for IRIS Corporation Berhad.

He established Peripherals Connection (UK) Ltd and Supply Technology (UK) Ltd in 1984 and 1985 where these two companies are heavily involved in the import and trading of personal computers based system components. He started another company named MCS Microsystems, Ltd in UK in 1991.

In 1992, he refocused the strategy of supply technology and targeting the global security markets by designing and developing a unique form of identification technology for sophisticated and enhanced security applications. This solution has become well-known as the Image Retrieval and Identification Systems (I.R.I.S.).

Eow Kwan Hoong
Executive Director

A Malaysian aged 55, was appointed to the Board on 2 May 2002.

He is a fellow member of the Chartered Institute of Management Accountants, UK and a member of Malaysian Institute of Accountants. He is the Immediate Past President of the CIMA Malaysia Division.

He began his career as a Cost Accountant with Intel Technology Sdn Bhd in 1979. He later joined Socoil Corporation Sdn Bhd as the Factory Accountant in 1980. In 1982, he joined Lion Group as Accounts Manager and moved his way up to Group Chief Accountant after serving seventeen years in the Group. He then left and joined IRIS Corporation Berhad in 1998 as the Chief Operating Officer.

He is currently a Director of Versatile Creative Berhad, Silverstone Corporation Berhad, Delloyd Ventures Berhad and several private limited companies.

Mr. Eow is currently a member of the Remuneration Committee and Nomination Committee.

Dato' Mohamad Suparadi Bin Md. Noor
Executive Director

A Malaysian aged 49, was appointed to the Board on 10 Dec 2004. He graduated with a Bachelor of Economics (Hons.) from University of Malaya in 1983.

He began his career with Bank Bumiputra (M) Berhad, starting from Assistant Accountant and moving his way up to Entrepreneur Development Officer and to Special Assistant to Executive Chairman in 1985. He joined BBMB Securities Sdn Bhd as a Dealer Representative in 1988 and later joined SJ Securities Sdn Bhd as a Remisier in 1990. He served as the Chairman of National Sports Complex, Bukit Jalil from 2000 till 2003.

He was actively involved in voluntary bodies, being the advisor for Tanah Merah Entrepreneur Club as well as the Charity and Sports Club.

He is currently a director of Versatile Creative Berhad and several private limited companies.

Datuk Kamaruddin Bin Taib
Independent Non-Executive Director

A Malaysian aged 51, was appointed to the Board on 6 November 2003. He graduated with Bachelor of Science Degree in Mathematics from University of Salford, United Kingdom.

He started his career with a leading Merchant Bank in Malaysia and subsequently he served as a Director for several Companies listed on Bursa Malaysia and private companies. He has gained considerable experience by serving on the Board of Companies listed on the Stock Exchange of India and Nasdaq in United States of America as well.

He is currently the director and shareholder of Malaysian Pacific Corporation Berhad and several private limited companies.

Datuk Kamaruddin currently serves as member of Audit Committee.

Syed Abdullah Bin Syed Abd Kadir
Independent Non-Executive Director

A Malaysian aged 55, was appointed to the Board in 7 May 1998. He graduated with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree from University of Birmingham, United Kingdom in 1977.

He has 10 years of vast experience in banking and financial services with Bumiputra Merchant Bankers, holding the position of General Manager immediately prior to his departure from the bank. He then left in 1994 to join Amanah Capital Partners Berhad, a public listed subsidiaries involved in, inter alia, discount house, money broking, unit trusts, finance and fund management operations, a post he held as General Manager till February 1996.

He also serves on the Board of YTL Corporation Berhad, YTL Power International Berhad, YTL E-Solutions Berhad, Versatile Creative Berhad and Stenta Films (M) Sdn Bhd.

Syed Abdullah currently is a member of Audit Committee, Remuneration Committee and Nomination Committee.

DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR
Independent Non-Executive Director

A Malaysian aged 61, was appointed to the Board on 27 January 2003. He graduated with a Master Degree in Public Administration from University of Malaya, B.A (Hons) University of Science, Malaysia and a Diploma in Public Administration from University of Malaya.

He began his career as a Probationary Inspector with Royal Malaysian Police Force in 1969 and appointed to Deputy Commissioner of Police in 1997. He retired from the Police Force in 2002 after served as the Chief Police Officer in Pahang, Sarawak, Perak and Kuala Lumpur over 33 years of loyal service.

He has attended several management courses and was thoroughly exposed in corporate management of private sector through British Malaysian Industry Trade Association program.

In appreciation for his services to the nation and society, the State and Federal Governments have conferred him with various awards and accolades.

Dato' Noorazman Bin Abdul Aziz
Non-Independent Non-Executive Director

A Malaysian aged 53, was appointed to the Board on 3 March 2008. He graduated with a Bachelor of Science (Finance) Degree from Louisiana State University, USA.

He has vast experience of 22 years in international finance, banking and financial markets especially in treasury, direct investment, corporate banking and finance such as offshore financing and capital markets. The experience he gained is from the positions he held as a Managing Director of Bank Islam, a Chief Operating Officer of Kuala Lumpur Stock Exchange, a Director General of Labuan Offshore Financial Services and in Citigroup for Malaysia, New York, London, Hong Kong and Singapore.

He is currently the Managing Director of Fajr Capital PLC.

Chan Feoi Chun
Independent Non-Executive Director

A Malaysian aged 56, was appointed to the Board on 23 January 2009. He graduated with a Master of Business Studies (Banking & Finance) from University of College Dublin, Ireland and graduate from Institute of Chartered Secretaries and Administrators UK.

He is a fellow member of Chartered Institute of Management Accountants, UK and a member of Malaysian Institute of Accountants. He is the Deputy President of CIMA Malaysia Division and Chairman of the Student Development Committee presently.

He has gained extensive experience for 25 years from the international working experience in Britain and Thailand in the areas of financial management and business re-engineering.

Prior to joining IRIS Corporation Berhad, he held senior management positions in financial services Group of MBF Holdings and various senior positions in PJD Berhad Group of Companies.

Currently, he is the Chief Executive Officer of Swiss Garden International Vacation Club Berhad and a director of Perisai Petroleum Teknologi Berhad.

Mr. Chan currently serves as member of Audit Committee.

Note:

1. *Save as disclosed above, none of the Directors have any family relationship with any other directors and/or other major shareholders of the Company.*
2. *None of the Directors have conflict of interest with the Company.*
3. *None of the Directors has been convicted of any offence within the past ten years other than traffic offences, if any.*
4. *The attendance of the Directors at Board of Directors' Meetings is disclosed in Corporate Governance Statement.*

calendar of events

corporate events

22 JANUARY 2008
EGOVERNMENT ROUNDTABLE FORUM 2008
Venue: Ritz Carlton, Manama, Bahrain

25 & 26 FEBRUARY 2008
CITIZEN ID FORUM CONFERENCE 2008
Venue: Abu Dhabi, Rotana Beach Hotel & Towers

4-9 MARCH 2008
CEBIT 2008
Venue: Hannover, Germany

C1 19-22 MAY 2008
WORLD CONGRESS ON IT (WCIT) 2008
Venue: Kuala Lumpur Convention Center (KLCC), Malaysia

25-27 MAY 2008
CARDEX 2008
Venue: Cairo International Convention Center (CICC), Egypt

C2 2-5 JUNE 2008
BALI PROCESS
PEOPLE SMUGGLING: THREAT ASSESSMENT AND RISK ANALYSIS 2008
Venue: Hilton Hotel, Kuala Lumpur

6-8 OCTOBER 2008
INTERNATIONAL CIVIL AVIATION ORGANISATION (ICAO) SUMMIT
Venue: ICAO HQ, Montreal, Canada

3-6 NOVEMBER 2008
DIRECTOR GENERAL IMMIGRATION COMMITTEE MEETING (DGICM)
Venue: Equatorial Hotel, Kuala Lumpur

26 NOVEMBER 2008
THE LAUNCHING OF IRIS MOBILE ENROLMENT UNIT (MEU) AT MYDAFTAR 2008
Venue: International Youth Center, Cheras, Kuala Lumpur

24-28 NOVEMBER 2008
DEPARTMENT OF CIVIL AVIATION (DCA) EXHIBITION 2008
Venue: Kuala Lumpur Convention Center (KLCC), Malaysia

C1


C1


C1


C2


V1

corporate/VIP visits

JANUARY 2008

03 ~ PJT Technology Co. Ltd & Bangkok Bus Rapid Transit (BRT)

09 ~ Jabatan Agama Islam Selangor (JAIS)

28&29 ~ The Registration, Insolvency, Trusteeship Agency of the United Republic of Tanzania (RITA)

FEBRUARY 2008

04 ~ Prime Minister's Office Officials

26 ~ Dr. Hameed, Advanced Business Center, Bahrain

MARCH 2008

05 ~ National ID Study Tour by The Ministry of Local Government, Good Governance, Community Development and Social Affairs of the Republic of Rwanda

APRIL 2008

17-19 ~ Vmicro & Vietnam Police (GTEL)

MAY 2008

22 ~ Information Technology Development Agency (ITIDA) & National Telecommunication Regulation Organisation (NTRO) Egypt

JUNE 2008

V1 **02** ~ H.E. Penehupifo Pohamba, First Lady of the Republic of Namibia

06 ~ JiLin Provincial Government & JiLin Bank of China

09-15 ~ Bhutan Delegation

JULY 2008

08 ~ Study tour by Government of Lesotho

V2 **16** ~ The Honorable Minister Akwasi Osei-Adjei, Minister of Foreign Affairs, Republic of Ghana

SEPTEMBER 2008

03 ~ Delegation from Egypt

OCTOBER 2008

11-15 ~ Delegation from Iran

NOVEMBER 2208

03 ~ The Honorable Mr. K.T. Hammond, Deputy Minister of Interior, Republic of Ghana

DECEMBER 2008

V3 **05** ~ H.R.H. Princess Ashi Pem Pem Wangchuck, Royal Princess of the Kingdom of Bhutan

V2

V3

ANOTHER FIRST IN THE WORLD: KIPPAS IS AN AUTOMATED PASSPORT RENEWAL KIOSK SPECIALLY DESIGNED FOR IMMIGRATION OFFICES. THE PATENT PENDING TECHNOLOGY IS THE WORLD'S FIRST, STATE-OF-THE-ART KIOSK FOR PASSPORT RENEWAL. THE OBJECTIVE OF THE KIPPAS IS TO HELP IMMIGRATION DEPARTMENTS TO BUILD A BETTER RELATIONSHIP WITH THE PUBLIC. AT THE SAME TIME IT HELPS TO MIGRATE MORE TRANSACTIONS TO A MORE COST AND TIME EFFECTIVE CHANNEL.

2-hour passport renewal system

The Board of Directors is fully committed to maintain high standards of corporate governance throughout the Group to safeguard and promote the interests of the shareholders and to enhance the long term value of the Group. The Board considers that it has adopted and complied with the principles and best practices as set out in the Malaysian Code on Corporate Governance.

The following is the statement explaining how the Group has applied the principles and complied with the best practices provisions laid out in the Code throughout the twelve months ended 31 December 2008.

THE BOARD OF DIRECTORS

BOARD RESPONSIBILITY

The Board is responsible for determining the long term direction and strategy of the Group, create value for shareholders, monitor the achievement of business objectives, ensure that good corporate governance is practiced and to ensure that the Group meets its other responsibility. The Board is also responsible for ensuring that appropriate processes are in place in respect of succession planning for appointments to the Board and to senior management positions.

BOARD COMMITTEES

Where appropriate, the Board has delegated certain responsibilities to the various Board Committees with clearly defined terms of reference.

The following Board Committees with the respective functions have been set up to assist the Board in discharging its responsibilities:

Type of Committee	Principal Functions	Members	Status
Audit Committee	To review and report on the Group's results, accounting and audit procedures	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman	Independent Non-Executive
		Syed Abdullah Bin Syed Abd Kadir	Independent Non-Executive
		Datuk Kamaruddin Bin Taib	Independent Non-Executive
		Chan Feoi Chun	Independent Non-Executive
Nomination Committee	To recommend to the Board on all new Board appointments	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman	Independent Non-Executive
		Syed Abdullah Bin Syed Abd Kadir	Independent Non-Executive
		Eow Kwan Hoong	Executive Director
Remuneration Committee	To recommend to the Board the Directors' remuneration	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman	Independent Non-Executive
		Syed Abdullah Bin Syed Abd Kadir	Independent Non-Executive
		Eow Kwan Hoong	Executive Director

COMPOSITION OF THE BOARD

The Board has twelve (12) directors, comprising two Non Independent Non-Executive Directors including the Chairman, five Executive Directors, and five Independent Non-Executive Directors. The number of independent directors is in compliance with Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") which requires one third of the Board to comprise independent directors.

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

The Directors are from various professions and bring to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability. Please refer to the profiles of the directors of the Board, as set out on pages 20 to 25.

SUPPLY OF INFORMATION AND BOARD MEETINGS

The Board and its Committees are supplied with full and timely information which enables them to discharge their responsibilities. The agenda for each meeting, together with the detailed reports and supplementary papers are circulated to the Directors in advance of the meetings.

During the financial year ended 31 December 2008, the Board met four (4) times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and the direction of the Group. Management and performance of the Group and any other strategic issues that may affect the Group's businesses are also deliberated.

Details of attendance of each Director who was in office during the financial year ended 31 December 2008 are as follows:

Directors	Total Meetings Attended By Director
Tan Sri Razali Bin Ismail	4/4
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	3/4
Dato' Tan Say Jim	4/4
Lee Kwee Hiang	4/4
Yap Hock Eng	4/4
Eow Kwan Hoong	4/4
Dato' Mohamad Suparadi Bin Md Noor	4/4
Syed Abdullah Bin Syed Abd Kadir	4/4
Dato' Syed Abdul Rahman Bin Syed Abdul Kadir	4/4
Datuk Kamaruddin Bin Taib	3/4
Dato' Noorazman Bin Abd Aziz (appointed on 3 March 2008)	3/3
Chan Feoi Chun (appointed on 23 January 2009)	0/0

APPOINTMENTS TO THE BOARD

NOMINATION COMMITTEE

The Nomination Committee consists of two (2) independent non-executive directors and one (1) executive director. The Committee is empowered by the Board and its terms of reference to bring to the Board recommendations as to the appointment of new Directors. The Committee also assesses the Board's effectiveness, its committees and the contribution of each individual Director on an annual basis.

The Committee also keeps under review the Board structure, size and composition.

APPOINTMENT PROCESS

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

The Board appoints its members through a formal and transparent selection process which is consistent with Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

DIRECTORS' TRAINING

All the Directors of the Company have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia. During the year, they received briefings and updates on the Group businesses, operations, risk management, internal controls, finance and any new or changes to the companies and other relevant legislation, rules and regulations.

The Directors are encouraged to attend briefing, conferences, forums, trade fairs (locally and internationally), seminars and training to keep abreast with the latest developments in the industry and to enhance their skills and knowledge.

Amongst the training and seminar courses attended by some directors were as follows:

- Key Corporate Disclosure and Transaction
- Improving Board Directors' Performance, Leadership & Governance
- Business Performance Management/Updates on Corporate Governance and Risk Management
- Regulation of the Securities Market – Insider Trading, False Trading & Market Rigging
- Malaysian Code on Take Overs and Mergers: Issues and Challenges
- Strategy Execution and Leadership in Today's Uncertain Times

Dato' Tan Say Jim, YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, Dato' Mohamad Suparadi Bin Md Noor, Syed Abdullah Bin Syed Abd Kadir, Datuk Kamaruddin Bin Taib and Dato' Noorazman Bin Abdul Aziz did not attend any relevant training and seminar courses during the year is due to their hectic travelling schedule throughout the year. The Directors will undertake to attend relevant trainings and seminars courses in 2009 to continue enhancing their skills and knowledge for the purpose of discharging their duties and responsibilities.

RE-ELECTION OF DIRECTOR

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

DIRECTORS' REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for recommending to the Board the remuneration framework for Directors as well as the remuneration packages of Executive Directors.

The policy practised on Directors' remuneration by the Remuneration Committee is to provide the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Company and to align the interest of the Directors with those of the shareholders.

REMUNERATION PACKAGE

The Company has complied with the Listing Requirement of Bursa Malaysia Securities Berhad on the disclosure of remuneration of Directors on Group basis for the financial year ended 31 December 2008 are set out as follows:

AGGREGATE REMUNERATION

	Executive Directors RM	Non-Executive Directors RM
Basic salaries, bonus and allowances	1,376,850	-
Defined contribution plan	148,272	-
Benefits-in-kind	36,829	-
Fees	644,000	435,800
TOTAL	**2,205,951**	**435,800**

ANALYSIS OF REMUNERATION

Range of Remuneration	Executive	Non-Executive
RM1 – RM50,000		4
RM50,001 – RM100,000		1
RM150,001 – RM200,000		
RM200,001 – RM300,000	1	1
RM300,001 – RM400,000	1	
RM400,001 – RM500,000	1	
RM500,001 and above	2	

RELATIONSHIP WITH SHAREHOLDERS

INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Company is committed to maintain good communications with shareholders and investors. Communication is facilitated by a number of formal channels used to inform shareholders about the performance of the Group. These include the Annual Report and Accounts and announcements made through Bursa Malaysia Securities Berhad, as well as through the Annual General Meeting. Shareholders, investors and analysts are kept abreast with the major developments of the Group through the various means of communications as follows:

- Quarterly financial statements and annual report
- Announcements on major developments made to Bursa Malaysia Securities Berhad
- Company’s general meetings
- Company’s web site at http://www.iris.com.my

ANNUAL GENERAL MEETING (AGM)

The AGM is the principal forum for dialogue with public shareholders. Shareholders have the opportunity to ask questions on resolutions being proposed, the audited financial statement of the year and the operation of the Company and the Group. Notice of the AGM is circulated at least 21 days before the meeting.

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Board aims to ensure that the quarterly reports, annual audited financial statements as well as the annual review of operations in the Annual Report reflect full, fair and accurate recording and reporting of financial and business information in accordance with the Listing Requirements of Bursa Malaysia. The Directors are also required by the Companies Act, 1965 to prepare the Group’s annual audited financial statements with all material disclosures such that they are complete, accurate and in conformance with the applicable accounting standards and rules and regulations. The Audit Committee assists the Board in overseeing the financial reporting process.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a sound system of internal control to safeguard shareholders’ investment and the Group’s assets by identifying principal risks and ensuring the implementation of appropriate systems to manage these risk; and reviewing the adequacy and integrity of the internal control system

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

The Statement on Internal Controls provides an overview of the state of internal controls within the Group and is set out on pages 37 to 38.

RELATIONSHIP WITH THE AUDITORS

The Board through the Audit Committee has an appropriate and transparent relationship with the external auditors. From time to time, the external auditors highlight and update to the Board and Audit Committee on matters that require their attention.

OBJECTIVES

Audit Committee is established to support and advise the Company's Board of Director in relation to the IRIS Group of companies. The primary objectives of the audit committee are set out as below:

1. Provide assistance to the Board in fulfilling its fiduciary responsibilities relating to the corporate accounting and practices for the Group.
2. Improve the Group's business efficiency, the quality of the accounting function, the system of internal controls and audit function and strengthen the confidence of the public in the Group's reported results.
3. Maintain through regularly scheduled meetings, a direct line of communication between the Board and the external auditors as well as the internal auditors.
4. Enhance the independence of both the external and internal auditors function through active participation in the audit process.
5. Strengthen the role of the independent Directors by giving them a greater depth of knowledge as to the operations of the Company and the Group through their participation in the Committee.
6. Act upon the Board of Directors' request to investigate and report on any issues or concerns in regard to the management of the Group.
7. Create a climate of discipline and control which will reduce opportunity to fraud.

COMPOSITION OF AUDIT COMMITTEE

The Board of Directors shall appoint the members of the Audit Committee from amongst themselves, which fulfills the following requirements:

a) The Audit Committee shall be composed of no fewer than three (3) members, whom shall be non-executive directors.
b) A majority of the Audit Committee must be independent directors.
c) The chairman of the Audit Committee shall be an independent non-executive director.
d) The audit committee shall be financially literate.
e) At least one member of the Audit Committee:
    i) must be a member of the Malaysian Institute of Accountants (MIA); or
    ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years working experience and:
        a) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
        b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
    iii) Fulfills such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

The Board must ensure that no alternate Director is appointed as a member of the Audit Committee.

In the event of any vacancy in the Audit Committee, the Company shall fill in the vacancy within two (2) months, but in any case not later than three (3) months. Thereafter a member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

The term of office and performance of the Audit Committee and of its members shall be reviewed by the Board at least once every three (3) years.

COMMITTEE MEETINGS

a) The committee shall meet at least four (4) times in a year or more frequently as circumstances required with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.
b) There should be at least two meetings with the external auditors without the executive director present.
c) The quorum for any meeting shall be at least two (2) members where a majority of members present must be independent directors.
d) Upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider matters which should be brought to the attention of the directors or shareholders.
e) The external auditors and internal auditors have the right to appear and be heard at any meeting of the Committee and shall appear before the Committee when required to do so by the Committee.

f) The Committee may invite any Board member or any member of management or any employee of the Company whom the Committee thinks fit to attend its meetings, assist and provide pertinent information as necessary.
g) The Company must ensure that other directors and employee attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
h) The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee.

AUTHORITIES

The Audit Committee is fully authorized by the Board to independently investigate without interference from any party any matter within its terms of reference at the cost of the Company. It shall have:

i) full and unrestricted access to any information pertaining to the Company and the Group in the course of performing its duties.
ii) direct communication channels with the external and internal auditors or person (s) carrying out the internal audit function.
iii) full access to any employee or member of the management; and
iv) the resources, which are required to perform its duties.

The Audit Committee also have authority to obtain external legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary and reasonable for the performance of its duties.

DUTIES AND RESPONSIBILITIES

The Audit Committee is to be provided with sufficient resources to discharge its duties. All members of the Audit Committee must be able to read, analyse and interpret financial statements. In fulfilling its primary objectives, the Audit Committee will need to undertake inter-alia the following function:

1. To review the following and report the same to the Board of Directors:

   a) the nomination of external auditors
   b) the adequacy of existing external auditors audit arrangements, with particular emphasis on the scope and quality of the audit
   c) the effectiveness and adequacy of the scope, functions, resources and competency of the internal audit functions and ensure that it has the necessary authority to carry out its work.
   d) in relation to the internal audit function:
      - the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal auditors
      - any appraisal or assessment of the performance of members of the internal audit function
      - approve any appointment or termination of the internal auditors; and
      - take cognizance of resignation of internal auditors and provide the resigning internal auditors an opportunity to submit reasons for resigning
   e) the financial statements of the Company with both the external auditors and management.
   f) the external auditors' audit report.
   g) any management letter sent by the external auditors to the Company and the management's response to such letter.
   h) any letter of resignation from the Company's external auditors.
   i) the quarterly and year end financial statements of the Group and thereafter submit to the Board.
   j) the assistance given by the employees of the Company to the external auditors.
   k) all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels
   l) all related party transactions and potential conflict of interests situations that may arise within the Company or Group.

2. To consider the appointment of the external auditors, the audit fee and any questions of resignation or dismissal and on whether there is reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

3. To carry out any other function that may be mutually agreed upon by the Committee and the Board, which would be beneficial to the Company and ensure the effective discharge of the Committee's duties and responsibilities.

4. The Committee's actions shall be reported to the Board of Directors with such recommendations as the Committee deems appropriate.

MEMBERSHIP AND ATTENDANCE AT MEETING

The present members of the Audit Committee comprise four (4) Board members and the current composition is set out as follows:

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	CHAIRMAN Independent Non-Executive Director
Syed Abdullah Bin Syed Abd Kadir	MEMBER Independent Non-Executive Director
Datuk Kamaruddin Bin Taib	MEMBER Independent Non-Executive Director
Chan Feoi Chun (Appointed as Member on 23 January 2009)	MEMBER Independent Non-Executive Director

The details of attendance as at 31 December 2008 as set out below:

Name of Audit Committee	Total meetings attended by members
YAM Tunku Dato' Seri Shahabuddin bin Tunku Besar Burhanuddin	3/4
Syed Abdullah bin Syed Abd Kadir	4/4
Datuk Kamaruddin bin Taib	4/4
Eow Kwan Hoong (Resigned as member on 23 January 2009)	4/4
Chan Feoi Chun (Appointed as member on 23 January 2009)	0/0

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties and responsibilities in accordance with its terms of reference during the year. The main activities undertaken by the Committee were as follows:

1. Reviewed the quarterly unaudited financial results of the Company and Group before tabling to the Board for consideration and approval.
2. Reviewed and discussed with the external auditors the nature and scope of the audit prior to the commencement of the audit.
3. Consideration and recommendation to the Board for approval of audit fees payable to the external auditors.
4. Reviewed the independence and objectivity of the external auditors and the services provided.
5. Discussed significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
6. Reviewed the related party transactions entered into by the Company and the Group.
7. Received and reviewed internal audit reports.
8. Reviewed internal audit plans for the financial year of the Company and the Group, prepared by internal auditors.

INTERNAL AUDIT FUNCTION

Pleiades Associates Sdn Bhd, who is independent of the activities or operations of the Group, carries out the Group's Internal Audit Function. The Internal Auditors are empowered to audit the Group's business units, review the units' compliance with internal control procedures and to assist the Audit Committee in maintaining a sound system of internal control. The Audit Committee has full access to the Internal Auditors for internal audit purposes.

In complying with the Malaysian Code on Corporate Governance, the Board of Directors is committed to maintain a sound system of internal control and risk management to safeguard shareholders' investments and the Group's assets. To this effect, the Group has established an appropriate control environment and framework as well as reviewing its adequacy and integrity. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures. According to Paragraph 15.27 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Directors of public listed companies are required to include in its annual report a "statement about the state of internal control of the listed issuer as a group".

The Board is pleased to outline the nature and scope of internal control of the Group for the financial year 31 December 2008.

INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT

The key elements of the internal control structure and processes are set out as below:

- In order to avoid conflict of interest, the Group is upholding segregation of duties through clear delegation of responsibilities and authority among Board Committees and management
- Departmental units are required to prepare budget every year accordingly and the compiled Group budget is required to be approved by the Board to ensure effective execution. Following, the results against budget are monitored to ensure necessary management action is being taken on the variances.
- Adequate reporting systems are in place for information transfer to the Board and management relating to operating and financial performance and key business issues
- The Group's internal policies and procedures are well documented in Standard Operating Procedures to ensure compliance with internal control.
- Closed-circuit cameras and card access system are installed in the office building and factory site coupled with all times security check at the main entrance for security purpose.

The internal control system by nature has its limitation in assuring the companies of the Group from material misstatement and loss. Therefore, risk management plays a part in the Group's business operation in pursuit of its business objective. The Group has implemented a formal process in identifying, monitoring and managing the risk as well as setting up suitable internal control in accordance with the guidance prescribed in the Malaysian Code on Corporate Governance. The Board is assisted by the assurance team, internal auditors for the risk management and internal control implementation. This process is continually reviewed by internal auditors and strengthened as appropriate.

INTERNAL AUDIT FRAMEWORK

The Board fully supports the internal audit function and through the Audit Committee, continually reviews the adequacy and effectiveness of the risk management process in place.

The Group has outsourced its internal audit function. Internal audit independently reviews the risk identification procedures and control processes implemented by management, and reports to the Audit Committee. Internal audit also reviews the internal controls in the key activities of the Group's businesses. The internal audit function adopts a risk based-approach and prepares its audit strategy and plan based on the risk profiles of the various business units of the Group.

Internal audit also undertakes a review of the Company's compliance with recommended principles and best practices. The results and any corrective action that may be necessary are reported directly to the Audit Committee.

The Audit Committee reviews the risk monitoring and compliance procedures, ensuring that an appropriate mix of techniques is used to obtain the level of assurance required by the Board. The Audit Committee considers reports from internal audit and from management, before reporting and making recommendations to the Board in strengthening the risk management, internal control and governance systems. The committee presents its findings to the Board on a regular basis.

OTHER RISK AND CONTROL PROCESS

Apart from risk management and internal audit, the Board has put in place an organizational structure with formally defined lines of responsibility. A reporting process has been established which provide for a documented and auditable trail of accountability. These processes were reviewed by internal audit, which provides a degree of assurance as to operations and validity of the systems of internal control.

statement on internal control

INTERNAL AUDIT FUNCTION

Pleiades Associates Sdn Bhd ("Pleiades"), an independent internal audit service provider, supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal controls.

Pleiades submits audit reports and plan status for review and approval to the Audit Committee which included the reports with the recommended corrective measures on risks identified, if any, for implementation by the management of the business units and operation.

The internal audit work plan, which reflects the risk profile of the Group's major business sectors is periodically reviewed and approved by the Audit Committee.

CONCLUSION

The Board is pleased to report that there were no material losses incurred during the financial year that would require disclosure in the annual report as a result of weaknesses or deficiencies in internal control. The Group is at all times to strengthen the internal control environment through the internal audit framework.

statement of directors' responsibilities

The Directors are responsible for ensuring that the financial statements give a true and fair view of state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Groups and of the Company for the financial year ended. The financial statements of the Group and of the Company are drawn up in accordance with the applicable approved financial reporting standards in Malaysia and provision of the Companies Act, 1965.

The Directors have considered that all applicable approved accounting standards have been followed in preparing the financial statements for the financial year ended 31 December 2008. The Group has fulfilled the requirements of using appropriate accounting policies and applying them consistently and made judgments and estimates that are reasonable and prudent. The financial statements is prepared on a going concern basis as the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965 and the applicable approved accounting standards in Malaysia.

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

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia

1. **UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL**
   There were no proceeds raised by the Company from corporate proposals during the financial year ended 31 December 2008.

2. **SHARE BUY-BACK**
   The Company did not make any proposal for share buy-back during the financial year.

3. **OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES**
   There were no exercise of options and warrants during the financial year other than a conversion of 35,878,752 non-cumulative irredeemable convertible preference shares of RM0.15 each into 35,878,752 ordinary shares. The IRIS Corporation Berhad Employees Share Option Scheme ("ESOS") has expired on 5 February 2009.

4. **AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")**
   The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2008.

5. **IMPOSITION OF SANCTIONS AND/OR PENALTIES**
   There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2008.

6. **NON-AUDIT FEES**
   There were no non-audit fees incurred to the Company by the external auditors for the financial year ended 31 December 2008.

7. **VARIATION IN RESULTS**
   There were no significant variance in the Company's audited financial results for the financial year ended 31 December 2008 from the unaudited results as previously announced.

8. **PROFIT GUARANTEE**
   During the financial year ended 31 December 2008, the Group and the Company did not give any profit guarantee.

9. **MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS'**
   For the financial year ended 31 December 2008, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

10. **REVALUATION POLICY ON LANDED PROPERTIES**
    No valuation carried out by the Company and its subsidiary company on landed properties during the financial year ended 31 December 2008. Revaluation will be carried out when deemed appropriate by the directors.

11. **LIST OF PROPERTIES**
    For the financial year ended 31 December 2008, the list of the property as set out below:

Location	Description of land	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Existing Use	Tenure/Lease Period	Age of building	Date of Acquisition	Net book Value (RM'000)
H.S (D) 85958 P.T, No. 5517, Mukim Petaling, Daerah Kuala Lumpur	Land with a 4 and half storey building and car park facilities	188,179	328,459	Factory, warehouse and office	Sub-Lease (Term of 30 years, expiring on 16 July 2025)	14	17 July 1995	62,013

12. CORPORATE SOCIAL RESPONSIBILITIES

The Company recognizes its social obligation to society and strives for a balanced approach between fulfilling its key business objectives and contributing to society and the environment by looking for and providing not only digital identity solutions, but also solutions to tackle food security issues and alleviate society's environmental concerns.

One way this is done is via its ventures into farming solutions, which utilizes an environmentally-friendly farming system to enable food plants to be grown on previously non-arable lands or unconventional spaces, by going back to the basics of farming to optimize nutrient absorption and to minimize wastage.

In playing its part to ensure a sustainable environment for future generations, the Company has also, introduced an alternative to safely and efficiently manage waste disposal – through its green gas waste incineration system that uses water as the fuel source, with no carbon emission upon combustion.

These solutions effectively demonstrate the Company's commitment and seriousness in taking on its corporate social responsibility through its daily business operations.

The Company continuously strives to adopt eco-friendly practices such as minimizing the use of hazardous compounds in its manufacturing processes to protect the environment and also periodically contributes to various forms of donations and generously sponsor a myriad of deserving events every year.

In true esprit de corps and sharing in its belief to give back to society, the Company's employees also actively engage in CSR-related activities, including organizing the half-yearly blood donation campaign in the office compound to contribute to the rapidly depleting store of the National Blood Centre.

13. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

On 24 June 2008, the Company obtained a mandate from its shareholders to enter into recurrent related party transactions of a revenue or trading nature. The details of the recurrent related party transactions are disclosed on pages 99 to 100.

a year of record growth

IRIS CORPORATION BERHAD

reports and audited financial statements
for the year ended 31 december 2008

DIRECTORS' REPORT
The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES
The Company is principally engaged in the business of technology consulting, implementation of digital identity and business solutions. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation	10,632	7,536
Attributable to:		
Equity holders of the Company	10,677	7,536
Minority interests	(45)	-
	10,632	7,536

DIVIDENDS
No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS
All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES
During the financial year,

(a) there were no changes in the authorised share capital of the Company;

(b) the conversion of 35,878,752 non-cumulative irredeemable convertible preference shares ("ICPS") of RM 0.15 each into 35,878,752 ordinary shares. The new shares which arose from the conversion of the ICPS rank pari passu in all respects with the existing shares of the Company; and

(c) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES
During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")
The ESOS is governed by the by-laws approved by the shareholders on 28 January 2004. The ESOS was implemented on 16 February 2004 and is to be in force for a period of 5 years from the date of implementation.

The number of the options and the exercise price for the options under the ESOS had been revised after incorporating the effects of the Bonus Issue and Share Consolidation. The movement in the options to subscribe for the new ordinary shares of RM0.15 each at the revised exercise price of RM0.24 per share is as follows:

	Number of Options Over Ordinary Shares
Ordinary Shares of RM0.15 each:	
As at 1 January 2008	54,873,253
Cancellation due to staff resignations during the financial year	(4,457,282)
As at 31 December 2008	50,415,971

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders who were granted less than 1,000,000 options during the financial year in the annual report. Eligible employees who were granted options under the ESOS for and in excess of 1,000,000 ordinary shares each are as follows:

	Number Of Options Over Ordinary Share		
	At 1.1.2008	**Exercised**	**At 31.12.2008**
1. Chuah Ban Cheng	1,386,000	-	1,386,000
2. Lee Wai Sum	1,385,500	-	1,385,500
3. Wong Yit Long	1,325,175	-	1,325,175
4. Choong Wan An	1,004,500	-	1,004,500

Interests of directors in ESOS are disclosed under Directors' Interests.

The salient terms and conditions of the ESOS are as follows:

(i) the ESOS shall be in force for a period of 5 years commencing from the effective date of the implementation of the ESOS;

(ii) not more than 50% of the new ordinary shares of the Company available under the ESOS should be allocated, in aggregate, to the directors and senior management of the Group;

(iii) not more than 25% of the new ordinary shares of the Company available under the ESOS should be allocated to any individual eligible employee;

(vi) only 12.5% of the options can be exercised in the first year, 12.5% in the second year, 20% in the third year, 25% in the fourth year and the remaining 30% in the fifth year;

(v) the initial option price offered was at RM0.28 and has been reduced to RM0.24 after revision on 15 June 2006; and

(vi) the new shares to be allotted upon the exercise of any option will rank pari passu in all respects with the existing issued and paid-up share capital of the Company, except that the new shares allotted under the ESOS will not rank for any dividends, rights, allotment or other distributions declare, made or paid prior to the date of allotment of the option.

NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS")

On 27 June 2006, the Company issued 368,343,533 units of 3% ICPS at RM0.15 each. The main features of the ICPS are disclosed in Note 25 to the financial statements.

WARRANTS

On 24 April 2006, the Company executed a deed poll pertaining to the creation and issuance of 55,251,530 2006/2016 warrants on the basis of three warrants for every fifty existing ordinary shares held in the Company. The warrants were listed on Malaysian Exchange of Securities Dealings and Automated Quotation Berhad ("MESDAQ"). The main features of 1006/1016 warrants are disclosed in Note 25 to the financial statements.

On 27 June 2006, the Company issued 55,251,530 units of free detachable warrants to the shareholders of the Company on the basis of twenty ICPS and three free warrants for every fifty existing ordinary shares of RM0.15 each held in the Company.

As at the end of the financial year, 46,617,589 warrants remained unexercised.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, 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 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 that would further require the writing off of bad debts, or the additional allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have 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 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 methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Group and of the Company are disclosed in Note 49 to the financial statements. At the date of this report, there does not exist:

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

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:

TAN SRI RAZALI BIN ISMAIL
YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN
DATO' TAN SAY JIM
LEE KWEE HIANG
YAP HOCK ENG
EOW KWAN HOONG
DATO' MOHAMAD SUPARADI BIN MD NOOR
DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR
DATUK KAMARUDDIN BIN TAIB
DATO' NOORAZMAN BIN ABD. AZIZ
SYED ABDULLAH BIN SYED ABD KADIR
CHAN FEOI CHUN (APPOINTED ON 23.1.2009)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in the shares and the options in the Company and its related corporations during the financial year are as follows:

	Number Of Ordinary Shares Of RM0.15 Each				
	At 1.1.2008	Allotment /Bought	ICPS Conversion	Sold	At 31.12.2008
THE COMPANY					
DIRECT INTERESTS:					
Tan Sri Razali Bin Ismail	39,533,333	18,400	-	-	39,551,733
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	2,666,667	-	-	-	2,666,667
Dato' Tan Say Jim	46,492,233	-	-	-	46,492,233
Lee Kwee Hiang	22,100,000	1,150,000	-	-	23,250,000
Yap Hock Eng	31,022,200	-	-	-	31,022,200
Eow Kwan Hoong	1,593,333	-	-	-	1,593,333
Dato' Mohamad Suparadi Bin Md Noor	667	-	-	-	667
Syed Abdullah Bin Syed Abd Kadir	333,333	-	-	-	333,333
INDIRECT INTERESTS:					
Dato' Tan Say Jim #	98,855,667	-	31,268,366	-	130,124,033
Yap Hock Eng *	121,333,333	-	-	56,000,000	65,333,333

DIRECTORS' INTERESTS (CONT'D)

	Number Of Non-cumulative Irredeemable Convertible Preference Shares Of RM0.15 Each		
	At 1.1.2008	Conversion To Ordinary Shares	At 31.12.2008
DIRECT INTERESTS:			
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	1,866,666	-	1,866,666
Lee Kwee Hiang	9,240,000	-	9,240,000
Syed Abdullah Bin Syed Abdul Kadir	133,333	-	133,333
INDIRECT INTERESTS:			
Dato' Tan Say Jim #	31,268,366	(31,268,366)	-

	Number Of Warrants			
	At 1.1.2008	Bought	Sold	At 31.12.2008
DIRECT INTERESTS:				
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	280,000	-	-	280,000
Dato' Tan Say Jim	1,385,000	-	-	1,385,000
Lee Kwee Hiang	1,386,000	-	-	1,386,000
Yap Hock Eng	738,000	-	-	738,000
Syed Abdullah Bin Syed Abdul Kadir	19,999	-	-	19,999
INDIRECT INTERESTS:				
Yap Hock Eng*	2,800,000	-	-	2,800,000

The interests of directors holding office at the end of the financial year in the options under ESOS are as follows:

	Number Of Ordinary Shares Of RM0.15 Each Granted Under Option At An Exercise Price Of RM0.24 Each		
	At 1.1.2008	Exercised	At 31.12.2008
Dato' Tan Say Jim	8,395,000	-	8,395,000
Lee Kwee Hiang	6,716,000	-	6,716,000
Yap Hock Eng	3,693,800	-	3,693,800
Eow Kwan Hoong	4,716,000	-	4,716,000
Dato' Mohamad Suparadi Bin Md Noor	1,800,000	-	1,800,000

Deemed interest by virtue of his direct substantial shareholdings in Versatile Paper Boxes Sdn Bhd.

* *Deemed interest by virtue of his beneficial ownership of MCS Microsystems Sdn Bhd.*

The other directors, Dato' Syed Abdul Rahman Bin Syed Abdul Kadir, Datuk Kamaruddin Bin Taib and Dato' Noorazman Bin Abd. Aziz had no interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 50 to the financial statements.

Neither during nor at the end of the financial year was the Company or its subsidiaries a party to any arrangements whose 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 except for the options granted to the directors pursuant to the ESOS.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 52 to the financial statements.

AUDITORS

The auditors, Messrs. Horwath, have expressed their willingness to continue in office.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

DATO' TAN SAY JIM

LEE KWEE HIANG

statement by directors

We, Dato' Tan Say Jim and Lee Kwee Hiang, being two of the directors of IRIS Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 51 to 106 are drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of their results and cash flows for the financial year ended on that date.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

DATO' TAN SAY JIM

LEE KWEE HIANG

statutory declaration

I, Dato' Tan Say Jim, I/C No. 571109-08-6215, being the director primarily responsible for the financial management of IRIS Corporation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 51 to 106 are, to the best of my knowledge and belief, 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.

Subscribed and solemnly declared by
Dato' Tan Say Jim, I/C No. 571109-08-6215,
at Kuala Lumpur in the Federal Territory
on this

DATO' TAN SAY JIM

Before me

independent auditors' report to the members of IRIS Corporation Berhad

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IRIS Corporation Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 51 to 106.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

OTHER MATTERS

The financial statements of the Group and of the Company for the preceding financial year were audited by another firm of auditors whose report dated 18 April 2008, expressed an unqualified opinion on those statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' report of the subsidiaries of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONT'D)

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HORWATH
Firm No: AF 1018
Chartered Accountants

JAMES CHAN KUAN CHEE
Approval No: 2271/10/09 (J)
Partner

Kuala Lumpur

balance sheets
AS AT 31 DECEMBER 2008

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	6	-	-	180,427	180,294
Investment in associates	7	6,223	6,221	5,814	5,814
Property, plant and equipment	8	39,466	104,422	1,291	1,808
Prepaid land lease payments	9	-	6,268	-	-
Concession assets	10	23,225	15,798	23,375	15,798
Development costs	11	7,355	10,278	7,355	10,278
Intellectual properties	12	13,496	14,872	6,353	6,968
Promissory notes	13	-	-	-	9,000
Other investments	14	406	406	406	406
Goodwill on consolidation	15	133,982	134,126	-	-
		224,153	292,391	225,021	230,366
CURRENT ASSETS					
Inventories	16	69,980	75,814	23,203	25,654
Trade receivables	17	101,601	79,236	48,351	26,199
Amount owing by contract customers	18	6,783	14,536	5,150	4,619
Other receivables, deposits and prepayments	19	38,336	30,340	17,983	7,210
Amount owing by subsidiaries	20	-	-	39,161	16,930
Amount owing by associates	21	2,428	7,078	-	8
Amount owing by related parties	22	249	94	193	94
Promissory notes	13	-	-	9,000	8,500
Tax refundable		210	81	-	50
Deposits with licensed banks	23	17,428	13,782	13,367	9,468
Cash and bank balances		37,906	14,166	11,148	3,858
		274,921	235,127	167,556	102,590
Non-current assets held for sale	24	62,013	-	-	-
		336,934	235,127	167,556	102,590
TOTAL ASSETS		561,087	527,518	392,577	332,956

		The Group		The Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	25	216,416	216,416	216,416	216,416
Share premium	26	35,052	35,052	35,052	35,052
Foreign exchange translation reserve	27	19	-	-	-
Revaluation reserve	28	-	13,516	-	-
Reserve relating to assets held for sale	28	13,724	-	-	-
Retained profits/(Accumulated losses)		13,075	2,231	(64,497)	(72,033)
TOTAL EQUITY		278,286	267,215	186,971	179,435
NON-CURRENT LIABILITIES					
Other payables	29	2,812	2,738	-	-
Hire purchase payables	30	462	717	358	325
Lease payables	31	1,847	6,913	-	-
Term loan	32	15,341	-	15,341	-
Bonds	33	88,875	125,000	28,875	65,000
Deferred tax liabilities	34	7,587	5,356	-	-
		116,924	140,724	44,574	65,325
CURRENT LIABILITIES					
Trade payables	35	48,348	28,527	25,816	6,880
Amount owing to contract customers	18	8,515	-	8,357	-
Other payables and accruals	29	30,592	26,368	18,715	14,331
Amount owing to subsidiaries	20	-	-	65,814	33,116
Amount owing to related parties	22	313	103	269	103
Amount owing to directors	36	378	378	378	378
Hire purchase payables	30	392	869	104	96
Lease payables	31	5,066	5,346	-	-
Short-term borrowings	37	34,894	32,988	4,200	8,292
Bonds	33	36,125	25,000	36,125	25,000
Provision for taxation		1,254	-	1,254	-
		165,877	119,579	161,032	88,196
TOTAL LIABILITIES		282,801	260,303	205,606	153,521
TOTAL EQUITY AND LIABILITIES		561,087	527,518	392,577	332,956
NET ASSETS PER SHARE (sen)	39	19.81	19.52		

income statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

		The Group		The Company	
	Note	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
REVENUE	40	285,600	219,529	142,958	55,037
COST OF SALES	41	(222,209)	(161,246)	(106,730)	(44,759)
GROSS PROFIT		63,391	58,283	36,228	10,278
OTHER INCOME		3,719	4,356	2,083	957
		67,110	62,639	38,311	11,235
ADMINISTRATIVE EXPENSES		(25,557)	(31,945)	(16,909)	(15,847)
FINANCE COSTS		(15,058)	(15,663)	(7,602)	(7,677)
OTHER OPERATING EXPENSES		(10,659)	(9,470)	(4,914)	(5,789)
		15,836	5,561	8,886	(18,078)
SHARE OF PROFIT/(LOSS) IN ASSOCIATES		2	(45)	-	-
PROFIT/(LOSS) BEFORE TAXATION	42	15,838	5,516	8,886	(18,078)
INCOME TAX EXPENSE	43	(5,206)	2,012	(1,350)	-
PROFIT/(LOSS) AFTER TAXATION		10,632	7,528	7,536	(18,078)
ATTRIBUTABLE TO:					
Equity holders of the Company		10,677	7,533	7,536	(18,078)
Minority Interests		(45)	(5)	-	-
		10,632	7,528	7,536	(18,078)
Earnings Per Share					
- Basic	44	0.78sen	0.60sen		
- Diluted	44	0.76sen	0.55sen		

statements of changes in equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

The Group	Attributable To Equity Holders Of Company Share Capital Ordinary Share Capital RM'000	Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") RM'000	Non-distributable Share Premium RM'000	Foreign Exchange Translation Reserve RM'000
Balance at 1.1.2007	173,769	23,118	26,653	(2,275)
Profit after taxation	-	-	-	-
New business combination	-	-	-	-
Issuance of ordinary shares	19,529	-	8,399	-
Effect of subsidiary written off	-	-	-	2,275
Reclassified from building cost	-	-	-	-
Overprovision deferred taxation	-	-	-	-
Conversion of ICPS into ordinary shares	11,998	(11,998)	-	-
Realisation on usage of property	-	-	-	-
Balance at 31.12.2007/1.1.2008	205,296	11,120	35,052	-
Conversion of ICPS into ordinary shares	5,382	(5,382)	-	-
Overprovision of deferred taxation	-	-	-	-
Realisation on usage of property	-	-	-	-
Amount recognised directly in equity relating to assets held for sale	-	-	-	-
Incorporation of a subsidiary	-	-	-	-
Profit after taxation	-	-	-	-
Currency translation difference not recognised in the income statements	-	-	-	19
Balance at 31.12.2008	210,678	5,738	35,052	19

The Company
Balance at 1.1.2007
Issuance of ordinary shares
Conversion of ICPS into ordinary shares
Loss after taxation
Balance at 31.12.2007/1.1.2008
Conversion of ICPS into ordinary shares
Profit after taxation
Balance at 31.12.2008

		Distributable			
Reserve Relating To Asset Held For Sale RM'000	Revaluation Reserves RM'000	Retained Profits/ (Accumulated Losses) RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
-	14,256	(5,591)	229,930	-	229,930
-	-	7,533	7,533	(5)	7,528
-	-	-	-	5	5
-	-	-	27,928	-	27,928
-	-	-	2,275	-	2,275
-	(626)	-	(626)	-	(626)
-	175	-	175	-	175
-	-	-	-	-	-
-	(289)	289	-	-	-
-	13,516	2,231	267,215	-	267,215
-	-	-	-	-	-
-	375	-	375	-	375
-	(167)	167	-	-	-
13,724	(13,724)	-	-	-	-
-	-	-	-	45	45
-	-	10,677	10,677	(45)	10,632
-	-	-	19	-	19
13,724	-	13,075	278,286	-	278,286

	Attributable To Equity Holders Of Company				
	Share Capital		Non-distributable	Distributable	
	Ordinary Share Capital RM'000	Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total Equity RM'000
	173,769	23,118	26,653	(53,955)	169,585
	19,529	-	8,399	-	27,928
	11,998	(11,998)	-	-	-
	-	-	-	(18,078)	(18,078)
	205,296	11,120	35,052	(72,033)	179,435
	5,382	(5,382)	-	-	-
	-	-	-	7,536	7,536
	210,678	5,738	35,052	(64,497)	186,971

cash flow statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before taxation		15,838	5,516	8,886	(18,078)
Adjustments for:					
Allowance for contract foreseeable loss		8,711	989	-	-
Allowance for doubtful debts		800	2,782	-	1,479
Allowance for impairment loss on other investment		-	2,378	-	2,378
Allowance for slow-moving inventories		311	2,675	-	2,036
Amortisation of development costs		2,552	1,637	2,552	1,637
Amortisation of concession assets		288	-	288	-
Amortisation of intellectual properties		1,380	1,380	615	615
Amortisation of prepaid land lease payments		308	309	-	-
Bad debts written off		4,335	34	4,335	34
Writeback of allowance for doubtful debts		(115)	(780)	(10)	(780)
Depreciation of property, plant and equipment		12,815	8,683	657	841
Loss on deconsolidation of subsidiaries		144	-	-	-
Overprovision of allowance for slow moving inventories		(10,359)	-	(4,453)	-
Interest expense		14,286	15,400	6,906	7,603
Share of (profit)/loss in an associate		(2)	45	-	-
Unrealised (gain)/loss on foreign exchange		(40)	1,533	(8)	873
Realised gain on translation reserve from subsidiary written off		-	(684)	-	-
Gain on disposal of plant and equipment		(79)	(24)	(77)	(14)
Interest income		(1,338)	(781)	(773)	(593)
Inventory written off		12,050	-	6,164	-
Operating profit/(loss) before working capital changes/Balance carried forward		61,885	41,092	25,082	(1,969)

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Operating profit/(loss) before working capital changes/Balance brought forward		61,885	41,092	25,082	(1,969)
Decrease in inventories		2,805	12,686	740	67
(Increase)/Decrease in trade and other receivables		(34,541)	13,583	(37,242)	(4,067)
Increase/(Decrease) in trade and other payables		24,119	(17,921)	23,320	4,341
Decrease/(Increase) in amount owing by/to contract customers		7,557	(15,524)	7,826	(4,619)
Net increase in amount owing to subsidiaries		-	-	10,467	-
Decrease in amount owing by associates		3,850	-	8	-
Proceeds from issuance of shares by subsidiary to minority shareholders		45	-	-	-
Net increase in amount owing to related parties		55	-	67	-
CASH FROM/(FOR) OPERATIONS		65,775	33,916	30,268	(6,247)
Interest paid		(14,286)	(13,781)	(6,906)	(6,480)
Interest received		1,338	781	773	593
Tax paid		(1,475)	(75)	(46)	(50)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		51,352	20,841	24,089	(12,184)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
(Purchase)/Reversal of intellectual properties		(4)	806	-	-
Incorporation of a subsidiary		-	-	(133)	*
Acquisition of an associate		-	(814)	-	(814)
Acquisition of concession assets		(7,715)	(15,798)	(7,865)	(15,798)
Acquisition of other investments		-	(516)	-	(516)
Purchase of plant and equipment	45	(3,101)	(10,104)	(335)	(884)
Proceeds from disposal of plant and equipment		606	81	583	59
Development costs incurred		-	(1,178)	-	(1,179)
Grant received on development costs		371	-	371	-
NET CASH FOR INVESTING ACTIVITIES		(9,843)	(27,523)	(7,379)	(19,132)

cash flow statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of revolving credit		10,314	-	-	-
Drawdown of term loan		20,211	-	20,211	-
Decrease in bankers' acceptances		(7,608)	-	(8,292)	-
Proceeds of share through minority interest		-	5	-	-
Repayment of bonds		(25,000)	(15,000)	(25,000)	(15,000)
Proceeds from issuance of ordinary shares		-	27,927	-	27,927
Repayment of Murabahah commercial papers		(5,000)	(5,000)	-	-
Repayment of hire purchase and lease obligations		(6,389)	(5,798)	(270)	(84)
Repayment of promissory notes by a subsidiary		-	-	8,500	8,500
Repayment of term loan		(670)	-	(670)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(14,142)	2,134	(5,521)	21,343
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27,367	(4,548)	11,189	(9,973)
Foreign exchange translation differences		19	-	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		27,948	32,496	13,326	23,299
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	46	55,334	27,948	24,515	13,326

** - less than RM1,000*

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:

Registered office	:	Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.
Principal place of business	:	4th Floor, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 28 April 2009.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in technology consulting, implementation of digital identity and business solutions. The principal activities of the subsidiaries are set out in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. FINANCIAL RISK MANAGEMENT POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing market, credit, liquidity and cash flow risks. The policies in respect of the major areas of treasury activity are as follows:

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign exchange risk on investments, sales and purchases that are denominated in foreign currencies. It manages its foreign exchange exposure by a policy of matching as far as possible receipts and payments in each individual currency.

Surpluses of convertible currencies are either retained in foreign currency or sold for Ringgit Malaysia. The Group's foreign currency transactions and balances are substantially denominated in United States ("US") Dollar, Euro, Pound Sterling, Singapore Dollar, New Turkish Lira, Egyptian Pound and Australian Dollar.

(ii) Interest Rate Risk

The Group obtains financing through bank borrowings, hire purchase and lease facilities. Its policy is to obtain the most favourable interest rates available.

Surplus funds are placed with licensed financial institutions at the most favourable interest rates.

(iii) Price Risk

The Group does not have any quoted investment and hence is not exposed to price risk.

(b) Credit Risk

The Group's exposure to credit risks, or the risk of counterparties defaulting, arises mainly from receivables. The maximum exposure to credit risks is represented by the total carrying amount of these financial assets in the balance sheet reduced by the effects of any netting arrangements with counterparties.

3. FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

The Group's concentration of credit risks relates to the amounts owing by three major customers which made up approximately 31% of its total receivables at the balance sheet date.

The Group manages its exposure to credit risks by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis.

(c) Liquidity and Cash Flow Risks

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practises prudent liquidity risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

4. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Financial Reporting Standards ("FRSs") and the Companies Act 1965 in Malaysia.

(a) During the current financial year, the Group has adopted the following:

(i) FRSs issued and effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the standards did not have any material impact on the form and content of disclosures presented in the financial statements.

(ii) Amendment to FRS 121 The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation issued and effective for financial periods beginning on or after 1 July 2007.

The adoption of this amendment did not have any material impact on the financial statements of the Group.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 July 2007:

IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129$_{2004}$ Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The above IC Interpretations are not relevant to the Group's operations.

(b) The Group has not adopted the following FRSs and IC Interpretations that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group:

(i) FRS issued and effective for financial periods beginning on or after 1 July 2009:

FRS 8	Operating Segments

FRS 8 replaces FRS 114$_{2004}$ Segment Reporting and requires a management approach, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard only impacts the form and content of disclosures presented in the financial statements of the Group. This FRS is expected to have no material impact on the financial statements of the Group upon its initial application.

(ii) FRSs issued and effective for financial periods beginning on or after 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 139	Financial Instruments: Recognition and Measurement

The Group considers financial guarantee contracts entered to be insurance arrangements and accounts for them under FRS 4. In this respect, the Group treats the guarantee contract as a contingent liability until such a time as it becomes probable that the Group will be required to make a payment under the guarantee. The adoption of FRS 4 is expected to have no material impact on the financial statements of the Group.

The possible impacts of applying FRS 7 and FRS 139 on the financial statements upon their initial applications are not disclosed by virtue of the exemptions given in these standards.

(iii) IC Interpretations issued and effective for financial periods beginning on or after 1 January 2010:

IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment

IC Interpretation 9 is not relevant to the Group's operations. IC Interpretation 10 prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This interpretation is expected to have no material impact on the financial statements of the Group upon its initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

(a) Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(i) Depreciation of Property, Plant and Equipment
The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Critical Accounting Estimates And Judgements (Cont'd)

(i) Depreciation of Property, Plant and Equipment (Cont'd)
Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) Income Taxes
There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Impairment of Assets
When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Amortisation of Development Costs
Changes in the expected level of usage and technological development could impact the economic useful lives and therefore, future amortisation charges could be revised.

(v) Contracts
Contracts accounting requires reliable estimation of the costs to complete the contract and reliable estimation of the stage of completion.

- Contract Revenue
  Contracts accounting requires that variation claims and incentives payments only be recognised as contract revenue to the extent that it is probable that they will be accepted by the customers. As the approval process often takes some time, a judgement is required to be made of its probability and revenue recognised accordingly.

- Contract Cost
  Using experience gained on each particular contract and taking into account the expectations of the time and materials required to complete the contract management estimates the profitability of the contract on an individual basis any particular time.

(vi) Allowance for Doubtful Debts of Receivables
The Group makes allowance for doubtful debts based on an assessment of the recoverability of receivables. Allowances are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts of receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(vii) Allowance for Slow-moving Inventories
Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(viii) Revaluation of Properties
The Group's properties which are reported at valuation are based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

(ix) Contingent Liabilities
The directors' are of the opinion that provisions are not required in respect of the contingent liabilities as it is not probable that a future sacrifice of economic benefit will be required.

(x) Share-based Payments
The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity investments at the date at which they are granted. The estimating of the fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option volatility and dividend yield and making assumptions about them.

(xi) Fair Value Estimates for Certain Financial Assets and Liabilities
The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(b) Financial Instruments
Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments recognised in the balance sheet are disclosed in the individual policy statement associated with each item.

(c) Functional and Foreign Currency

(i) Functional and Presentation Currency
The functional currency of each of the Group's entity is measured using the currency of the primary economic environment in which that entity operates.

The consolidated financial statements are presented in Ringgit Malaysia ("RM") which is the Group's functional and presentation currency.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Functional and Foreign Currency (Cont'd)

(ii) Transactions and Balances

Transactions in foreign currency are converted into RM at the approximate rates of exchange ruling at the transaction dates. Transactions in foreign currency are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are taken to the income statement.

(iii) Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on the acquisition of foreign operations, are translated to RM for consolidation at the rates of exchange ruling at the balance sheet date. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial year. All resulting exchange differences arising on translation are recognised as a separate component of equity. On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of foreign currency balances at the balance sheet date were as follows:

	2008 RM	2007 RM
Euro	4.88	4.88
Pound Sterling	5.05	7.00
Egyptian Pound	0.64	0.60
United States Dollar	3.49	3.40
Singapore Dollar	2.42	2.30
Australian Dollar	2.41	2.91
New Turkish Lira	2.28	2.81

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2008.

A subsidiary is defined as a company in which the Group has the power, directly or indirectly, to exercise control over the financial and operating policies so as to obtain benefits from its activities.

All subsidiaries are consolidated using the purchase method of accounting. Under the purchase method of accounting, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary's net assets are determined and these values are reflected in the consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of the subsidiary to ensure consistency of accounting policies with those of the Group.

Minority interests in the consolidated balance sheet consist of the minorities' share of fair values of the identifiable, assets and liabilities of the acquiree as at the date of acquisition and the minorities' share of movements in the acquiree's equity.

Minority interests are presented in the consolidated balance sheet of the Group within equity, separately from the Company's equity holders, and are separately disclosed in the consolidated income statement of the Group.

(e) Goodwill on Consolidation

Goodwill on consolidation represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable net assets of the subsidiaries at the date of acquisition.

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in the consolidated income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period.

If, after reassessment, the Group's interest in the fair values of the identifiable net assets of the subsidiaries exceeds the cost of the business combinations, the excess is recognised immediately in the consolidated income statement.

(f) Research and Development Expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that expenditure incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:

(i) its ability to measure reliably the expenditure attributable to the asset under development;

(ii) the product or process is technically and commercially feasible;

(iii) its future economic benefits are probable;

(iv) its ability to use or sell the developed asset; and

(v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Development expenditure initially recognised as an expense are not recognised as assets in the subsequent period.

The development expenditure is amortised on a straight-line method over a period of 5 years when the products are ready for sale or use. In the event that the expected future economic benefits are no longer probable of being recovered, the development expenditure is written down to its recoverable amount.

(g) Intangible Assets

An intangible asset shall be recognised if, and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and that the cost of the asset can be measured reliably. An entity shall assess the probability of the expected future economic benefits using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset. An intangible asset shall be measured initially at cost.

The useful lives of intangible assets are assessed to be either finite or indefinite.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Intangible Assets (Cont'd)

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

(h) Investments

(i) Investments in Subsidiaries and Associates

Investments in subsidiaries and associates are stated at cost in the balance sheet of the Company, and are reviewed for impairment at the end of the financial year if events or changes in circumstances indicate that their carrying values may not be recoverable.

On the disposal of the investments in subsidiaries and associates, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(ii) Other Investments

Other investments held on a long-term basis are stated at cost less allowance for permanent diminution in value.

On the disposal of these investments, the difference between the net disposal proceeds and the carrying amount of the investments is taken to the income statement.

(i) Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investments in associates in the consolidated financial statements are accounted for under the equity method, based on the financial statements of the associates made up to 31 December 2008. The Group's share of the post acquisition profits of the associates is included in the consolidated income statement and the Group's interest in associates is stated at cost plus the Group's share of the post-acquisition retained profits and reserves.

Unrealised gains on transactions between the Group and the associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

(j) Property, Plant and Equipment

Property, plant and equipment are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:

Building	2%
Office equipment, furniture and fittings	10% - 33.3%
Motor vehicles	20%
Plant and machinery	7.5% - 33%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at each balance sheet date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

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

(k) Impairment of Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at each balance sheet date for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and its value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to the income statement immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to the revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(l) Assets under Hire Purchase and Lease

Leases of plant and equipment where substantially all the benefits and risk of ownership are transferred to the Group are classified as finance leases.

Plant and equipment acquired under finance lease and hire purchase are capitalised in the financial statements.

Each lease or hire purchase payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding outstanding obligations due under the finance lease and hire purchase after deducting finance charges are included as liabilities in the financial statements.

Finance charges are allocated to the income statement over the period of the respective lease and hire purchase agreements.

Plant and equipment acquired under finance leases and hire purchase are depreciated over the useful lives of the assets. If there is no reasonable certainty that the ownership will be transferred to the Group, the assets are depreciated over the shorter of the lease terms and their useful lives.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentive received from lessor) are charged to the income statement on a straight-line basis over the lease period. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(n) Prepaid Land Lease Payments

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayments for land use rights are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the income statement on a straight-line basis over the term of the leases of 24 years.

(o) Non-Current Assets held for Sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. 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 group are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in income statement. Gains are not recognised in excess of any cumulative impairment loss.

(p) Concession Assets

Items classified as concession assets comprise Electronic Passport System ("EPS") and Solid Waste Disposal and Electricity Power Generation Plant.

(i) Electronic Passport System

EPS comprises computer hardware, software development and special equipment (to provide a fully integrated and highly secure system for production, issuance and authentication of e-passports) incurred in connection with the concession.

EPS is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 5(k) to the financial statements.

The amortisation formula applied in the preparation of the financial statements to arrive at the annual amortisation charge for each financial period is as follows:

$$\frac{\text{Cumulative Inlay Revenue To-date}}{\text{Projected Total Inlay Revenue of The Concession}} \times \text{Cumulative Actual Development Expenditure} - \text{Accumulated Amortisation To-date}$$

(ii) Solid Waste Disposal and Electricity Power Generation Plant

The development expenditure comprises design, construction and maintenance expenditure of a 60-ton per day rated-capacity solid waste disposal and 1,500 kilowatt electricity generation plant in connection with the concession.

Incinerator plant is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement with Note 5(k) to the financial statements.

The annual amortisation in respect of the plant is computed on a straight-line basis over a 12-year concession period.

(q) Government Grants

Government grants which relate to the cost of development expenditure and brand promotion are recognised on a receivable basis, and are set off against the related advertisement and promotional expenses.

(r) Intellectual Property

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, copyright, source codes and associated documentation. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The intellectual property is amortised on a straight-line basis over the period of 20 years during which its economic benefits are expected to be consumed.

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

(s) Promissory Notes

Promissory notes represent non-interest bearing promissory notes issued by a subsidiary namely IRIS Technologies (M) Sdn Bhd which are redeemable commencing from 2005 to 2009. Promissory notes are recognised at cost when the contractual right to receive cash or another financial asset from the subsidiary is established.

Promissory notes are classified as current assets unless the subsidiary has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(t) Revaluation Reserve

The revaluation of the building is undertaken periodically whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Surpluses arising from the revaluation of properties are credited to the revaluation reserve account. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are charged to the income statement.

In the year of disposal of the revalued asset, the attributable remaining revaluation surplus is transferred from the revaluation reserve account to retained profits.

(u) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition. Cost of finished goods and work-in-progress includes the cost of materials, labour and an appropriate proportion of production overheads.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

(v) Amounts Due By/To Contract Customers

The amounts due by/to contract customers are stated at cost plus profits attributable to contracts in progress less progress billings and allowance for foreseeable losses, if any. Cost includes direct materials, labour and applicable overheads.

(w) Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the balance sheet date.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(x) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(y) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

(z) Interest-bearing Borrowings

The interest-bearing borrowings are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as expenses in the period in which they are incurred.

(aa) Bonds

Bonds issued by the Company are initially recognised based on proceeds received, net of issuance expenses incurred and are adjusted in subsequent years for amortisation of premium and/or accretion of discount to maturity, using the effective yield method. The premium amortised and/or discount accreted is recognised in the income statement over the period of the bonds.

(ab) Income Taxes

Income taxes for the year comprise current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly to equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(ac) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options as shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ad) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(ae) Employee Benefits

(i) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined Contribution Plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(iii) Share-based Payment Transactions

At grant date, the fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that are expected to vest.

The share options granted to the directors and employees of the Group are disclosed in the notes to the financial statements. The Group makes a charge to the income statement in connection with expenses relating to share based payments from grant date to vesting date. The Group has adopted FRS 2 - Share-based Payment, to the Group's ESOS which are treated as equity settled. Reserves are made for equity settled share-based compensation according to the requirement of FRS 2.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(af) Related Parties

A party is related to an entity if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries);
- has an interest in the entity that gives it significant influence over the entity; or
- has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (a) or (d);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e) or;

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(ag) Revenue Recognition

(i) Sale of Goods
Revenue is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(ii) Services
Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

(iii) Interest Income
Interest income is recognised on an accrual basis based on the effective yield on the investment.

(iv) Contract Revenue
Revenue on contracts is recognised on the percentage of completion method unless the outcome of the contract cannot be reliably determined, in which case revenue on contracts is only recognised to the extent of contract costs incurred that are recoverable. Foreseeable losses, if any, are provided for in full as and when it can be reasonably ascertained that the contract will result in a loss.

The stage of completion is determined based on completion of a physical proportion of the contract work.

(v) Rental Income
Rental income is recognised on an accrual basis.

(vii) Royalty Income
Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(ah) Segmental Information

Segment revenue and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of plant and equipment (net of accumulated depreciation, where applicable), other investments, inventories, receivables and cash and bank balances.

Most segment assets can be directly attributed to the segments on a reasonable basis. Segment assets do not include income tax assets, whilst segment liabilities do not include income tax liabilities and borrowings from financial institutions.

Segment revenue, expenses and results include transfers between segments. The prices charged on intersegment transactions are based on normal commercial terms. These transfers are eliminated on consolidation.

6. INVESTMENT IN SUBSIDIARIES

	The Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	190,156	190,023
Accumulated impairment losses	(9,729)	(9,729)
	180,427	180,294

Details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
TL Automation Electronics (M) Sdn Bhd *#	Malaysia	75	75	Dormant.
Asiatronics Sdn Bhd *#	Malaysia	80	80	Dormant.
TL Technology Research (Aust) Pty Limited *##	Australia	100	100	Dormant.
IRIS Technologies (M) Sdn Bhd ("IRIS Tech")	Malaysia	100	100	Research, development and manufacturing of contact and contactless smart technology based products.
IRIS Corporation North America Ltd *	United States of America	100	100	Dormant.

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	2007 %	Principal Activities
IRIS Egypt LLC*	Egypt	75	-	Provision of products, services, maintenance and solutions for identity security documents, biometrics information technology and communication in Egypt.
Capillary Agrotech (Malaysia) Sdn Bhd	Malaysia	100	100	Professional design, construction and maintenance of automatic watering and feeding system for agricultural horticultural and other purposes.
IRIS Information Technology Systems Sdn Bhd^	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S) and marketing of contract and contactless smart technology based products.
Versatile P4 Power Resources Sdn Bhd^	Malaysia	51	51	Manufacture, supply and trading of power and energy related equipment, the manufacture and supply of incinerators and the manufacture and supply of desalination equipment.

** Not audited by Messrs. Horwath.*
^ Held through IRIS Technologies (M) Sdn Bhd
 # On 6 October 2008, the Company filed a Members Voluntary Winding Up and the winding up is in progress.
On 21 December 2007, the Company has filed a Creditors Voluntary Liquidation and the winding up is in progress.

The winding up and liquidation of the three companies have no material financial impact on the Group as the companies were dormant.

7. INVESTMENT IN ASSOCIATES

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Unquoted shares, at cost	7,014	7,014	5,814	5,814
Share of post acquisition loss	(791)	(793)	-	-
At 31 December	6,223	6,221	5,814	5,814

Details of the associates are as follows:

Name of Company	Country of Incorporation	Effective Equity Interest 2008 %	Effective Equity Interest 2007 %	Principal Activities
GMPC Corporation Sdn Bhd *#	Malaysia	25	20	Provision of multi-purpose Smart Cards to the Malaysian Government.
Multimedia Display Technologies Sdn Bhd *	Malaysia	44.4	44.4	Research, development, marketing and distribution of CRT/LCD display monitors and Radio frequency identity system (RFID).
Loyalty Wizards Sdn Bhd *#	Malaysia	20	20	Provision of solutions for loyalty management program.
Paysys (M) Sdn Bhd *	Malaysia	30	30	Provision of terminals and solutions for credit card transactions.

* *Equity accounting was done based on the management financial statements as the audited financial statements of these companies were not available.*

\# *Held through IRIS Technologies (M) Sdn Bhd*

The Group's share of the associated companies' revenue, expenses, assets and liabilities are as follows:

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Assets and Liabilities				
Total assets	11,625	12,414	6,864	6,655
Total liabilities	6,512	7,716	1,522	1,858
Results				
Revenue	25,184	17,091	5,036	3,186
Profit/(Loss) for the year	2	(45)	(106)	29

8. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2008 RM'000	Additions RM'000	Disposals RM'000
NET BOOK VALUE			
Building			
- at cost	53,634	-	-
- at valuation	3,559	-	-
Office equipment, furniture and fittings	7,476	731	(258)
Motor vehicles	591	351	(95)
Plant and machinery	39,162	2,796	(174)
	104,422	3,878	(527)

The Group	At 1.1.2007 RM'000
NET BOOK VALUE	
Building	
- at cost	53,938
- at valuation	4,394
Office equipment, furniture and fittings	8,076
Motor vehicles	642
Plant and machinery	35,878
	102,928

The Group	Cost RM'000	At Valuation RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
AT 31.12.2008				
Office equipment, furniture and fitting	16,471	-	(10,341)	6,130
Motor vehicles	1,434	-	(822)	612
Plant and machinery	82,565	-	(49,841)	32,724
	100,470	-	(61,004)	39,466
AT 31.12.2007				
Building	56,424	4,181	(3,412)	57,193
Office equipment, furniture and fitting	16,466	-	(8,990)	7,476
Motor vehicles	1,444	-	(853)	591
Plant and machinery	79,567	-	(40,405)	39,162
	153,901	4,181	(53,660)	104,422

Reversal RM'000	Reclassified From Inventories RM'000	Reclassification RM'000	Depreciation Charge RM'000	Reclassified To Non-current Asset Held For Sale RM'000	At 31.12.2008 RM'000
-	-	-	(1,061)	(52,573)	-
-	-	-	(79)	(3,480)	-
-	-	(34)	(1,785)	-	6,130
-	-	-	(235)	-	612
(466)	1,027	34	(9,655)	-	32,724
(466)	1,027	-	(12,815)	(56,053)	39,466

Additions RM'000	Disposals RM'000	Reclassification RM'000	Reversal RM'000	Depreciation Charge RM'000	At 31.12.2007 RM'000
-	-	626	-	(930)	53,634
-		(626)	-	(209)	3,559
1,668	(12)		(182)	(2,074)	7,476
145	-	-	20	(216)	591
8,613	(45)	-	1,957	(7,241)	39,162
10,426	(57)	-	1,795	(10,670)	104,422

8. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Company	At 1.1.2008 RM'000	Additions RM'000	Reclassification RM'000	Disposals RM'000	Depreciation Charge RM'000	At 31.12.2008 RM'000
NET BOOK VALUE						
Office equipment, furniture and fittings	1,318	295	(34)	(237)	(528)	814
Motor vehicles	346	351	-	(95)	(128)	474
Plant and machinery	144	-	34	(174)	(1)	3
	1,808	646	-	(506)	(657)	1,291

The Company	At 1.1.2007 RM'000	Additions RM'000	Disposals RM'000	Depreciation Charge RM'000	At 31.12.2007 RM'000
NET BOOK VALUE					
Office equipment, furniture and fittings	1,291	690	(11)	(652)	1,318
Motor vehicles	308	145	-	(107)	346
Plant and machinery	82	178	(34)	(82)	144
	1,681	1,013	(45)	(841)	1,808

The Company	Cost RM'000	Accumulated Depreciation RM'000	Net Book Value RM'000
AT 31.12.2008			
Office equipment, furniture and fittings	3,748	(2,934)	814
Motor vehicles	735	(261)	474
Plant and machinery	5	(2)	3
	4,488	(3,197)	1,291
AT 31.12.2007			
Office equipment, furniture and fittings	4,128	(2,810)	1,318
Motor vehicles	745	(399)	346
Plant and machinery	450	(306)	144
	5,323	(3,515)	1,808

All the property, plant and equipment have been pledged to financial institutions as security for banking facilities granted to a subsidiary of the Company and the bonds issued by them as disclosed in Note 33 to the financial statements.

On 31 December 2004, the property was revalued by the directors using the open market value basis based on the valuation carried out by an independent firm of professional valuers.

At the balance sheet date, the net book values of the following assets of the Group and of the Company were acquired under hire purchase and finance lease terms.

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Office equipment	166	352	-	-
Motor vehicles	608	562	474	346
Plant and machinery	13,632	17,228	-	-

9. PREPAID LAND LEASE PAYMENTS

	The Group	
	2008 RM'000	2007 RM'000
At surrogate cost	7,193	7,193
Accumulated amortisation	-	(925)
Reclassified as non-current assets held for sale (Note 24)	(7,193)	-
	-	6,268
Accumulated amortisation:		
At 1 January	(925)	(616)
Amortisation for the financial year	(308)	(309)
Reclassified as non-current assets held for sale (Note 24)	1,233	-
At 31 December	-	(925)

The leasehold land has been pledged as security for banking facilities granted to the Group and the Company.

10. CONCESSION ASSETS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Electronic Passport System	6,875	5,669	6,875	5,669
Solid Waste Disposal and Electricity Power Generation Plant	16,350	10,129	16,500	10,129
	23,225	15,798	23,375	15,798

10. CONCESSION ASSETS (CONT'D)

Details of the Concession Assets are as follows:

The Group	Electronic Passport System RM'000	Solid Waste Disposal And Electricity Power Generation Plant RM'000	Total RM'000
COST:			
At 1 January 2007	-	-	-
Addition	5,669	10,129	15,798
At 31 December 2007/1 January 2008	5,669	10,129	15,798
Addition	1,494	6,221	7,715
	7,163	16,350	23,513
Accumulated amortisation:	(288)	-	(288)
At 31 December 2008	6,875	16,350	23,225
The Company			
COST:			
At 1 January 2007	-	-	-
Addition	5,669	10,129	15,798
At 31 December 2007/1 January 2008	5,669	10,129	15,798
Addition	1,494	6,371	7,865
	7,163	16,500	23,663
Accumulated amortisation:	(288)	-	(288)
NBV at 31 December 2008	6,875	16,500	23,375

At 31 December 2008, no amortisation had been made for solid waste disposal and electricity power generation plant as construction of the concession asset is still in progress.

11. DEVELOPMENT COSTS

	The Group/The Company 2008 RM'000	2007 RM'000
At 1 January	19,832	16,800
Capitalised during the financial year	-	3,032
At 31 December	19,832	19,832
Government grants	(371)	-
Amortisation of development costs:		
At 1 January	(9,554)	(7,917)
Amortisation charge	(2,552)	(1,637)
At 31 December	(12,106)	(9,554)
	7,355	10,278

12. INTELLECTUAL PROPERTIES

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
At cost	28,154	28,151	12,851	12,851
Accumulated amortisation				
As at 1 January	(13,278)	(11,899)	(5,883)	(5,268)
Charge during the financial year	(1,380)	(1,380)	(615)	(615)
As at 31 December	(14,658)	(13,279)	(6,498)	(5,883)
	13,496	14,872	6,353	6,968

13. PROMISSORY NOTES

	The Company 2008 RM'000	The Company 2007 RM'000
Repayment due within next 12 months	9,000	8,500
Repayment later than one year but not later than 2 years	-	9,000
	9,000	17,500

The above represents non-interest bearing promissory notes of RM43,000,000 issued by IRIS Technologies (M) Sdn Bhd ("IRIS Tech") which are redeemable commencing 2005 to 2009. This is to ensure that the Company can meet its commitments over bond redemptions from 2005 to 2009. The promissory notes are secured by a fixed charge over IRIS Tech's receivables and the proceeds from certain projects.

14. OTHER INVESTMENTS

	The Group/The Company 2008 RM'000	The Group/The Company 2007 RM'000
Unquoted shares, at cost		
- in Malaysia	2,378	2,378
- in Hong Kong	981	981
Club membership	406	406
	3,765	3,765
Less: Impairment loss in value	(3,359)	(3,359)
	406	406

The fair value of the investment in a golf club membership as at the balance sheet date was RM406,400 (2007 - RM406,400) estimated based on the subscription price offered to the new members.

15. GOODWILL ON CONSOLIDATION

	The Group 2008 RM'000	2007 RM'000
IRIS Technologies (M) Sdn Bhd	128,268	128,268
Capillary Agrotech (Malaysia) Sdn Bhd	5,714	5,714
Others	-	144
	133,982	134,126

During the financial year, the Group assessed the recoverable amount of purchased goodwill, and determined that goodwill is not impaired.

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating unit identified according to the business segment. The recoverable amount of a cash-generating unit is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a period of five years. The key assumptions used for value-in-use calculations are:

	Gross Margin 2008	2007	Growth Rate 2008	2007	Discount Rate 2008	2007
IRIS Technologies (M) Sdn Bhd	21%	20%	2%	2%	6.6%	6.6%
Capillary Agrotech (Malaysia) Sdn Bhd	40%	40%	10%	10%	6%	6%

(a) Budgeted gross margin — The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements and cost saving measures.

(b) Growth rate — Pre-tax cash flow projections based on the most recent financial budgets approved by the management covering a five year period based on the above stipulated growth rate.

(c) Discount rate — The discount rate used is based on the average borrowing rates.

16. INVENTORIES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
AT COST:				
Raw materials	28,683	43,884	8,439	22,832
Work in progress	5,384	10,639	-	-
Finished goods	36,713	32,139	14,764	7,275
	70,780	86,662	23,203	30,107
Allowance for slow-moving inventories:				
At 1 January	(10,848)	(8,173)	(4,453)	(2,417)
Addition for the financial year	(311)	(2,675)	-	(2,036)
Overprovision in the previous financial year	10,359	-	4,453	-
At 31 December	(800)	(10,848)	-	(4,453)
	69,980	75,814	23,203	25,654

None of the inventories is carried at net realisable value.

17. TRADE RECEIVABLES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	102,662	86,153	49,392	28,723
Allowance for doubtful debts	(1,061)	(6,917)	(1,041)	(2,524)
	101,601	79,236	48,351	26,199
Allowance for doubtful debts				
At 1 January	(6,917)	(4,915)	(2,524)	(1,825)
Addition for the financial year	-	(2,782)	-	(1,479)
Written off during the financial year	5,741	-	1,473	-
Writeback during the financial year	115	780	10	780
At 31 December	(1,061)	(6,917)	(1,041)	(2,524)

The Group and the Company's normal trade credit terms range from 30 to 60 days. Other credit terms are assessed and approved on a case-by-case basis.

18. AMOUNTS OWING BY/(TO) CONTRACT CUSTOMERS

The following tabulation of construction contracts shows the elements included in the amounts due from and due to the contract customers:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Aggregate costs incurred to date	144,250	41,624	70,770	27,693
Attributable profit	45,430	11,158	53,958	11,158
	189,680	52,782	124,728	38,851
Foreseeable losses	(8,711)	(989)	-	-
Progress billings	(182,702)	(37,257)	(127,935)	(34,232)
	(1,732)	14,536	(3,207)	4,619
Represented by:				
Due by contract customers	6,783	14,536	5,150	4,619
Due to contract customers	(8,515)	-	(8,357)	
	(1,732)	14,536	(3,207)	4,619
Amount of contract revenue recognised as revenue during the financial year (Note 40)	135,315	47,386	93,702	34,232
Amount of contract costs recognised as expenses during the financial year (Note 41)	93,464	36,260	53,041	23,075

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Other receivables	28,785	14,000	14,673	56
Deposits	1,058	6,999	645	1,322
Prepayments	8,493	12,001	2,665	5,832
	38,336	33,000	17,983	7,210
Allowance for doubtful debts	-	(2,660)	-	-
	38,336	30,340	17,983	7,210

Other receivables represent amounts advanced for projects which have credit terms based on the completion period of each project.

Included in the prepayments of the Group and the Company are RM2,593,487 (2007 - RM4,212,230) and RM1,683,944 (2007 - RM2,806,573) respectively representing the amount discounted from the proceeds from the issue of bonds which will be amortised over the repayment period of 7 years from the issue date.

20. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Company	
	2008 RM'000	2007 RM'000
Amount owing by:		
- trade balances	19,906	12,188
- non-trade balances	19,255	4,742
	39,161	16,930
Amount owing to:		
- trade balances	(55,843)	(33,116)
- non-trade balances	(9,971)	-
	(65,814)	(33,116)

The amounts owing are unsecured, interest-free, repayable on demand and to be settled in cash.

21. AMOUNT OWING BY ASSOCIATES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount owing by:				
- trade balances	3,228	7,070	-	-
Less: allowance for doubtful debts	(800)	-	-	-
	2,428	7,070		
- non-trade balances	-	8	-	8
	2,428	7,078	-	8

The amount owing is unsecured, interest-free, repayable on demand and to be settled in cash.

22. AMOUNTS OWING BY/(TO) RELATED PARTIES

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amount owing by:				
- trade balances	20	18	-	18
- non-trade balances	229	76	193	76
	249	94	193	94
Amount owing to:				
- trade balances	(89)	(103)	(81)	(103)
- non-trade balances	(224)	-	(188)	-
	(313)	(103)	(269)	(103)

The amounts owing are unsecured, interest-free, repayable on demand and to be settled in cash.

23. DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Short-term deposit with a licensed bank	2,874	-	2,212	65
Fixed deposits with licensed banks	14,554	13,782	11,155	9,403
Total	17,428	13,782	13,367	9,468

Deposits with licensed banks of the Group and the Company amounting to RM15,280,511 (2007 - RM13,781,946) and RM11,219,706 (2007 - RM9,468,475) respectively are charged to the bank for credit facilities granted to the Group and the Company.

The weighted average effective interest rates of the deposits at the balance sheet date ranged from 1.75% to 3.60% (2007 - 3.09% to 4.50%). The fixed deposits have maturity periods of 1 to 365 (2007 - 6 to 365) days.

24. NON CURRENT ASSETS HELD FOR SALE

	The Group	
	2008 RM'000	2007 RM'000
Reclassified from property, plant and equipment (Note 8)	56,053	-
Reclassified from prepaid land lease payments (Note 9)	5,960	-
	62,013	-

IRIS Technologies (M) Sdn Bhd ("IRIS Tech"), a wholly-owned subsidiary of ICB, had on 11 July 2007 accepted a Conditional Letter of Offer issued by Mapletree dated 9 July 2007 for the proposed disposal and leaseback of two plots of leasehold land and a four (4) and a half storey office and manufacturing building bearing the postal address Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur with an estimated land area of approximately 188,179 sq ft to Mapletree for a consideration of RM91.5 million.

Both IRIS Tech and Mapletree Industrial Fund Ltd have mutually agreed to extend the negotiation period on the terms of the definitive Sale and Purchase Agreement up to 18 June 2009.

The property at the balance sheet date was revalued in 31 December 2004 by an independent firm of professional valuers using the open market basis.

The property at the balance sheet date has been pledged as security for bank borrowings.

25. SHARE CAPITAL

	The Company			
	2008	2007	2008	2007
	Number Of Share			
AUTHORISED	'000	'000	RM'000	RM'000
Ordinary shares of RM0.15 each:	2,500,000	2,500,000	375,000	375,000
Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") of RM0.15 each	700,000	700,000	105,000	105,000
	3,200,000	3,200,000	480,000	480,000

ISSUED AND FULLY PAID-UP:	The Company 2008 Number Of Share '000	2007 '000	2008 RM'000	2007 RM'000
Ordinary Share of RM0.15 each				
At 1 January	1,368,642	1,158,458	205,296	173,769
Issuance of shares pursuant to:				
- ESOS	-	6,192	-	929
- conversion of ICPS to ordinary shares	35,879	79,992	5,382	11,998
- warrants exercised during the financial year	-	*	-	*
- private placement	-	124,000	-	18,600
At 31 December	1,404,521	1,368,642	210,678	205,296
Non-cumulative Redeemable Convertible Preference Shares ("ICPS") of RM0.15 each				
At 1 January	74,129	154,121	11,120	23,118
Conversion to ordinary shares	(35,879)	(79,992)	(5,382)	(11,998)
At end of the year	38,250	74,129	5,738	11,120
TOTAL	1,442,771	1,442,771	216,416	216,416

** - Below 1,000*

During the financial year, 35,878,752 non-cumulative irredeemable convertible preference shares of ("ICPS") of RM0.15 each were converted into 35,878,752 ordinary shares. The new shares which arose from the conversion of the ICPS rank pari passu in all respects with the existing shares of the Company.

Non-cumulative Irredeemable Convertible Preference Shares
On 27th June 2006, the Company issued 368,343,533 units of 3% Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") at RM0.15 each. The salient terms of the ICPS are as follows:

a) The ICPS are unsecured and shall rank pari passu amongst all ICPS in all respects and without discrimination or preference;

b) The ICPS are not redeemable for cash. Unless previously converted, all ICPS will be mandatorily converted into new ICB shares at the Conversion Price on the Maturity Date of the ICPS;

c) The tenure of the ICPS is five (5) years commencing from and inclusive of the date of issue (27th June 2006);

d) The ICPS are entitled to an annual non-cumulative preferential dividend rate of 3% per annum upon declaration calculated based on the nominal value of RM0.15 per ICPS;

e) Preferential dividends on the ICPS shall be payable on an ICPS dividend date up to the maturity date. ICPS dividend date means the market day immediately before the ICPS anniversary date of the issue date and if such anniversary date falls on the date which is not a market day, than the next market day;

f) The registered holder of the ICPS has the right to convert the ICPS at the conversion price into new ordinary shares of RM0.15 each in ICB or at any time from the date of listing up to and including the maturity date of the ICPS;

25. SHARE CAPITAL (CONT'D)

Non-cumulative Irredeemable Convertible Preference Shares (Cont'd)

g) The conversion price is fixed at RM0.15 per share;

h) The conversion price shall be satisfied by surrendering one (1) ICPS for each new ordinary share in ICB;

i) The ICPS shall carry no right to vote at any general meeting of ICB except with regard to any proposal to reduce the capital of ICB, to dispose of the whole of ICB's property, business and undertaking, to wind up ICB, during the winding-up of ICB and on any proposal that affects the rights attached to the ICPS. In such cases, the holders of ICPS shall be entitled to vote together with the holders of ordinary shares and to one (1) vote for each ICPS held; Each ICPS shall entitle a holder to one (1) vote at any class meeting in relation to any proposal by ICB to vary or abrogate the rights of the ICPS as stated in the Articles of Association of ICB. In all class meetings, each ICPS shall entitle the holder to one (1) vote;

j) The new ICB shares to be issued upon conversion of the ICPS shall upon allotment and issue, rank pari passu in all respects with ICB's existing shares except that such new ICB shares shall not be entitled to any dividends, rights, allotments and/or other distributions that may be declared, the entitlement date of which is prior to the date of allotment of the said new ICB shares;

k) The ICPS holders shall have the right on a winding up offer or other return of capital, in priority to any payment to the holders of any other ICB shares (but pari passu amongst the ICPS holders) then in issue in the capital of ICB;

l) The ICPS holders shall not be entitled to participate in surplus assets and profits, and in any distribution and/or offers of further securities until and unless such ICPS holders convert their ICPS into new ICB shares; and

m) The conversion price may be adjusted from time to time by ICB, in consultation with ICB's professional advisers (auditors, merchant banks or universal brokers), in certain circumstances such as capitalization of reserves, or rights issues of shares, or capital distribution whether by way of reduction of capital or otherwise (but excluding any cancellation of capital that is lost or unrepresented by available assets), which would in the opinion of the ICB's Board have the effect of diluting the interests of the ICPS holders provided that in no event shall any adjustments involve a reduction of the conversion price below the par value of the ordinary shares for the time being.

Warrants

The movements in the warrants are as follows:

	Number Of Warrants		
	At 1.1.2008 '000	**Exercised**	**At 31.12.08 '000**
Warrants	46,618	-	46,618

On 24th April 2006, the Company executed a deed poll ("Deed Poll") pertaining to the creation and issuance of 55,251,530 2006/2016 warrants on the basis of three (3) warrants for every fifty (50) existing ordinary shares held in the Company. The warrants were listed on Malaysian Exchange of Securities Dealings and Automated Quotation Berhad ("MESDAQ").

On 27th June 2006, the Company issued 55,251,530 units of detachable warrants to the shareholders of the Company on the basis of twenty (20) ICPS and three (3) free warrants for every fifty (50) existing ordinary shares of RM0.15 each held in the Company.

A premium of RM0.15 is payable on conversion of each warrant into ordinary shares.

The main features of the warrants are as follows:

a) Each warrant will entitle the registered holder to subscribe for one (1) new ordinary share of par value of RM0.15 each in the Company at an exercise price of RM0.15 each subject to adjustment in accordance with the conditions stipulated in the Deed Poll;

b) The warrants may be exercised at any time on or before the maturity date falling ten years (2006/2016) from the date of issue of the warrants on 27th June 2006. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;

c) The new shares to be issued pursuant to the exercise of the warrants shall, upon allotment and issue, rank pari passu in all respects with the existing ordinary shares of the Company in issue except that they will not be entitled to any dividends, rights, allotment or other distributions, the entitlement date of which is before the allotment and issuance of the new shares; and

d) The persons to whom the warrants have been granted no rights to participate in any distribution and/on offer of further securities in the Company until/and unless warrants holders exercise their warrant for new shares.

26. SHARE PREMIUM

	The Group/The Company	
	2008 RM'000	2007 RM'000
At 1 January	35,052	26,653
Premium arising from private placements	-	8,399
At 31 December	35,052	35,052

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965.

27. FOREIGN EXCHANGE TRANSLATION RESERVE

The exchange fluctuation reserve arose from the translation of the financial statements of a foreign subsidiary and is not distributable by way of dividends.

28. REVALUATION RESERVE/RESERVE RELATING TO ASSETS HELD FOR SALE

In the previous financial year, the revaluation reserve and reserve relating to assets held for sale represented surpluses which arose from the valuation of the property. This reserve is not distributable by way of dividends.

29. OTHER PAYABLES AND ACCRUALS

Included in other payables is an amount due to the lessor for leasehold land is as follows:

	The Group 2008 RM'000	The Group 2007 RM'000
Current:		
Repayable within one year	351	601
Non-Current:		
- repayable between one to two years	176	152
- repayable between two to five years	527	456
- repayable more than five years	2,109	2,130
	2,812	2,738
	3,163	3,339

30. HIRE PURCHASE PAYABLES

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Minimum hire purchase payments:				
- not later than one year	426	946	127	114
- later than one year and not later than five years	504	766	394	357
- later than five years	-	22	-	22
	930	1,734	521	493
Less:				
Future finance charge	(76)	(148)	(59)	(72)
Present value of hire purchase payables	854	1,586	462	421
The net hire purchase payables are repayable as follows:				
Current:				
- not later than one year	392	869	104	96
Non-current:				
- later than one year and not later than five years	462	697	358	305
- later than five years	-	20	-	20
	462	717	358	325
	854	1,586	462	421

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.35% to 8.80% (2007 - 2.5% to 5.13%) per annum at the balance sheet date.

31. LEASE PAYABLES

	The Group 2008 RM'000	2007 RM'000
Minimum lease payments:		
- not later than one year	5,325	6,072
- later than one year and not later than five years	2,207	7,315
	7,532	13,387
Less: Future finance charges	(619)	(1,128)
Present value of lease payables	6,913	12,259
The net lease payables are repayable as follows:		
Current:		
- not later than one year	5,066	5,346
Non-current:		
- later than one year and not later than five years	1,847	6,913
Present value of lease payables	6,913	12,259

The lease payables of the Group bore effective interest rates ranging from 5.70% to 8.67% (2007 - 5.70% to 10.22%) per annum at the balance sheet date.

32. TERM LOAN

	The Group/The Company 2008 RM'000	2007 RM'000
Current portion:		
- repayable within one year (Note 37)	4,200	-
Non-current portion:		
- repayable between one and two years	8,400	-
- repayable between two and five years	6,941	-
	15,341	-
	19,541	-

Details of the repayment terms are as follows:

Number Of Monthly Instalment	Monthly Instalment Amounts RM'000	Commencement Date Of Repayment	Amount Outstanding The Group/the Company 2008 RM'000	2007 RM'000
60	350	November 2008	19,541	-

The loan is secured by way of an assignment of all the contract proceeds received from the Republic of Senegal.

The term loan of the Group and of the Company bore an effective interest rate of 7% (2007 - Nil) per annum at the balance sheet date.

33. BONDS

The Bai Bithaman Ajil Islamic Debt Securities ("bonds") at the balance sheet date are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
AMOUNT REDEEMABLE WITHIN:				
- next 2 years	125,000	55,000	65,000	55,000
- next 2 to 5 years	-	95,000	-	35,000
	125,000	150,000	65,000	90,000
Less:				
- amount redeemable within next 12 months	(36,125)	(25,000)	(36,125)	(25,000)
	88,875	125,000	28,875	65,000
Consist of:				
- fixed profit rate bonds	60,000	60,000	-	-
- variable profit rate bonds	65,000	90,000	65,000	90,000

The principal features of the bonds are as follows:

(a) The fixed profit rate bonds are required to pay profit on the principal at 7% per annum while the variable profit rate bonds are required to pay profit ranging from 5.25% to 6.70% per annum gradually increasing from the date of issue until the full redemption date. The variable profit rate bonds' redemption dates and values are as follows:

Nominal Amount RM'000	Redemption date from issue date (years)	Profit rate per annum %
30,000	6	6.50
35,000	7	6.70

(b) The fixed profit rate bonds and variable profit rate bonds were issued on 31 October 2003 and 27 June 2003 respectively. The fixed profit rate bonds are redeemable on its maturity date which is 7 years from the issue date.

(c) The above bonds are secured by:

(i) fixed and floating charges over all the present and future assets of the Company;

(ii) an assignment over the Promissory Notes issued by IRIS Technologies (M) Sdn Bhd for RM9,000,000 (2007 - RM17,500,000) together with all the rights thereon;

(iii) a first charge over the Designated Account which consists of Debt Service Reserve Account, Principal Redemption Account and the Proceeds Account, all created to maintain bond redemption fund in the Company and ranked first in priority;

(iv) a second ranking charge over all proceeds and receivable balances of certain projects of the subsidiary, IRIS Technologies (M) Sdn Bhd; and

(v) a first ranking charge over all the building, land, plant and machinery of IRIS Technologies (M) Sdn Bhd.

The fair values of the above bonds for the Group and the Company as at the balance sheet date are RM115,740,741 (2007 - RM146,455,352) and RM60,185,185 (2007 - RM88,001,610) respectively.

34. DEFERRED TAX LIABILITIES

	The Group 2008 RM'000	The Group 2007 RM'000
At 1 January	5,356	7,543
Recognised in income statements	3,093	4,874
Overprovided in prior years	(487)	(6,886)
Overprovided deferred tax on revaluation reserve	(375)	(175)
At 31 December	7,587	5,356
Presented after appropriate offsetting as follows:		
Deferred tax assets:		
Unabsorbed tax losses	-	(3,100)
Deferred tax liabilities:		
Unutilised capital allowances	3,013	3,200
Revaluation reserve	4,574	5,256
	7,587	8,456
	7,587	5,356

35. TRADE PAYABLES

The normal credit terms granted to the Group and the Company range from 30 to 120 days.

36. AMOUNT DUE TO DIRECTORS

The amount due represents advances which are unsecured, interest-free, repayable on demand and to be settled in cash.

37. SHORT-TERM BORROWINGS

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Revolving credit	16,240	5,926	-	-
Murabahah Commercial Papers (Note 38)	10,000	15,000	-	-
Bankers' acceptances	4,454	12,062	-	8,292
Term loan (Note 32)	4,200	-	4,200	-
	34,894	32,988	4,200	8,292

The banker's acceptances bore effective interest rates ranging from 4.10% to 4.68% (2007 - 5.44% to 6.15%) per annum at the balance sheet date.

37. SHORT-TERM BORROWINGS (CONT'D)

The banker's acceptances are secured by:

(a) a debenture creating fixed and floating charges over all the present and future assets of the Company ranking pari passu with the Bai Bithaman Ajil Islamic Debt securities bond holders;

(b) a joint and several guarantee of the directors namely Dato' Tan Say Jim, Lee Kwee Hiang and Yap Hock Eng;

(c) a facility agreement executed between the customers and the bank; and

(d) a letter of undertaking from the Group and the Company to effect the Deed of Assignment on future contracts.

The revolving credits are secured by an assignment of the contract proceeds which are credited into Project Account and will be maintained with a bank. It bears interest at the bank's cost of funds (COF) plus a margin of 1.75% per annum.

The bank overdraft bears an effective interest of 7.55% (2007 - 8.25%) per annum.

The bank overdraft facility is secured by:

(a) a debenture creating fixed and floating charges over all the present and future assets of the Company ranking pari passu with the Bai Bithaman Ajil Islamic Debt securities bond holders; and

(b) a joint and several guarantee of the directors namely Dato' Tan Say Jim, Lee Kwee Hiang and Yap Hock Eng.

38. MURABAHAH COMMERCIAL PAPERS ("CPs")

	The Group	
	2008 RM'000	2007 RM'000
At 1 January	15,000	20,000
Repayment during the financial year	(5,000)	(5,000)
At 31 December (Note 37)	10,000	15,000

The principal terms of the commercial papers are as follows:

(a) Tenure/Maturity — The CPs facility is available up to 7 years from the date of execution of the Facility Agreements with the issuance of CPs with 1 month to 12 months maturity.

(b) Security — The CPs issued are unsecured in nature.

(c) Interest rate — The interest on CPs are recognised based on the difference between gross and net proceeds received, and amortised to the income statement over the period of the CPs.

(d) Redemption — At par on the respective maturity dates.

The Murabahah Commercial Papers are redeemable within 364 days (2007 - within 183 - 365 days) from issue date and are secured by a second charge over the short-term leasehold building and bear interest of 6.3% (2007 - 6.0% to 6.5%) per annum.

39. NET ASSETS PER SHARE

The net assets per share is calculated based on the assets value at the balance sheet date of RM278,285,803 (2007 - RM267,214,780) divided by the number of ordinary shares in issue at the balance sheet date of 1,404,520,303 (2007 - 1,368,641,551).

40. REVENUE

Revenue of the Group and of the Company represents the invoiced value of goods sold and services rendered less discounts and returns.

Details of the revenue are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	150,285	172,143	49,256	20,805
Contract revenue (Note 18)	135,315	47,386	93,702	34,232
	285,600	219,529	142,958	55,037

41. COST OF SALES

Details of the cost of sales are as follows:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of inventories sold	128,745	124,986	53,689	21,684
Contract costs (Note 18)	93,464	36,260	53,041	23,075
	222,209	161,246	106,730	44,759

42. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit/(Loss) before taxation is arrived at after charging/(crediting):				
Allowance for contract foreseeable loss	8,711	989	-	-
Amortisation of development costs	2,552	1,637	2,552	1,637
Amortisation of concession assets	288	-	288	-
Allowance for doubtful debts	800	2,782	-	1,479
Allowance for impairment loss of other investment	-	2,378	-	2,378
Allowance for slow-moving inventories	311	2,675	-	2,036
Amortisation of intellectual properties	1,380	1,380	615	615
Amortisation of prepaid land lease payments	308	309	-	-
Audit fee:				
- for the current financial year	86	54	35	25
- underprovision in the previous financial year	78	51	60	27
Bad debts written off	4,335	34	4,335	34
Depreciation of property, plant and equipment	12,815	8,683	657	841
Directors' remuneration	1,714	1,332	1,525	1,176
Directors' fee	1,080	906	811	637
Interest expense:				
- bank overdraft	5	5	5	5
- bankers' acceptances and LC charges	786	839	240	130
- bonds	10,777	12,146	6,081	7,450
- commercial papers	661	1,140	-	130
- hire purchase and lease	823	1,270	38	18
- revolving credit	692	-	-	-
- loan	542	-	542	-
Lease rental	2,382	793	2,382	793
Loss on deconsolidation of subsidiaries	144	-	-	-
Rental of office	1,365	652	2,285	1,185
Rental of mould	3	10,975	-	-
Research and development expenses	4,375	1,599	2,993	2,690
Royalty	(1,374)	152	(621)	15
Staff costs	25,006	27,773	8,824	12,202
Inventories written-off	12,050	-	6,164	-
Writeback of allowance for doubtful debts	(115)	(780)	(10)	(780)
Gain on disposal of plant and equipment	(79)	(24)	(77)	(14)
(Gain)/Loss on foreign exchange:				
- realised	1,282	(1,353)	(1,225)	781
- unrealised	(40)	1,533	(8)	873
Interest income	(1,338)	(781)	(773)	(593)
Overprovision of allowance for slow-moving inventories	(10,359)	-	(4,453)	-
Realised gain on translation reserve from subsidiary written off	-	(684)	-	-
Rental income	(900)	(924)	-	-

** - less than RM1,000*

43. INCOME TAX EXPENSE

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Current tax				
- for the financial year	2,600	-	1,350	-
Deferred tax (Note 29)				
- for the financial year	3,093	4,874	-	-
- overprovision in the previous financial year	(487)	(6,886)	-	-
	2,606	(2,012)	-	-
	5,206	(2,012)	1,350	-

During the financial year, the statutory tax rate was reduced from 27% to 26%, as announced in the Malaysian Budget 2007.

The corporate tax rate of the subsidiaries with the issued an paid-up capital below RM2,500,000 is 20% on the first RM500,000 of chargeable income. The tax rate applicable to the balance of the chargeable income is 26% (2007 - 27%).

The Group and the Company have unrecognised deferred tax assets arising from temporary differences as follows:

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Unabsorbed tax losses	1,066	25,734	-	9,341
Unabsorbed capital allowances	355	605	-	-

A reconciliation of income tax expense applicable to profit/(loss) before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
Profit/(Loss) before taxation	15,838	5,516	8,886	(18,078)
Tax at the statutory tax rate of 26% (2007 - 27%)	4,118	1,489	2,310	(4,881)
Non-taxable income	-	(2,965)	-	-
Tax savings	-	(196)	-	-
Non-deductible expenses	4,339	9,690	2,063	4,171
Overprovision of deferred tax in the previous financial year	(487)	(6,885)	-	-
Deferred tax assets not recognised during the financial year	486	1,287	-	710
Utilisation of reinvestment tax allowance	(951)	(4,150)	(863)	-
Realisation of deferred taxation on usage of factory building and leasehold land	(109)	(112)	-	-
Differential in tax rates	(30)	(170)	-	-
Utilisation of previously unrecognised deferred tax assets	(2,160)	-	(2,160)	-
Tax expense/(income) for the year	5,206	(2,012)	1,350	-

44. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to the equity holders of the Group of RM10,675,492 (2007 - RM7,532,838) by the weighted average number of ordinary shares in issue during the financial year of 1,375,042,735 (2007 - 1,257,885,248).

The fully diluted earnings per share is arrived at by dividing the Group's profit attributable to the equity holders of the Group of RM10,675,492 (2007 - RM7,582,838) by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year of 1,413,293,339 (2007 - 1,362,933,365).

45. PURCHASE OF PLANT AND EQUIPMENT

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of plant and equipment purchased	3,878	10,426	646	1,013
Amount financed through hire purchase	(311)	(129)	(311)	(129)
Reversal	(466)	(193)	-	-
Cash disbursed for purchase of plant and equipment	3,101	10,104	335	884

46. CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statements, cash and cash equivalents comprise the following:

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits with licensed banks	17,428	13,782	13,367	9,468
Cash and bank balances	37,906	14,166	11,148	3,858
	55,334	27,948	24,515	13,326

47. CAPITAL COMMITMENTS

	The Group		The Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Approved and contracted for:				
- construction of greenhouse	3,006	3,006	-	-
- plant and equipment	489	5,310	-	5,310
	3,495	8,316	-	5,310

48. LEASE COMMITMENTS

The Company have commitments for future minimum lease payments under the non-cancellable operating lease in respect of the rental of office.

	The Group/The Company	
	2008 RM'000	2007 RM'000
The minimum lease payments		
- within next 2 years	5,403	6,784
- within next 3 years to 5 years	1,126	8,992
	6,529	15,776
Less: payable within next 12 months	(2,701)	(3,348)
	3,828	12,428

There are no operating lease commitments that exceeded five years.

49. CONTINGENT ASSETS/(LIABILITIES)

Contingent Liabilities

- Corporate guarantees given to banks for credit facilities granted to a subsidiary amounting to RM65,318,750 (2007 - RM62,400,000)

- Counter guarantees given to a foreign bank for a Performance Bond issued on behalf of the Company amounting to RM4,589,000 (2007 - RM4,589,000)

Contingent Assets

On 12 July 2006, ICB entered into a Sale and Purchase Agreement with Enve Hitech Farming Solutions Sdn Bhd ("ENVE") to purchase Capillary Agrotech (Malaysia) Sdn Bhd ("CA") to which ENVE would guarantee ICB profit before taxation of RM6,000,000 before 30 June 2008. On 4 March 2008, ENVE extended the fulfilment of the profit guarantee for 18 months to 31 December 2009.

In the event of CA's inability to achieve the cumulative profit of RM6,000,000 at the stipulated date, ENVE would be liable to compensate ICB for an amount of 70% of the shortfall in the cumulative profit before tax.

50. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) the Company has related party relationships with its subsidiaries and associates as disclosed in Notes 6 and 7 to the financial statements;

(ii) the directors who are the key management personnel; and

(iii) entities controlled by certain key management personnel, directors and/or substantial shareholders.

50. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(a) Identities of related parties (Cont'd)

(a) In addition to the information detailed elsewhere in the financial statements, the Group and the Company carried out the following significant transactions with related parties during the financial year:

	Note	The Group 2008 RM'000	The Group 2007 RM'000	The Company 2008 RM'000	The Company 2007 RM'000
(i) Subsidiaries					
IRIS Technologies (M) Sdn Bhd					
- Royalty		-	-	5,057	3,734
- Sales		-	-	264	778
- Purchases		-	-	15,297	12,598
- Rental payable		-	-	1,077	1,076
				21,695	18,186
IRIS Information Technology Systems Sdn Bhd					
- Sales		-	-	24,262	5,059
- Management fee				240	240
Versatile P4 Power Resources Sdn Bhd					
- Purchase of concession assets		-	-	6,371	10,129
(ii) Associates					
GMPC Corporation Sdn Bhd					
- Sales		52,596	38,913		
- Rental received		6	6	-	-
(iii) Other Related parties					
MCS Microsystems Sdn Bhd ("MCSM")	a				
- Purchases		1,414	14,374	95	91
- Rental received		78	82	78	82
Versatile Paper Boxes Sdn Bhd ("VPB")	b				
- Purchases		17	25	13	17
(iv) Key Management personnel					
Short term employee benefits		5,341	4,286	3,779	2,959

(a) Yap Hock Eng is a director and shareholder of ICB and MCSM.
(b) Dato' Tan Say Jim is a director and major shareholder of ICB and has a substantial shareholding in VPB.

51. SEGMENTAL REPORTING

Business Segments

2008	Digital Identity and Business Solutions RM'000	Others RM'000	Inter-Segment Elimination RM'000	Group RM'000
REVENUE				
External sales	283,921	1,679	-	285,600
RESULTS				
Segment results	63,089	302	-	63,391
Unallocated corporate expenses				(36,216)
Operating profit				27,175
Other income				3,719
Finance costs				(15,058)
				15,836
Share of profit in associate				2
Profit before taxation				15,838
Income tax expense				(5,206)
Profit after taxation				10,632
OTHER INFORMATION				
Segmental assets #	504,709	56,168	-	560,877
Segment liabilities *	227,802	46,158	-	273,960
Capital expenditure	4,904	7,716		12,620
Depreciation and amortisation	16,935	408	-	17,343

 # - Segment assets comprise total current and non-current assets.
** - Segment liabilities comprise total current liabilities and non-current liabilities.*

By Geographical Location

2008	Malaysia RM'000	Others RM'000	Group RM'000
Revenue from external customers	152,844	132,756	285,600
Segment assets	537,333	23,544	560,877
Capital Expenditure	4,830	7,790	12,620

51. SEGMENTAL REPORTING (CONT'D)
By Geographical Location (Cont'd)

2007	Digital Identity and Business Solutions RM'000	Others RM'000	Inter-Segment Elimination RM'000	Group RM'000
REVENUE				
External sales	218,727	802	-	219,529
RESULTS				
Segment results	58,117	166	-	58,283
Unallocated corporate expenses	-	-	-	(41,415)
Operating profit				16,868
Other income				4,356
Finance costs				(15,663)
				5,561
Share of loss of associates				(45)
Profit before taxation				5,516
Income tax expense				2,012
Profit after taxation				7,528
OTHER INFORMATION				
Segmental assets	485,079	42,358	-	527,437
Segment liabilities	219,402	35,545	-	254,947
Capital expenditure	14,493	11,731	-	26,224
Depreciation and amortisation	11,881	128	-	12,009

By Geographical Location

2007	Malaysia RM'000	Others RM'000	Group RM'000
Revenue from external customers	125,758	93,771	219,529
Segment assets	511,639	15,798	527,437
Capital expenditure	10,426	15,798	26,224

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are as follows:

(a) Incorporation of a Subsidiary

On 29 May 2008, the Company incorporated a 75% owned subsidiary in Egypt for a total consideration of approximately RM133,751 (EGP 225,000).

(b) Establishment of a Joint Venture Company

On 30 April 2008, the Company signed a Joint Venture Agreement with ED Switch Sdn Bhd (formally known as ePetrol Development Sdn Bhd) to establish a Joint Venture Company, namely I-Kiosk Sdn Bhd

(c) Proposed Private Placement

On 16 May 2008, the Board announced that the application to the Securities Commission and Foreign Investment Committee for the Proposed Private Placement of up to 155,431,281 new ordinary shares of RM0.15 each, representing up to ten percent (10%) of the issued and paid-up share capital of the company to investors to be identified had been approved.

On 30 October 2008, the Securities Commission had vide its letter approved the extension of time up to 15 May 2009 for the Company to implement the Proposed Private Placement. As at the 15 April 2009, the Proposed Private Placement is pending implementation.

(d) Member's Voluntary Winding Up of Subsidiaries

On 6 October 2008, the Board of Directors of the Company passed a resolution for a member's voluntary winding up of Asiatronics Sdn Bhd And TL Automation Electronics (M) Sdn Bhd. These are 80% and 75% owned subsidiaries of the Company respectively.

(e) Conversion of Non-cumulative Irredeemable Convertible Preference Shares ("ICPS")

For the financial period from 1 January 2008 to 31 December 2008, a total of 35,878,752 units of ICPS had been converted into ordinary shares of RM0.15 each.

(f) Acquisition of Additional 5% of the Issued and Paid-up Share Capital of the Associate

On 6 June 2008, the Company's wholly-owned subsidiary IRIS Technologies (M) Sdn Bhd ("IRIS Tech"), jointly entered into a Sale and Purchase Agreement with Dibena Enterprise Sdn Bhd, TricubesNCR JV Sdn Bhd and Unisys MSC Sdn Bhd to acquire 1,000,000 ordinary shares of RM1 each in GMPC, representing a 20% equity interest in GMPC for total purchase consideration of RM2.00.

IRIS Tech's shareholding in GMPC was increased to 25% from 20% upon the completion of this acquisition.

(g) Material Litigation

(i) On 29 November 2006, ICB filed a lawsuit against the United States ("US") Government in the U.S Court of Federal Claims in Washington D.C. The claim was based on the ICB US Patent No. 6,041,412 which relates to others, a Basic Access Control ("BAC") and Extended Access Control ("EAC") e-passport reader. ICB is claiming for reasonable compensation, in this case, royalties, from the US Government in respect of readers in use by the US Government, which were in turn purchased from Rochford Thompson of Newbury, England and supplied to the US Government by Rochford's agent, Government Micro Resources, Inc of Virginia (now known as Fulcrum IT Services Company).

The US Government had brought Fulcrum IT Services Company and 3M Rochford Thompson Ltd. (3M had acquired Rochford Thompson on 31 July 2007) into the litigation alleging that ICB should be reimbursed by the parties, should they be found to be liable to pay royalties to ICB.

On 11 December 2008, ICB received a written notification from Messrs Moses and Singer LLP that the case had been settled amicably on 24 November 2008 whereby a non-exclusive license had been granted to 3M to produce and distribute the Company's US patented e-passport readers and encoders.

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(g) Material Litigation (Cont'd)

(ii) On 29 November 2006, ICB had filed a lawsuit against Japan Air Lines ("JAL") in the U.S. District Court, Eastern District of New York. The claim is in relation to the ICB US Patent No. 6,111,506, which claims among others, a method of manufacturing an electronic passport ("the ICB US patented process"). ICB's claim is based on allegation that JAL uses electronic passports that have been manufactured overseas by entities that practice the steps of the ICB US patented process, when checking in passengers at JAL's US passenger check-in facilities.

JAL had filed a motion to dismiss the claim. ICB's solicitors, Messrs Moses & Singer LLP, had opposed the motion to dismiss. The briefs on the motion had been filed in June 2007 and the matter is now pending a written decision and opinion by the District Judge.

In this case, ICB is seeking monetary damages, the quantum of which has not been specified to date.

(iii) A Writ of Summons No. MT3- 22-191-2007 and Statement of Claim dated 13 April 2007 was filed in the High Court of Malaya at Penang by Sigma Range Sdn Bhd ("SRSB") against ICB. SRSB is seeking damages for loss of profits in the sum of RM17,466,840.00 together with general damages, interests, costs and further and/or other relief for the alleged breach of an agreement for the sale and purchase of 5,000 units of ICB's Smart Team product lines comprising 4,600 units of Mobile SmartTerm ST4e and 400 units of Desktop SmartTerm TC6000.

On 14 January 2009, SRSB had through its solicitors filed the Notice of Discontinuance to withdraw SRSB's action against ICB with no order as to costs and without any liberty to file afresh.

53. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is defined as the amount at which the financial instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced sale or liquidation.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(a) Unquoted Investments

It is not practicable to determine the fair value of the unquoted investments because of the lack of quoted market prices and the assumptions used in valuation models to value these investments cannot be reasonably estimated.

(b) Cash and Cash equivalents and Short-term Receivables/Payables

The carrying amounts approximated the fair values due to the relatively short term maturity of these instruments.

(c) Payables and Other Current Liabilities and Commercial Papers

The carrying amounts approximated the fair values due to the short period to maturity of these instruments.

(d) Hire Purchase and Lease Payables

The fair value of hire purchase and lease payables is determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date.

(e) Foreign Currency Risk

The net unhedged financial assets and liabilities of the Group that are not denominated in their functional currencies are as follows:

2008	United States Dollar RM'000	Euro RM'000	Pound Sterling RM'000	Singapore Dollar RM'000	Egyptian Pound RM'000	Others RM'000
Trade receivables	27,885	29,589	-	-	-	102
Trade payables	(18,815)	(516)	(329)	(4)	(4,243)	(72)
Other payables	(16,925)	-	-	-	-	-
Cash and bank balances	8,880	242	-	-	-	449
2007						
Trade receivables	24,899	1,280	-	-	3,025	-
Other receivables	8,185	1,050	-	-	-	-
Trade payables	(14,751)	(1,270)	-	(4)	-	(11)
Cash and bank balances	374	5	19	5	-	8
Fixed deposits with licensed banks	862	-	-	-	-	-
Bank borrowings	(5,926)	-	-	-	-	-

The net unhedged financial assets and liabilities of the Company that are not denominated in their functional currencies are as follows:

2008	United States Dollar RM'000	Euro RM'000	Pound Sterling RM'000	Singapore Dollar RM'000	Egyptian Pound RM'000	Others RM'000
Trade receivables	14,760	29,589	-	-	-	102
Trade payables	(3,103)	-	(325)	-	(4,243)	(72)
Cash and bank balances	8,140	240	-	-	-	449
2007						
Trade receivables	14,537	247	-	-	-	-
Trade payables	(2,957)	(819)	-	-	-	-
Cash and bank balances	44	-	-	-	-	-

(f) Short-term Borrowings

The carrying amounts approximated their fair values because of the short period to maturity of these instruments.

53. FAIR VALUES OF FINANCIAL INSTRUMENTS (CONT'D)

(f) Short-term Borrowings (Cont'd)

(i) Contingent Liability

The nominal amount and net fair value of financial instruments not recognised in the balance sheets of the Group and of the Company are as follows:

	The Group/The Company	
	Nominal Amount RM'000	Net Fair Value RM'000
At 31 December 2008		
Contingent liability	69,908	*
At 31 December 2007		
Contingent liability	66,989	*

* *It is not practicable to estimate the fair value of the contingent liability reliably due to uncertainties of timing, costs and eventual outcome.*

(ii) Long-term Bank Loans and Bonds

The carrying amounts approximated their fair value as these instruments bear interest at variable rates.

54. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the presentation of the current financial year:

	The Group		The Company	
	As Restated 2007 RM'000	As Previously Reported 2007 RM'000	As Restated 2007 RM'000	As Previously Reported 2007 RM'000
Balance Sheets (extract):				
Intellectual properties	14,872	15,678	6,968	6,968
Inventories	75,814	75,714	25,654	25,554
Contact work in progress	-	14,636	-	4,719
Amount owing by contract customers	14,536	-	4,619	-
Other receivables, deposits and prepayments	30,340	29,534	7,210	7,210
Income Statements (extract):				
Cost of sales	161,246	151,141	44,759	43,438
Selling and distribution expenses	-	1,873	-	213
Administrative expenses	31,945	47,662	15,847	20,076
Finance cost	15,663	15,953	7,677	7,967
Other expenses	9,470	-	5,789	-
Exceptional item	-	1,695	-	2,378
Cash Flow Statements (extract):				
Allowance for doubtful debts	2,782	2,315	1,479	1,041
Writeback of allowance for doubtful debts	(780)	-	(780)	-
Decrease in inventories	12,686	12,786	67	167
Increase in contract work in progress	-	(15,624)	-	(4,719)
Decrease/(Increase) in amount owing by/to contract customers	(15,524)	-	(4,619)	-
(Increase)/Decrease in trade and other receivables	13,583	14,076	(4,067)	(4,409)
(Purchase)/Reversal of intellectual properties	806	-	-	-

statistics on shareholdings

AS AT 15 APRIL 2009

Authorised Share Capital		
Ordinary Shares of RM0.15 each	:	RM 375,000,000
Non-cumulative Irredeemable Convertible Preference Shares of RM0.15 each	:	RM 105,000,000
		RM 480,000,000

Issued and Fully Paid-Up Share Capital		
Ordinary Shares of RM0.15 each	:	RM 210,680,445
Non-cumulative Irredeemable Convertible Preference Shares of RM0.15 each	:	RM 5,735,191
		RM 216,415,636

DISTRIBUTION OF SHAREHOLDINGS

Ordinary Shares

Size of shareholdings	No. of Shareholders	No. of Shares held	% of Shares held
1 – 99	17	562	0.00
100 – 1,000	911	781,489	0.06
1,001 – 10,000	8,683	57,602,182	4.10
10,001 – 100,000	8,333	318,620,083	22.69
100,001 – 70,226,814	1,528	928,676,320	66.12
70,226,815 and above (5% of issued shares)	1	98,855,667	7.04
TOTAL	**19,473**	**1,404,536,303**	**100.00**

Non-cumulative Irredeemable Convertible Preference Shares (ICPS)

Size of ICPS holdings	No. of ICPS holders	No. of ICPS held	% of ICPS held
1 – 99	9	376	0.00
100 – 1,000	228	143,090	0.37
1,001 – 10,000	648	2,757,840	7.21
10,001 – 100,000	150	4,587,500	12.00
100,001 – 1,911,729	13	4,718,999	12.34
1,911,730 and above (5% of issued shares)	4	26,026,799	68.07
TOTAL	**1,052**	**38,234,604**	**100.00**

Warrants

Size of Warrant holdings	No. of Warrant holders	No. of Warrants held	% of Warrants held
1 – 99	250	9,924	0.02
100 – 1,000	516	202,450	0.43
1,001 – 10,000	694	4,160,665	8.93
10,001 – 100,000	548	19,379,393	41.57
100,001 – 2,330,878	80	20,065,157	43.04
2,330,879 and above (5% of issued shares)	1	2,800,000	6.01
TOTAL	**2,089**	**46,617,589**	**100.00**

LIST OF 30 LARGEST SHAREHOLDERS AS AT 15 APRIL 2009
Ordinary Shares

No.	Name of Shareholders	No. of Shares	% of Shares
1	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR)	98,855,667	7.04
2	MCS MICROSYSTEMS SDN BHD	65,333,333	4.65
3	TL TECHNOLOGY RESEARCH (HK) LIMITED	56,000,000	3.99
4	RAZALI BIN ISMAIL	39,493,333	2.81
5	YAP HOCK ENG	31,022,200	2.21
6	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	29,158,600	2.08
7	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (SS2)	27,568,366	1.96
8	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (C03RNS2NST215M)	16,648,900	1.19
9	LEE KWEE HIANG	16,100,000	1.15
10	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	15,000,000	1.07
11	TAN SAY JIM	14,843,333	1.06
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SEE CHENG (8040841)	14,670,000	1.04
13	M.I.T NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ABU SAHID BIN MOHAMED (MG0172-003)	12,000,000	0.85
14	CHANG CHENG HUAT	11,879,000	0.85
15	HO FAH SEE	10,000,000	0.71
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PARAMSOTHY A/L MURUGASU (CEB)	9,000,000	0.64
17	WONG SENG HUAT	8,535,500	0.61
18	LIM KIM HUA	8,369,600	0.60
19	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	7,150,000	0.51
20	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SATKUNABALAN A/L K SABARATN	6,250,000	0.44
21	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH TAI SIANG	6,000,000	0.43
22	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SEE CHENG	5,550,000	0.40
23	TEOH HOOI BIN	4,530,000	0.32
24	HDM NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR PANG KWEE CHIN NORA	4,375,000	0.31
25	POH EWE WING	3,400,000	0.24
26	HO FAH SEE	3,350,000	0.24
27	HO KAT SIN	3,200,000	0.23
28	LEE KIM SANG	3,000,000	0.21
29	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG SINGAPORE FOR THISTLE HILL LIMITED	3,000,000	0.21
30	TUNKU SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	2,666,667	0.19
	TOTAL	**536,949,499**	**38.23**

LIST OF 30 LARGEST SHAREHOLDERS AS AT 15 APRIL 2009
ICPS

No.	Name of Shareholders	No. of Shares	% of Shares
1	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	8,463,440	22.14
2	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED (NON TREATY CLT)	8,323,359	21.77
3	LEE KWEE HIANG	6,840,000	17.89
4	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	2,400,000	6.28
5	TUNKU SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	1,866,666	4.88
6	CHANG YANG @ CHEN YONG	660,000	1.73
7	ZALINA SHAHARAH BINTI AZMAN	400,000	1.05
8	LAW SIEW LAN	400,000	1.05
9	LIM CHUI KUI @ LIM CHOOI KUI	240,000	0.63
10	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHU CHIN	180,000	0.47
11	ECML NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP PAK LEONG	160,000	0.42
12	YEOH POH CHOO	150,000	0.39
13	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TOH POEY GEE (CCTS)	140,000	0.37
14	LIM JIT HAI	139,000	0.36
15	SYED ABDULLAH BIN SYED ABD KADIR	133,333	0.35
16	AZMI BIN LUDDIN	130,000	0.34
17	PUBLIC INVEST NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANOUSCHKA SHIAMIN LIM (C)	120,000	0.31
18	TEO TIEN HIONG @ TEO THIN PEE	100,000	0.26
19	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GURJEET SINGH A/L CHANAN SI	100,000	0.26
20	KOH SIEW HEE	100,000	0.26
21	KEE SONG SWA	100,000	0.26
22	GAN LAY HAR	100,000	0.26
23	GOH JIU SIN	99,800	0.26
24	SIM WANG LENG	80,000	0.21
25	HDM NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR CHIEW KIN HUAT	80,000	0.21
26	CHING SIEW ENG	80,000	0.21
27	BOUNTY LEISURE SDN BHD	80,000	0.21
28	PHUA KIM CHONG	72,000	0.19
29	TIONG YONG TA	69,000	0.18
30	SULAIMAN BIN MUSA	64,000	0.17
	TOTAL	**31,870,598**	**83.36**

LIST OF 30 LARGEST SHAREHOLDERS AS AT 15 APRIL 2009
Warrants

No.	Name of Shareholders	No. of Shares	% of Shares
1	MCS MICROSYSTEMS SDN BHD	2,800,000	6.01
2	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	1,269,516	2.72
3	LEE KWEE HIANG	1,026,000	2.20
4	YAP HOCK ENG	738,000	1.58
5	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (C03RNS2NST215M)	708,000	1.52
6	TAN SAY JIM	677,000	1.45
7	IBRAHIM BIN HAMZAH	670,000	1.44
8	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW BEE KIEW (CEB)	645,000	1.38
9	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YAM FEE	600,000	1.29
10	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN LAM SANG @ CHAN LAM	482,000	1.03
11	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIM KEE (TAN0883C)	430,000	0.92
12	KONG CHOY FUN	370,000	0.79
13	CHAN WENG HONG	360,000	0.77
14	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	360,000	0.77
15	YEW MING CHIN	300,000	0.64
16	ONG SENG KHEK	300,000	0.64
17	THEIVARANI A/P MUNIANDY	291,000	0.62
18	TUNKU SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	280,000	0.60
19	SHU KAM LAN	280,000	0.60
20	MAYBAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WAN YUSOP BIN WAN DAUD	260,600	0.56
21	HO MEE LEE	260,000	0.56
22	HLG NOMINEE (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	255,300	0.55
23	WONG NENG HOOK	250,000	0.54
24	TAN LYE PENG	243,200	0.52
25	YONG FATT CHIN	243,000	0.52
26	HA POH KEE	230,000	0.49
27	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CIMB-GK SECURITIES PTE LTD (RETAIL CLIENTS)	228,015	0.49
28	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD SANI BIN MD DAHLAN	214,150	0.46
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEN THAU MIN (471370)	200,100	0.43
30	WONG CHIEW SIAN	200,000	0.43
	TOTAL	**15,170,881**	**32.54**

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2009 (as per Register of Substantial Shareholders)

Ordinary Shares

No	Shareholder	No. of Shares Direct	%	Indirect	%
1	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR) & (SS2)	126,424,033	9.00	-	-
2	DATO' TAN SAY JIM	46,492,233	3.32	126,424,033	9.00
3	YAP HOCK ENG	31,022,200	2.21	65,333,333	4.65
	TOTAL	**203,938,466**	**14.53**	**191,757,366**	**13,65**

ICPS

No	Shareholder	No. of shares Direct	%	Indirect	%
1	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	8,463,440	22.14	-	-
2	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED (NON TREATY CLT)	8,323,359	21.77	-	-
3	LEE KWEE HIANG	9,240,000	24.17	-	-
	TOTAL	**26,026,799**	**68.08**	**-**	**-**

Warrants

No	Shareholder	No. of Shares Direct	%	Indirect	%
1	MCS MICROSYSTEMS SDN BHD	2,800,000	6.01	-	-
2	YAP HOCK ENG	-	-	2,800,000	6.01
	TOTAL	**2,800,000**	**6.01**	**2,800,000**	**6.01**

DIRECTORS' SHAREHOLDING AS AT 15 APRIL 2009 (as per Register of Directors' Shareholdings)

Ordinary Shares

No	Shareholder	No. of shares Direct	%	Indirect	%
1	TAN SRI RAZALI BIN ISMAIL	39,551,733	2.81	-	-
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	2,666,667	0.19	-	-
3	DATO' TAN SAY JIM	46,492,233	3.32	126,424,033	9.00
4	LEE KWEE HIANG	23,250,000	1.66	-	-
5	YAP HOCK ENG	31,022,200	2.21	65,333,333	4.65
6	EOW KWAN HOONG	1,593,333	0.11	-	-
7	SYED ABDULLAH BIN SYED ABD KADIR	333,333	0.02	-	-
8	DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR	-	-	-	-
9	DATO' MOHAMAD SUPARADI BIN MD NOOR	667	0.00	-	-
10	DATUK KAMARUDDIN BIN TAIB	-	-	-	-
11	DATO' NOORAZMAN BIN ABD AZIZ	-	-	-	-
12	CHAN FEOI CHUN	300,000	0.02	-	-
	TOTAL	**145,210,166**	**10.34**	**191,757,366**	**13.65**

ICPS

No	Shareholder	No. of Shares Direct	%	Indirect	%
1	TAN SRI RAZALI BIN ISMAIL	-	-	-	-
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	1,866,666	4.88	-	-
3	DATO' TAN SAY JIM	-	-	-	-
4	LEE KWEE HIANG	9,240,000	24.17	-	-
5	YAP HOCK ENG	-	-	-	-
6	EOW KWAN HOONG	-	-	-	-
7	SYED ABDULLAH BIN SYED ABD KADIR	133,333	0.35	-	-
8	DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR	-	-	-	-
9	DATO' MOHAMAD SUPARADI BIN MD NOOR	-	-	-	-
10	DATUK KAMARUDDIN BIN TAIB	-	-	-	-
11	DATO' NOORAZMAN BIN ABD AZIZ	-	-	-	-
12	CHAN FEOI CHUN	-	-	-	-
	TOTAL	**11,239,999**	**29.40**	**-**	**-**

Warrants

No	Shareholder	No. of Shares Direct	%	Indirect	%
1	TAN SRI RAZALI BIN ISMAIL	-	-	-	-
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	280,000	0.60	-	-
3	DATO' TAN SAY JIM	1,385,000	2.97	-	-
4	LEE KWEE HIANG	1,386,000	2.97	-	-
5	YAP HOCK ENG	738,000	1.58	2,800,000	6.01
6	EOW KWAN HOONG	-	-	-	-
7	SYED ABDULLAH BIN SYED ABD KADIR	19,999	0.04	-	-
8	DATO' SYED ABDUL RAHMAN BIN SYED ABDUL KADIR	-	-	-	-
9	DATO' MOHAMAD SUPARADI BIN MD NOOR	-	-	-	-
10	DATUK KAMARUDDIN BIN TAIB	-	-	-	-
11	DATO' NOORAZMAN BIN ABD AZIZ	-	-	-	-
12	CHAN FEOI CHUN	1,800	0.00	-	-
	TOTAL	**3,810,799**	**8.16**	**2,800,000**	**6.01**

notice of fifteenth annual general meeting

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at The Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Wednesday, 17 June, 2009 at 11.00 a.m. to transact the following business:

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December, 2008 together with the Reports of the Directors and Auditors thereon. **(PLEASE REFER TO EXPLANATORY NOTE 1)**

2. To elect the following Directors who retire pursuant to Article 86 and Article 93 of the Company's Articles of Association and Section 129 of the Companies Act, 1965:

   Article 86
   (i) Yap Hock Eng **(RESOLUTION 1)**
   (ii) Eow Kwan Hoong **(RESOLUTION 2)**
   (iii) Datuk Kamaruddin Bin Taib **(RESOLUTION 3)**

   Article 93
   (iv) Chan Feoi Chun **(RESOLUTION 4)**

3. To consider and if thought fit, to pass the following Ordinary Resolutions in accordance with Section 129 of the Companies Act, 1965:

   (i) "THAT Tan Sri Razali Bin Ismail, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold the office until the next Annual General Meeting." **(RESOLUTION 5)**

   (ii) "THAT YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, retiring pursuant to Section 129 of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold the office until the next Annual General Meeting." **(RESOLUTION 6)**

4. To approve the payment of Directors' Fees amounting to RM1,079,800 for the financial year ended 31 December, 2008. **(RESOLUTION 7)**

5 To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. **(RESOLUTION 8)**

Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:

6. ORDINARY RESOLUTION 1

AUTHORITY TO ISSUE SHARES

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." **(RESOLUTION 9)**

7. ORDINARY RESOLUTION 2

SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING THE ICB GROUP AND MCS MICROSYSTEMS SDN BHD **(RESOLUTION 10)**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum & Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given for the Group to enter into recurrent transactions of a revenue or trading nature with MCS Microsystems Sdn Bhd as set out in Section 2.2 of the Circular to shareholders which are necessary for its day-to-day operations:

THAT the Company and its subsidiaries be and are hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that;

a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders of the Company; and

b) disclosure is made in the annual report of the breakdown of the aggregate value of the transactions conducted during the financial year, including details of the type of transactions, the names of the related parties involved, and their relationship with the Company where:

(1) the consideration, value of the assets, capital outlay or costs of the aggregate transactions is equal to or exceeds RM1 million; or
(2) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%;
whichever is lower.

7. ORDINARY RESOLUTION 2 (CONT'D)
THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution.

8. ORDINARY RESOLUTION 3

SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE INVOLVING THE ICB GROUP AND VERSATILE PAPER BOXES SDN BHD **(RESOLUTION 11)**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum & Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market, approval be and is hereby given for the Group to enter into recurrent transactions of a revenue or trading nature with Versatile Paper Boxes Sdn Bhd as set out in Section 2.2 of the Circular to shareholders which are necessary for its day-to-day operations.

THAT the Company and its subsidiaries be and are hereby authorised to enter into the recurrent transactions with the related parties mentioned therein provided that;

a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders of the Company; and

NOTES ON APPOINTMENT OF PROXY

(a) A member of the Company entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.

(b) A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

(c) The Proxy Form must be signed by the appointor or his (her) attorney duly authorized in writing or, if the appointor is a corporation, must be executed under its common seal or under the hand of an officer or attorney duly authorized.

(d) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or at any adjournment thereof.

b) disclosure is made in the annual report of the breakdown of the aggregate value of the transactions conducted during the financial year, including details of the type of transactions, the names of the related parties involved, and their relationship with the Company where:

(1) the consideration, value of the assets, capital outlay or costs of the aggregate transactions is equal to or exceeds RM1 million; or
(2) any one of the percentage ratios of such aggregated transactions is equal to or exceeds 1%;
whichever is lower.

AND THAT the authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM, at which time it will lapse, unless by a resolution passed at the said AGM, such authority is renewed; or

(ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders in general meeting, whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to this resolution."

By Order of the Board

NG YEN HOONG (LS 008016)
Company Secretary

Kuala Lumpur
25 May, 2009

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) Item 1 of Agenda – This item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda is not put forward for voting.

(ii) The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to issue new ordinary shares up to an amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority will commence from the date of this Annual General Meeting and unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

(iii) The proposed Ordinary Resolutions 10 and 11, if passed, will empower the Company to conduct transactions of a revenue or trading nature with parties related to the Company. Please refer to the Circular to Shareholders for more information.

statement accompanying notice of fifteenth annual general meeting

(PURSUANT TO RULE 8.36(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR MESDAQ MARKET)

Details of Directors who are standing for re-election under Agenda 2 of the Notice of the Fifteenth Annual General Meeting are set out in the Profile of Directors on page 20 to page 25 of the Annual Report.

proxy form

Number of shares held	CDS Account No.

I/ We ____
(FULL NAME IN BLOCK LETTERS)

NRIC No./Company No.____________________ of ____________________

____
(FULL ADDRESS)

being a member/members of IRIS Corporation Berhad hereby appoint ____________________

____________________ NRIC No.____________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

or failing him/her, ____________________ NRIC No.____________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS)

as my/our proxy to vote for me/us on my/our behalf, at the Fifteenth Annual General Meeting of the Company to be held on 17 June 2009 at 11.00a.m, and at any adjournment thereof and to vote as indicated below:

No	Resolution	For	Against
1	Re-election of Yap Hock Eng		
2	Re-election of Eow Kwan Hoong		
3	Re-election of Datuk Kamaruddin Bin Taib		
4	Re-election of Chan Feoi Chun		
5	Re-election of YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin		
6	Re-election of Tan Sri Razali Bin Ismail		
7	To approve the payment of Directors' Fees		
8	To re-appoint Messrs Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration		
9	Approval for the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
10	Approval for the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with MCS Microsystems Sdn Bhd		
11	Approval for the Company and/or its subsidiaries to enter into recurrent transactions of a revenue or trading nature with Versatile Paper Boxes Sdn Bhd		

Please indicate with an "X" in the respective box of the resolution. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.

Notes:
1. A member of the Company entitled to attend and vote, is entitled to appoint a proxy (or in the case of a corporation, to appoint a representative) to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. A member shall be entitled to appoint more than one proxy to attend and vote at the same meeting, provided that the provisions of Section 149(1)(c) of the Act are complied with. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. The proxy form must be signed by the appointer or his attorney duly authorized in writing or in the case of a corporation, executed under its common seal or attorney duly authorized in that behalf.
4. All proxy forms must be deposited at the Registered Office of the Company at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting.

Signed this ____________ day

of ____________ 2009

____
Signature of member / Common Seal

FOLD HERE

affix
postage
here

THE COMPANY SECRETARY

IRIS CORPORATION BERHAD
LEVEL 18
THE GARDENS NORTH TOWER
MID VALLEY CITY
LINGKARAN SYED PUTRA
59200 KUALA LUMPUR

FOLD HERE