IRIS®

Bringing Solutions to Life

IRIS CORPORATION BERHAD
(302232-X)

annual report 2012

enriching lives
around the world

Bringing Solutions to Life

IRIS CORPORATION BERHAD
(302232-X)

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IRIS is the preferred supplier of sustainable products and solutions that benefit the world's citizens – our goal is to continually strengthen our positions in the sectors of trusted identification, payment and transportation, agriculture and food security, environment and renewable energy, and affordable, green building materials.

As a leading technology innovator and integrator in increasingly competitive and demanding environments, we are fortifying our core competencies towards value-added innovations that increase efficiency, provide wider international reach and spur robust earnings growth.

bringing solutions to life

CORPORATE PROFILE

IRIS Corporation Berhad, pioneer of the world's first electronic passport and national multi-application smart card with the implementation of the Malaysian ePassport in March 1998 and MyKAD - the Malaysian Government Multi Purpose Card in April 2001, was founded in 1994. Within 8 short years, IRIS became a public company with its listing on the ACE market of Bursa Malaysia.

An MSC-status technology innovator with roots in trusted identification, IRIS is actively building a sustainable business agenda which reflects its core values of passion, agility, genuineness, innovative spirit and caring nature.

By designing innovative solutions to enrich lives around the world, IRIS is fast becoming a leading global provider of solutions for transportation and payments, food security and agro technology, waste management, environment and renewable energy, property development and industrialised building systems.

From its corporate headquarters in Kuala Lumpur, Malaysia, IRIS collaborates with its global network of industry partners to deliver solutions that aim to add trust, simplicity, value and security to a growing portfolio of clients with diverse needs and concerns across the globe.

19 nations
PROVIDED TRUSTED IDENTITY SOLUTIONS TO 19 COUNTRIES ACROSS VARIOUS CONTINENTS

57 million
AS AT JUNE 2012, WE HAVE DELIVERED MORE THAN 57 MILLION PIECES OF eID AND/OR CARD-BASED DRIVING LICENSES

44.3 million
AS AT JUNE 2012, WE HAVE DELIVERED MORE THAN 44.3 MILLION PIECES OF ePASSPORT AND/OR INLAY TO 13 COUNTRIES

175,500
175,500 CONTACT/ CONTACTLESS CARD READERS SOLD TO 28 COUNTRIES

GLOBAL PRESENCE

TRUSTED
IDENTIFICATION

PAYMENT AND
TRANSPORTATION

FOOD AND AGRO
TECHNOLOGY

ENVIRONMENT AND
RENEWABLE ENERGY

KOTO INDUSTRIALISED
BUILDING SYSTEMS

securing personal credentials

Our ePassport, eVisa and eID products and solutions are securely identifying people around the world

I am pleased to report that IRIS Corporation Berhad ("IRIS") has achieved another successful financial year in 2012. I am especially proud of the way our team worked together to drive increased revenue and solid profitability in a competitive global economic climate.

CHAIRMAN'S STATEMENT

10 years of Excellence

On 25 July 2011, we celebrated the 10th anniversary of IRIS as a public listed company. For the past decade, IRIS showed strong growth and is set to continue this momentum of growth for the future. Our exponential growth has been the result of our focus on core competencies; diversification into technology related businesses and a significant global presence. We achieved revenue growth of 12.9 times, profit before taxation growth of 6.8 times and Shareholders' funds enhanced by 3 times as compared to year 2002.

Group Results

As a result of the recent change in the Company's financial year end from 31 December to 31 March, this report will encapsulate activities and results of a 15-month period, from 1 January 2011 to 31 March 2012. There is no basis for comparison this year as it is a one-off anomaly resulting from the change in the financial year-end ("FYE").

For the 15-month period ended 31 March 2012, IRIS once again delivered commendable results, achieving a revenue of RM483.8 million mainly by sustained demand for Trusted Identification and implementation of Automatic Fare Collection System ("AFC") in Payment and Transportation.

The Group's performance was particularly strong in the overseas market, the 15 months overseas revenue increased to RM221.0 million from 12 months of RM124.4 million registered in FYE 2010. Growth was driven by delivery of new contracts secured in FYE 2011 such as Tanzania eID project & Turkey ePassport Inlays project and strong demand from existing contracts from Nigeria, Senegal, USA, Bahamas and Bangladesh.

TOP LEFT: IRIS eLABELS FOR PASSPORT AND TRAVEL VISA
TOP RIGHT: IRIS RENEWAL KIOSK FOR AUTOMATED PASSPORT RENEWAL

Our domestic market continues to provide us with a steady base of recurring income. The 15 months domestic market recognized revenue of RM262.8 million from 12 months of RM241.6 million registered in FYE 2010, the drop in comparative revenue was mainly due to the completion of National Fuel Subsidy Project in FYE 2010.

Resulting from the higher revenue, IRIS recorded a Profit before Tax of RM58.1 million and Profit after tax of RM40.8 million. This significant improvement was largely due to higher profit contributions from ePassport projects both domestic and international and our on-going cost management exercise.

In line with the improved performance, profit attributable to shareholders grew to RM43.7 million, translating to basic earnings per share of 2.91 sen. The 15-month financial period ended 31 March 2012 marks a truly exciting milestone for IRIS in its 10th anniversary as a public listed company in Malaysia.

Enriching Lives Around the World

At IRIS, we believe in a balanced, sustainable approach to our business by pioneering new innovations and solutions to enrich the quality of life around the world for our collective future. This core element is integrated throughout our value chain and new business ventures. The tag line is used for our 10-year anniversary annual report as it reflects IRIS' passion, our first innovation to the world, ePassport.

The advent of the world's first ePassport from IRIS, heralds a global revolution in the issuance of secure travel documents, border security, authentication of people, and identity management. This single innovation demonstrates our passion and ability to meet the demands of an evolving digital society in an increasingly borderless and connected world.

That same passion sparked the introduction of other value products that increase convenience and trust. IRIS innovations such as multi-application eID card, automated border control, smart devices, ePassport renewal kiosk, modern farming methodologies, renewable energy systems and green building materials continue to transform the way we work, travel, bank, shop, and communicate.

REVENUE*

GROWTH
12.9 times

GROSS PROFIT*

GROWTH
8.3 times

**10-YEAR COMPARISON – A Comparison Between FY 2002 and FY 2012*

CHAIRMAN'S STATEMENT
CONT'D

Enriching Lives Around the World (Cont'd)

Our Rimbunan Kaseh Project : Making Rural Space Sustainable is the demonstration of IRIS' core values and our core competencies working in tandem to make a difference by doing things differently. Rimbunan Kaseh began as a corporate responsibility pledge to assist rural communities in improving their standard of living but has since evolved into a revenue generator for IRIS - developing thriving farming communities in many rural locations across the nation.

IRIS is extremely proud to pledge its total commitment to the Rimbunan Kaseh Project which addresses the National Key Result Areas (NKRA) of Government Transformation Programme (GTP) such as Raising Living Standards of Low-Income Households and Improving Rural Basic Infrastructure. Each Rimbunan Kaseh Project integrates IRIS' innovations of modern farming methods, industrial building system and renewable energy systems to create sustainable food producing ecosystems, build modern housing and provide access to basic amenities – from bare land to completion in 60 days.

As IRIS continues to conduct business and success in the workplace, marketplace and community, it is essential that we hold ourselves to the highest standards of business ethics for we know that the most important end product and outcome is, giving people HOPE, OPPORTUNITY and ENRICHING THEIR LIVES.

Corporate Developments

Corporate proposals reported during the financial year under review were:

1. On 23 May 2011, IRIS acquired 700 ordinary shares representing 70% of Epoch Energy Technology Sdn. Bhd. (Formerly known as Ritz Ringgit Sdn. Bhd.) of RM1.00 each for a total cash consideration of RM700.00.

2. On 25 May 2011, IRIS Agrotech Sdn. Bhd., a subsidiary of IRIS had acquired 50 ordinary shares representing 50% of Ubud Tower Sdn. Bhd. of RM1.00 each for a total cash consideration of RM50.00.

3. On 6 June 2011, IRIS had acquired 5,100 ordinary shares of RM1.00 each representing 51% of IRIS KOTO (M) Sdn. Bhd. (Formerly known as Penguin Corporate Sdn. Bhd.) for a total cash consideration of RM5,100.00.

4. On 24 June 2011, the Non-Cumulative Irredeemable Convertible Preference Shares ("ICPS") of IRIS has matured; all remaining ICPS had automatically been converted into one (1) new IRIS Ordinary Share at the Conversion Price on the Maturity Date.

5. On 30 June 2011, IRIS KOTO (M) Sdn. Bhd., a subsidiary of IRIS, had acquired 2 ordinary shares of RM1.00 each representing 100 % of IPE Insulation (M) Sdn. Bhd. ("IPE") for a total cash consideration of RM2.00. With this Acquisition, IPE has become a wholly-owned subsidiary of IRIS KOTO (M) Sdn. Bhd. Subsequently on 18 January 2012, the equity interest had reduced to 90% upon issuance of new ordinary shares by IPE.

6. On 8 August 2011, IRIS had placed 132,275,100 new ordinary shares via MIMB Investment Bank Berhad acting as the placement agent to Perbadanan Nasional Bhd. The placement shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 11 August 2011.

7. On 22 August 2011, IRIS entered into a Subscription Agreement for the proposed subscription of 2,000,000 ordinary shares of RM1.00 each in RB Biotech Sdn. Bhd. for a total cash consideration of RM2,000,000.00.

8. On 30 September 2011, IRIS announced the implementation of an internal restructuring exercise involving the acquisition of the business (including certain Assets and Liabilities) of its wholly-owned subsidiary, IRIS Technologies (M) Sdn. Bhd. ("IRIS Tech"), and the acquisition of the shares of the wholly-owned subsidiaries of IRIS Tech namely IRIS Information Technology Systems Sdn. Bhd. and IRIS Eco Power Sdn. Bhd., and the shares of IRIS Tech's associate company, GMPC Corporation Sdn. Bhd.

9. On 15 March 2012, IRIS Land Sdn. Bhd., a subsidiary of IRIS has entered into a Capital Structure & Shareholding Agreement between Desa Khazanah Sdn. Bhd., the holding company of Sigar Highlands Sdn. Bhd. for the proposed subscription of 500,000 shares of Sigar Highlands Sdn Bhd, at a nominal value of RM1.00 each to be issued and allotted by Sigar Highlands Sdn Bhd at a share premium of RM5.00 per share equivalent to 10% of the issued share capital of Sigar Highlands Sdn. Bhd.

TOP: RENEWABLE ENERGY BY IRIS ECOPOWER – SOLAR ENERGY

BOTTOM: IRIS eGATE FOR BORDER CONTROL AND ACCESS CONTROL

FAR BOTTOM: IRIS ACG1000 ACCESS GATES – AUTOMATIC FARE COLLECTION

PROFIT BEFORE TAXATION*

GROWTH
6.8 times

SHAREHOLDERS FUND*

ENHANCED BY
3 times

**10-YEAR COMPARISON – A Comparison Between FY 2002 and FY 2012*

CHAIRMAN'S STATEMENT
CONT'D

Corporate Developments (Cont'd)

10. On 19 March 2012, IRIS had acquired a new subsidiary, Regal Energy Limited a company incorporated in Hong Kong, by way of transfer of 10,000 Ordinary Shares of HK$1.00 each at par value representing 100% equity interest in Regal Energy Limited from IRIS's director, Mr. Eow Kwan Hoong for a total cash consideration of HK$10,000 (equivalent to RM4,800.00).

11. On 20 March 2012, IRIS had entered into a Subscription Agreement for the proposed subscription of 500,000 ordinary shares at par value of RM1.00 each representing 20% equity interest in Neuralogy Sdn. Bhd. for a total cash consideration of RM500,000.00 only.

12. On 9 July 2012, IRIS Eco Power Sdn Bhd ("IEP"), a wholly owned subsidiary of IRIS has entered into a Heads of Agreement with Mr. Durairaj Raja (Passport No: Z2060100) ("Vendor") an Indian national who has his place of business in the United Arab Emirates. The Vendor is the legal and registered owner of two million five hundred and fifty thousand (2,550,000) Ordinary Shares of par value of AED 1 each in the issued and paid up capital of Oil Field Services Ltd. The Vendor has agreed to sell to IEP and IEP has agreed to purchase from the Vendor 51% of the issued and paid up capital of Oil Field Limited equivalent to two million five hundred and fifty thousand (2,550,000) Ordinary Shares of AED 1 each.

13. On 13 July 2012, IRIS has completed the subscription for additional 540,000 out of the 800,000 new ordinary shares of THB100 each in the capital of PJT Technology Co. Ltd. ("PJT"), an associated company of IRIS, for a total cash consideration of THB54,000,000.00 (equivalent to RM5,411,880.00 at the exchange rate of THB100: RM10.022). With the additional subscription of shares, PJT has become a subsidiary of IRIS.

RIGHT: IRIS RUGGEDISED SMART TERMINAL ST5 SERIES – NEWLY LAUNCHED

BOTTOM: IRIS DESKTOP CONTACTLESS CARD WITH OCR READER – AXESS P5000

PROPERTY, PLANT AND EQUIPMENT*

ENHANCED BY
87 times

CASH AND BANK BALANCES*

ENHANCED BY
24 times

**10-YEAR COMPARISON – A Comparison Between FY 2002 and FY 2012*

Awards and Recognition

IRIS received several awards and recognition for our performance in 2011 & 2012 with three recognized bench-marking awards in the trusted identification and industrialised building solutions highlighted below:

a) MSC APICTA Awards 2011 for Best of E-Government and Services
b) IRIS awarded ISO27001:2005 certification
c) IRIS KOTO awarded Green Certification for their Industrialised Building System (IBS)

Dividend

After taking into account the funding requirement for existing and new businesses, the Board is pleased to recommend the payment of a first and final tax-exempt dividend of 0.45 sen per share. The proposed dividend payment is subject to shareholders' approval at the forthcoming Annual General Meeting.

The Board

On behalf of the Board of Directors, I am very pleased to welcome Dato' Hamdan Bin Mohd Hassan as an Executive Director.

Dato' Hamdan holds an Advance Diploma in Computer Programming from City & Guilds, UK, and has extensive experience in both banking computer system and property development in Malaysia. Dato' has been actively involved in several property development companies in Malaysia. Given his wealth of experience in IT and property segment, Dato' will further contribute to the ongoing success of IRIS.

Since the last Annual General Meeting, Dato' Noorazman Bin Abdul Aziz and Datuk Domami Bin Hussain have resigned from the Board while Mr. Indran A/L Swaminathan has vacated his Board seat during the year. The Board would like to record its appreciation for the invaluable contributions these gentlemen had made during their tenure with 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 management team and staff of IRIS. On behalf of the Board of Directors, I would like to express my heartfelt thanks. I would also like to convey my heartfelt gratitude and appreciation to our customers, government authorities, business partners, shareholders and other stakeholders for their continued support and confidence in IRIS.

TAN SRI RAZALI BIN ISMAIL
Chairman

BOTTOM LEFT: GREEN GAS TECHNOLOGY BY EPOCH – FUEL ADDITIVE AND CARBON CLEANING
BOTTOM RIGHT: IRIS AUTOPOT SYSTEMS – PLANT DRIVEN FERTIGATION SYSTEM

TRUSTED IDENTIFICATION

PAYMENT AND TRANSPORTATION

FOOD AND AGRO TECHNOLOGY

ENVIRONMENT AND RENEWABLE ENERGY

KOTO INDUSTRIALISED BUILDING SYSTEMS

Our eWallet and EMV personalisation products and solutions are making daily transactions simple and fast

Simplifying transactions

OPERATIONS REVIEW

We are particularly proud with the achievements of our core business. Among other achievements, we managed to further strengthen our global network and client relationships, whilst enhancing our technologies and solutions needed to sustain our growth momentum. Most importantly, we continued our strategy of reinventing our services and solutions to ensure that our technologies can provide the people with a better quality of life.

eID CARDS AND/OR CARD-BASED DRIVING LICENSES
INCREASED BY 9%

CONTACT/CONTACTLESS CARD READERS
INCREASED BY 6%

ePASSPORT AND/OR INLAYS
INCREASED BY 35%

TRUSTED IDENTIFICATION

IRIS Trusted Identification Division ended FY2012 strongly, with the total revenue of RM448.2 million for the 15 months as compared to a 12-month revenue of RM301.2 million recorded in FY2010. The strong growth was supported by positive demand from existing domestic and international customers. The new contracts secured during FY2012, include:-

- Tanzania eID card solutions project amounting to USD149.9 million
- Turkey ePassport Inlays amounting to EUR 5.26 million
- Bhutan eID card solutions project amounting to USD1.2 million
- Canadian service cards amounting to CAD14.28 million

In the Domestic market, the stable demand for the Malaysian ePassport provides a steady base of recurring income. The other revenue from the Malaysia Government includes ID cards – MyKad & MyKid, Maintenance for Autogates & Personalization machines also generated growth as compared to FY 2010.

We continue to be aggressive in pursuing new countries in our targeted regions to help IRIS maximize shareholders' value. Africa remains one of our key markets for Trusted Identification as the penetration rate for eID and ePassport in that region is still low as compared to Developed nations in Europe. Therefore, the market's potential in that region is extremely encouraging. We have successfully deployed our solutions in countries in the African continent such as Nigeria, Senegal, Tanzania, Somalia and Egypt in the past few years. We continue to see great potential to expand our client base and increase our product penetration and range to the existing clients in this region.

Asia Pacific is another important market for our Trusted Identification Division, the market is mature and price sensitive especially in countries which have already initiated eID and ePassport technology. Many Asia Pacific countries are still using Machine Readable Passport ("MRP"), and some have just converted from traditional handwritten passport to MRP before the close of the April 2010 deadline set by International Civil Aviation Organization ("ICAO"). Bangladesh is one such country where IRIS was able to commission and convert their application of handwritten passports to ICAO compliance within 43 days. Up to July 2012, 2.6 million MRP passports have been successfully issued through our fully electronic enrollment system in Bangladesh.

Governments choose to partner with IRIS because we can provide solutions to both critical mandates – Cost-efficiency and Secure-based Technologies in a comprehensive and integrated manner. Our solutions are built on an advance secured platform and a robust portfolio of services with a strong in-house technology expertise, state-of-art manufacturing facilities and worldwide solution partners.

In February 2012, the Trusted Identification Division of the Company was accredited with the ISO 27001-2005 Certification for Information Security Management System (ISMS) for "The Realisation and Provision of Trusted Identity Products and Services, Including Credential Management and Access Control Solutions". This demonstrates that IRIS's information security management systems are world-class standard.

According to the Keesing Journal*, up to December 2011, 83 countries have been issued ePassports and 194 countries are still using MRP passports. Approximately 27 countries plan to introduce ePassport by end of 2012. If this conversion happens as scheduled, then more than one hundred countries would have introduced ePassport by end of 2012. Given this, the ePassport market continues to be promising but is fragmenting as Governments become more focused on complete and integrated ePassport solutions rather than just document issuance. As a result, a greater range of technologies is being demanded by Governments. IRIS is well positioned due to our spotless 13-year service record, the world's first ePassport, since its deployment continues to function and interoperate without report of failure or compromise.

The core business of Trusted Identification is doing well, operationally and financially, and we are well-poised for our next phase of growth as a leading company for Trusted Identification products and solutions.

BOTTOM: IRIS IDENCRAFT – COMPREHENSIVE SOFTWARE ARCHITECTURE FOR TRUSTED IDENTIFICATION

FAR BOTTOM: MULTI-BIOMETRIC READERS AND PRODUCTS TO SUPPORT IDENTITY VERIFICATION

BOTTOM FAR LEFT: IRIS INTELLIGENT ePASSPORT TERMINAL IPT 1000 SERIES – MOBILE IDENTITY AND BIOMETRIC VERIFICATION

OPERATIONS REVIEW
CONT'D

PAYMENT AND TRANSPORTATION

The revenue in financial year 2012, comprise mainly from the implementation of Automated Fare Collection ("AFC") system for Kelana Jaya LRT line and Ampang LRT line for Syarikat Prasarana Negara Berhad and supply of payment cards to banking institutions such as Maybank, Bank Simpanan Nasional, Citibank, AirAsia - Tune Money and loyalty cards to Genting.

For the financial year 2012, the Payment and Transportation Division recorded revenue of RM29.2 million, the drop in revenue as compared to financial year 2010, was mainly due to the completion of National Fuel Subsidy Project in year 2010.

We have continued to expand our services through developing new innovative business solutions and devices to both public and private sectors. For example, our latest mobile terminal, the IPT1000, is a compact, industrial grade, rugged, handheld terminal built specially for instant identification and authentication in mobile environments. This type of device is ideal for industries such as airline check-in, border control, immigration control and even hospitality that require fast and faultless check-in processes to efficiently handle group check-ins while maintaining high levels of customer satisfaction.

Personalization of Europe Master Visa ("EMV") debit / credit cards and loyalty cards is a fast growing service for this division and we continuously expand our production capacities to meet the growth of the payment cards segment in Malaysia. We also have seen rapid growth in the total solution for payment services, which include smartcards, devices, software and supports. These solutions help banks respond to an increasingly diverse range of payment services. Besides banks, we also scale these solutions across related industries and clients.

We have completed the AFC Project Base Contract and Option 1 in May 2012, and are now implementing Option 3 of the contract to perform comprehensive maintenance. By utilizing our experience in the AFC project and applying the principles of quality work from our committed team, IRIS has a good chance to secure other new projects in the Transport segment.

We maintained our efforts in R&D, with a focus on developing robust financial solutions and transport solutions. We also saw increases in EMV sales due to high demand in this segment.

TOP LEFT: AUTOMATIC FARE COLLECTION (AFC) SYSTEM USING CONTACTLESS SMARTCARD
TOP RIGHT: IRIS KOTO SEMI DETACHED HOUSE COMPLETED IN PERLIS

New Business – Acquisitions

We have continued to excel by introducing innovative products and enhancing our solutions through strategic acquisition of technologies. In line with our food security and environmental divisions, we created IRIS KOTO during the financial year under review. This new business has the vision to build homes that are affordable, green and self-sustainable by reducing reliance on concrete, steel and timber. IRIS KOTO offers a smart IBS (Industrialised Building System) solution that promises to reduce carbon footprints, transport costs and project completion time.

In financial year 2012, we acquired several important technologies through joint venture arrangement with inventors and via selective acquisitions, including:

KOTO - a smart, green, high-speed, energy-efficient, sustainable, fully integrated building system for commercial, high rise, upmarket and affordable housing projects;

RB Biotech - hybrid rice technology company that aims to develop and cultivate paddy varieties that produce higher paddy yields, consistent rice quality and resistant to local, common diseases;

Epoch Energy – a carbon cleaning system that provides affordable and environmentally friendly method for restoring engine performance while lowering vehicle emissions;

Food Waste-to-Fertilizer - the accelerated decomposition and transformation of organic fractions of municipal solid waste into organic fertilizer.

Some of these acquisitions and/or joint ventures provide an opportunity to build on our capabilities in sustainable and sophisticated solutions for the Rimbunan Kaseh Project.

Rimbunan Kaseh Project

Rimbunan Kaseh is a community project which is all about making rural space sustainable by providing comfortable homes and amenities, supported by modern and integrated activities. It is also an integrated socioeconomic project to improve living standards, balance the development growth between rural and urban areas, and accelerate rural economic growth through agricultural activities and farm-based industry.

Rimbunan Kaseh embodies IRIS' complete range of solutions to make rural space sustainable by providing a better future for all. Each Rimbunan Kaseh community comprises public amenities like ICT/learning center; handcraft center, surau, retail shops and modern, integrated farm consisting of IRIS Autopot systems, aquaponics system, poultry and organic paddy. Each development not only provides comfortable homes and modern farms, each also builds a thriving farming community enjoying their harvest in more than just crops.

On 25 June 2012, ICB has signed its first Rimbunan Kaseh Programme Agreement with the Pahang State Government to develop an integrated farm with housing using IRIS-KOTO IBS system and modern farming methodologies, and construct basic infrastructure with modern amenities on a piece of land in Kuala Lipis. The agreement amount is RM22.3 million and the project is expected to be completed within 6 months. We expect more similar projects to be implemented in other states in the next financial year.

TOP LEFT: IRIS' SIGNATURE EXPORT CROP – GOLDEN MELONS

TOP RIGHT: IRIS INTEGRATED FARM

FOOD AND AGRO TECHNOLOGY

With the world's population on the rise, one of the most important resources we will need is food. At IRIS, we are utilizing our innovative products and solutions to address this problem. The Food and Agro Technology R&D Unit aims to develop, apply and transfer relevant technologies for new and improved agro & aqua processes and products.

Currently, the Division has set up a total of 11 farms throughout the country to implement various agro and aqua activities such as seedling management, propagation production, pest & disease management, fingerling production, sustainable planting methods & etc. The Division also continues with its initiatives to develop cost-effective technology to produce high value premium agriculture products to Malaysian and Singaporean markets.

Most notably the Rimbunan Kaseh Programme, has now emerged as a significant growth contributor for the Division. Profit growth was mainly driven by efforts to improve operational excellence as well as strategy to introduce and distribute its high value premium agricultural products to the market. Going forward, the Food and Agro Technology Division is poised for positive growth.

ENVIRONMENT AND RENEWABLE ENERGY

It was a challenging year for Environment and Renewable Energy as its performance was affected by a few targeted projects, such as WRP Biomass Power Plant, Sepang and Senegal 135 MW Dual-Fuel Power Plant, which failed to materialize during the financial year under review. However, the Division was able to secure a landfill construction project amounting to RM16 million at Padang Sertik, Pahang. The project is expected to be completed in October 2012.

The Division has now consolidated its position as a total solutions provider for waste management. It now has the capability to undertake any project for waste; from collection to disposal, including incineration, landfill construction and material recovery facility.

RIGHT: WASTE-TO-ENERGY INCINERATION PLANT IN PHUKET

In July 2012, the Division completed the commissioning of its hallmark project – Phuket Waste-to-Energy Incineration Plant. The Plant has a processing capability of 700-tonnes of municipal solid waste per day and will be able to generate 10 mega-watt of electricity to supply to the grid. When it goes into commercial operation in August 2012, its revenue will be derived from the sale of electricity, tipping fees and carbon credit. The project was secured by PJT Technologies Ltd, Thailand in which ICB has subscribed additional 2% equity shares of the company in July 2012 and its shareholding in PJT has now increased to 51% from 49% previously.

In November 2011, the Board decided to venture into a Food Waste-to-Fertilizer Plant in Weinan, China. The investment is through its newly incorporated company in Hong Kong – Regal Energy Limited which owns 65% of equity shares of the newly formed Joint Venture Company – Weinan IRIS Envirowerkz Zhouji Renewable Resources Co., Ltd. The heart of the technology involves the accelerated decomposition and transformation of the organic fractions of food waste into organic fertilizer. This is achieved in 4 hours in pressurized vessels under high temperature and aided by enzymatic reactions. The organic fertilizer produced under this method is superior to chemical fertilizers in enhancing crop yields, is cost effective and provides long term benefits to the environment.

Going forward, the Division will be able to record a more stable income stream from its Phuket waste-to-energy plant and China food waste-to-fertilizer plant in financial year 2013.

OPERATIONS REVIEW
CONT'D

KOTO INDUSTRIALISED BUILDING SYSTEMS

In June 2011, ICB has formed a new company namely IRIS KOTO (M) Sdn Bhd ("IRIS KOTO") to produce and distribute KOTO Building System, a new way to mass manufacture energy efficient housing, commercial buildings, high-rises and affordable housing from a special Processing Line at extraordinary high speeds. It is a solution to the Global Housing Crisis that allows Governments to fulfill their social responsibilities to their people, and provide affordable housing at a very high speed output.

Kaine Telford - The inventor/intellectual property owner of the KOTO Building System, has manufactured a range of construction products since 1974 in Australia. The KOTO Corp Company was born and the outcome from years of research resulted in progress of two fronts:

1. A Continuous Processing Line that could manufacture practically every building component required for construction projects at high speed.

2. New construction methodologies to completely integrate components which will simplify construction procedures.

The unprecedented levels of escalating building material prices and wage pressures due to shortage of skilled workers in the construction industry has resulted in the increasing demand for cost effective and easy to install building materials in the Malaysian market. This is evidenced by the strong demand and support for the Rimbunan Kaseh Project from a few States in Malaysia.

During the financial year, IRIS KOTO set up two manufacturing plants in Peninsula Malaysia and another plant in Kota Kinabalu, Sabah, and has plans to set up another plant in Kuching, Sarawak. Currently all plants are undergoing expansion to increase their production capacities in order to meet the growing demand of IRIS KOTO Panels.

In its first year of business, IRIS KOTO has achieved a remarkable operation performance, out of this, the notable developments include:-

i) PKK Class A contractor license from Ministry of Works Malaysia
ii) Certified IBS status company from CIDB Malaysia
iii) Contract to build 25 rural schools in Sabah from JKR amounting to RM9.3 million
iv) Contract to build 52 low cost houses in Perlis from Zakat Selangor amounting to RM3.8 million

Going forward, we are confident that our IRIS KOTO IBS solutions will deliver impressive performance in financial year 2013 as IRIS KOTO Building Systems reinforces its market position and undertakes initiatives to bolster operational efficiencies.

BOTTOM: IRIS KOTO CONSTRUCTION

Conclusion

The prospect for the coming year looks promising for IRIS despite pre-election sentiments, the sovereign debt concerns in Europe and still-shaky US economy. Despite the challenges ahead, we are already approaching the new financial year with determination. We will leverage our strength from our core competencies: proven technologies, strong global presence and absolute commitment to innovation.

In summary, the Trusted Identification Division is well-positioned for its next phase of growth in international and domestic markets. The Payment and Transportation Division is expected to perform well in the supply of Payment Cards to the banking sector as well as in delivering other solutions and devices to the private and public sectors. The Food and Agro Technology Division's results are expected to be satisfactory once the Rimbunan Kaseh Programme takes off. The Environment and Renewable Energy Division will focus on managing the Phuket Waste-To-Energy Incinerator Plant and China Food Waste-To-Fertilizer Plant and will continue to explore new markets. The outlook for the KOTO Industrialised Building Systems Division is also promising. We expect the emphasis on high-speed and fully integrated building materials to keep growing in line with escalating building material prices and shortage of skilled labour, and in this regard, we are fully equipped to take advantage of such opportunities. With the continued commitment of the IRIS team, we are confident that the growth of the Group would be positive and sustained.

TOP LEFT: IRIS SMART POTS – GROWING LEAFY VEGETABLES

TOP RIGHT: IRIS IMMIGRATION BORDER CONTROL SOFTWARE AND SOLUTION

BOTTOM: RIMBUNAN KASEH RESOURCE CENTRE

**KEESING JOURNAL OF DOCUMENTS & IDENTITY IS AN AUTHORITATIVE MAGAZINE FOR PROFESSIONALS ACTIVE IN THE DOCUMENT SECURITY AND IDENTITY VERIFICATION SECTORS*

TRUSTED
IDENTIFICATION

PAYMENT AND
TRANSPORTATION

FOOD AND AGRO
TECHNOLOGY

ENVIRONMENT AND
RENEWABLE ENERGY

KOTO INDUSTRIALISED
BUILDING SYSTEMS

cultivating better

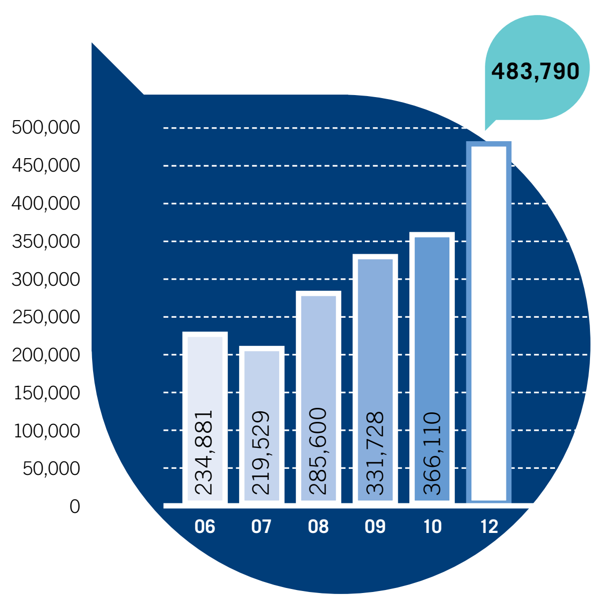
Our modern, integrated farming methodologies are increasing sustainable agricultural production and improving food security

GROUP FINANCIAL SUMMARY

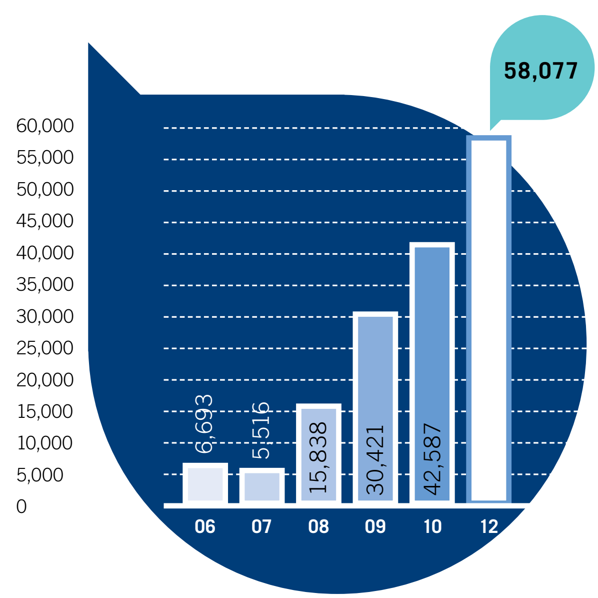
DESCRIPTION	2012* RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
Revenue	**483,790**	366,110	331,728	285,600	219,529	234,881
Profit before taxation	**58,077**	42,587	30,421	15,838	5,516	6,693
Profit after taxation	**40,844**	28,031	15,581	10,632	7,528	4,768
Share capital	**236,257**	216,416	216,416	216,416	216,416	196,886
Reserves	**166,421**	130,108	91,957	61,870	50,799	33,044
Shareholders' fund	**402,678**	346,524	308,373	278,286	267,215	229,930
Non-controlling interest	**(1,000)**	-	-	-	-	-
Total equity	**401,678**	346,524	308,373	278,286	267,215	229,930
Current liabilities	**295,934**	216,896	197,072	165,877	119,579	139,239
Non-current liabilities	**88,953**	122,164	44,541	116,924	140,724	174,159
Total equity and liabilities	**786,565**	685,584	549,986	561,087	527,518	543,328
Non-current assets	**313,330**	315,257	275,236	286,166	292,391	279,148
Current assets	**473,235**	370,327	274,750	274,921	235,127	264,180
Total assets	**786,565**	685,584	549,986	561,087	527,518	543,328
Pre-tax profit margin (%)	**12.00%**	11.63%	9.17%	5.55%	2.51%	2.85%
Post-tax profit margin (%)	**8.44%**	7.66%	4.70%	3.72%	3.43%	2.03%
Basic earnings per share (sen)	**2.91**	1.98	1.11	0.78	0.60	0.47
Net assets per share (sen)	**25.50**	24.45	21.79	19.81	19.52	19.85
Total borrowings to equity ratio (%)	**37.44**	57.47	44.59	65.59	73.66	100.69

**Represents 15 months ended 31 March 2012*

REVENUE
(RM'000)



PROFIT 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

EOW KWAN HOONG
Executive Director

DATO' HAMDAN BIN MOHD HASSAN
Executive Director

SYED ABDULLAH BIN SYED ABD KADIR
Independent Non-Executive Director

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Director

CHAN FEOI CHUN
Independent Non-Executive Director

RIZAL FARIS BIN MOHIDEEN ABDUL KADER
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 Secretary

Eow Kwan Hoong (MIA 3184)
Ng Yen Hoong (LS 008016)
Joanne Toh Joo Ann (LS 0008574)

Auditors

Crowe Horwath
Level 16, Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: +603 2166 0000
Fax: +603 2166 1000

Registered Office

Level 18, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603 2264 8888
Fax: +603 2282 2733

Corporate Office

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

Share Registrar

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Tel: +603 2264 3883
Fax: +603 2282 1886

Principal Bankers

Hong Leong Bank Berhad
Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
AmBank (M) Berhad
Malaysia Debt Ventures Berhad

Stock Exchange Listing

ACE 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
- 25% GMPC CORPORATION SDN BHD
- 44.4% MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD
- 30% PAYSYS (M) SDN BHD
- 60% IRIS CORPORATION NORTH AMERICA LTD

- 100% IRIS ECO POWER SDN BHD
- 51% PJT TECHNOLOGY CO., LTD.
- 100% IRIS WRP ECO POWER SDN BHD
- 70% EPOCH ENERGY TECHNOLOGY SDN BHD (1)
- 100% REGAL ENERGY LIMITED
  - 65% WEINAN IRIS ENVIROWERKZ ZHOUJI RENEWABLE RESOURCES CO., LTD.

- 49% WARISAN ATLET (M) SDN BHD (2)
- 100% IRIS AGROTECH SDN BHD
  - 60% ENDAH FARM SDN BHD
  - 50% UBUD TOWER SDN BHD
- 50% RB BIOTECH SDN BHD

- 60% IRIS LAND SDN BHD
- 100% IRIS HEALTHCARE SDN BHD (3)

- 51% IRIS KOTO (M) SDN BHD (4)
  - 90% IPE INSULATION (M) SDN BHD

Notes

(1) *Formerly known as Ritz Ringgit Sdn Bhd*

(2) *formerly known as My Conquest Sdn Bhd*

(3) *formerly known as Peacock Conglomerate Sdn Bhd*

(4) *Formerly known as Penguin Corporate Sdn Bhd*

AWARDS AND RECOGNITION FOR YEAR 2011 - 2012

MSC APICTA Awards 2011 for Best of e-Government and Services

IRIS' Desktop Multi-document scanner, IRIS AXESS P5000, has been recognised as the award-winning device for e-Government and services category in the 2011 MSC APICTA Awards.

IRIS KOTO Awarded Green Certification for Their Industrialised Building System (IBS) on 20 October 2011

Through stringent testing by the Green Building Council, Australia, IRIS KOTO has been awarded the Green Certification for their KOTO IBS system having the lowest carbon footprint.

IRIS Awarded ISO27001:2005 Certification

IRIS Corporation Berhad has been awarded ISO 27001 certification for Information technology - Security techniques - Information security management systems.

The ISO 27001:2005 certification was awarded to IRIS following a rigorous, thorough auditing process conducted by AJA Registrars (UK) which is accredited by UKAS, to demonstrate its information security management systems are of world-class standard. This internationally recognized security standard highlights IRIS' strict adherence to explicit security policies and requirements as they relate to information security.

ISO 27001:2005 is additional to IRIS' already held ISO 9001 for quality management systems. Achieving ISO 27001 Certification demonstrates IRIS commitment and systematic approach to Information security, business continuity and physical security. This certification also supports IRIS' corporate objectives, while reinforcing a culture of excellence.

Fewer than 55 companies in the Malaysia have been awarded the ISO 27001, with IRIS becoming one of the prestigious few when it was awarded the accreditation. IRIS recognises the reassurance and added value that they give their clients by not only operating to recognised international standards, but having the confidence to submit themselves to independent assessment. It demonstrates the existence of an effective information security management system that satisfies the demands of an independent, external audit.

IRIS Launched World's First Terminal with Intel Atom Processor

At the ICAO Symposium 2011 at Montreal on 12 September, IRIS launched its new handheld passport reader, IRIS IPT 1000 (Intelligent Portable Terminal). It's the first handheld terminal in the world with Intel's Atom processor. With a processing speed of 1.1 GHz, the terminal's enhanced computing performance has made operations more efficient. Equipped with 'Always-On' technology, the IPT1000 can be used for mission critical applications such as border control, immigration and airport security. The device features an innovative "Hot Swappable Power" architecture, minimizing delay and downtime.

TRUSTED IDENTIFICATION

PAYMENT AND TRANSPORTATION

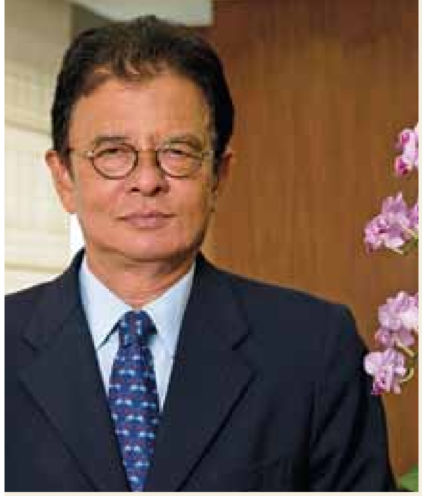
FOOD AND AGRO TECHNOLOGY

ENVIRONMENT AND RENEWABLE ENERGY

KOTO INDUSTRIALISED BUILDING SYSTEMS

Our waste management and renewable energy products and solutions are preserving the environment for future generations

preserving nature



PROFILE OF DIRECTORS

Tan Sri Razali Bin Ismail

CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 73, 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 held various posts; Ambassador to Poland concurrently German Democratic Republic, Czechoslovakia and Hungary, High Commissioner to India, Deputy Secretary-General (Political Affairs) and Permanent Representative to the United Nations ("UN"). At the UN, he served in various capacities: Chairman of the Group of 77, President of the UN Security Council, Chairman of the Commission on Sustainable Development and President of the United Nations General Assembly.

He was involved in articulating and developing positions in various bodies on issues such as development and sustainability, poverty and marginalisation, political reforms in the UN and issues of human rights and the environment. He continues to keep abreast on these subjects at home and abroad, through participation at seminars etc. and interacting with personalities and bodies, ties established earlier. He was the UN Secretary-General's Special Envoy for Myanmar from April 2000 to December 2005.

He is involved in IT and environmental industries specifically in renewable energy and solar, and is the Pro Chancellor of the University Science Malaysia, the Chairman of the National Peace Volunteer Corp (Yayasan Salam), and the Chairman of a grant organization on Natural Disaster, Force of Nature (FON).

He is currently a director of Cypark Resources Berhad, Allianz Malaysia Berhad, Allianz General Insurance Company (Malaysia) Berhad, Allianz Life Insurance Malaysia 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 76, 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 Strateq Sdn Bhd, 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 currently the director of Axis REIT Managers Berhad, Berjaya Assets Bhd, Jotun (M) Sdn Bhd, Vision Four Production Sdn Bhd, DHL Worldwide Express (M) Sdn Bhd and several private limited companies.

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 54, 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.

On 1 December 2010, Dato' Tan was recognized at the Ernst & Young Entrepreneur of the year 2010 Technopreneur of the year, the prestigious business award pays tribute to exemplary business-building by an entrepreneur within the technology industry.

PROFILE OF DIRECTORS
CONT'D

Eow Kwan Hoong
EXECUTIVE DIRECTOR

A Malaysian aged 59, was appointed to the Board on 2 May 2002.

He is a fellow member of the Chartered Institute of Management Accountants (CIMA), UK and a member of the Malaysian Institute of Accountants. He was the President of CIMA Malaysia Division from June 2006 to June 2008. Currently, he serves as the Chairman of the South East Asia Regional Board of CIMA UK.

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, Delloyd Ventures Berhad, Lion AMB Resources Berhad (formerly known as Silverstone Corporation Berhad) and several private limited companies.

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

Dato' Hamdan Bin Mohd Hassan
EXECUTIVE DIRECTOR

A Malaysian aged 53, was appointed to the Board on 17 October 2011. He graduated with a Diploma in Computer Science from Universiti Teknologi MARA and Advance Diploma in Computer Programming from City & Guilds, UK.

Dato' Hamdan began his career with Bank Simpanan Nasional Berhad as Programmer Analyst in 1985, and was part of the Senior Management team responsible for the Computer Network Management System Department prior to his early retirement from the bank in 2002.

In 2002, he joined a property development company – CY Hitech Development Sdn Bhd as Executive Chairman. He left in 2004 and joined Ukay Spring Development Sdn Bhd as Executive Director and was responsible for the development of 56 acres of land in Bukit Antarabangsa. He then left in 2006 to join Metroworld Development Sdn Bhd as Group Executive Director and was involved in the development of a high end condominium project at Jalan Damai off Jalan Ampang, Kuala Lumpur. He held the position until 2009.

He is currently the Director and Shareholder of IRIS Land Sdn Bhd, a 60% owned subsidiary of IRIS Corporation Berhad and several private limited companies involved in sand dredging and reclamation works.

Syed Abdullah Bin Syed Abd Kadir
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 58, was appointed to the Board on 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 is currently also a Director of YTL Corporation Berhad, YTL Power International Berhad, YTL E-Solutions Berhad, Versatile Creative Berhad and Stenta Films (M) Sdn Bhd. He is also an alternate trustee in Perdana Leadership Foundation.

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

Datuk Kamaruddin Bin Taib
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 54, was appointed to the Board on 6 November 2003. He graduated with a 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 Managing Director for several Companies listed on Bursa Malaysia and Director of various private limited 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 an Independent Non-Executive Director of GHL Systems Berhad, Chairman & Independent Non-Executive Director of Alkhair International Islamic Bank Berhad, Independent Non-Executive Director of Great Eastern Life Assurance (Malaysia) Berhad, Independent Non-Executive Director of Great Eastern Takaful Sdn Bhd and is also a Director of several private limited companies.

Datuk Kamaruddin currently serves as a member of Audit Committee.

PROFILE OF DIRECTORS
CONT'D

Notes

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.*

Chan Feoi Chun
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 59, was appointed to the Board on 23 January 2009. He graduated with a Master of Business Studies (Banking & Finance) from University College Dublin, Ireland and a graduate from the 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 immediate past-president of CIMA Malaysia Division and Council Member of Malaysian Institute of Accountants.

He has gained extensive experience for 33 years from the international working experience in Britain and Thailand and in 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, an Independent Director and Audit Committee Chairman of Perisai Petroleum Teknologi Berhad and a Director of Versatile Creative Berhad.

Mr. Chan currently serves as member of Audit Committee.

Rizal Faris Bin Mohideen Abdul Kader
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 41, was appointed to the Board on 1 July 2009. He graduated with a Diploma of Law in U.K.

He has an extensive experience in the facilities management to a whole array of intra-industry services such as asset management, construction, trading and IT. He is actively involved in the development of the intra-industry services both local and overseas.

Being a passion and strong belief development entrepreneur, he has played a pivotal role in setting up the Youth Wing (Dewan Muda) of Malay Chamber of Commerce Malaysia. He is now the Yang Di Pertua (President) Malay Chamber of Commerce Malaysia, Penang. He also represents the Penang private sector in Indonesia Malaysia Thailand Growth Triangle.

He is currently the Founder and Executive Chairman of Kemuncak Group of Companies.

KEY MANAGEMENT TEAM

1 Dato' Tan Say Jim
MANAGING DIRECTOR

2 Dato' Lee Kwee Hiang
EXECUTIVE DIRECTOR
OPERATION AND MANUFACTURING

3 Yap Hock Eng
EXECUTIVE DIRECTOR
HUMAN RESOURCE & TECHNOLOGY

4 Eow Kwan Hoong
EXECUTIVE DIRECTOR
FINANCE

5 Dato' Hamdan Bin Mohd Hassan
EXECUTIVE DIRECTOR
KEY ACCOUNT

6 Su Thai Ping
MANAGING DIRECTOR
ENVIRONMENT AND RENEWABLE ENERGY

7 Dato' Mohamad Suparadi Bin Md Noor
EXECUTIVE DIRECTOR
BUSINESS DEVELOPMENT

Whether it is business performance or product innovation, community action or environmental stewardship, IRIS rises to each commitment with a true sense of responsibility.

IRIS believes in a balanced, sustainable approach to corporate giving by aligning all effort and action with our core values in order to maximise the impact we can make on the environment, local communities, education, and sport as well as to society at large.

CORPORATE SOCIAL RESPONSIBILITIES

Environment

2 **GLOBAL ENVIRONMENT CENTRE (GEC)** – in 2011, 40 refurbished PCs were donated to the offices of this non-profit conservation organisation which addresses key environmental issues of global importance such as climate change, biodiversity and water resources;

Local Communities

1 **PUSAT KOMUNITI PERUMAHAN BERSEPADU KG. PADANG RUMBIA, MUKIM PULAU MANIS, PEKAN, PAHANG** – on 15 January 2012, in partnership with DRB HICOM, the we built and handed over a 52-home housing estate complete with a modern farm supported by facilities for recreation and commerce for the less fortunate residents of Pekan;

Education

UNIVERSITI TEKNOLOGI MALAYSIA (UTM) – in July 2012, we initiated collaboration with UTM that explores areas for cooperation in the development, promotion and furtherance of university-level research and education on software development for information and multimedia technology, engineering and computer sciences;

Sport

PERFORMANCE-BASED DONATION SCHEME – we continue to team up with Malaysian athletes and their coaches who are at the top of their games, by making monetary donations matching percentages based on prize monies won at various international sporting events;

MAJLIS SUKAN NEGARA (MSN) – in encouraging the proliferation of sport in Malaysia, we offered partial sponsorship to help Persatuan Bola Sepak Pulau Pinang (Football Association of Penang) meet its 2012 expenses;

Society

3 **NATIONAL AUTISM SOCIETY OF MALAYSIA (NASOM)** – in July 2012, IRIS continued our efforts to uplift the plight of Malaysia's less privileged by contributing profits from the sale of golden melons and rock melons cultivated on the grounds within Seri Perdana and in Seri Perdana's satellite farm in Kg Endah, Morib in an exclusive CSR partnership with the official residence of the Prime Minister of Malaysia;

4 **MAJLIS RUMAH TERBUKA 1MALAYSIA** – we hosted an open house in September 2011 for some 2000 residents of Tanjung Tualang and neighbouring communities together with YB Dato' Lee Chee Leong, Deputy Home Minister who is also the Member of Parliament for the Kampar constituency in Perak;

RUMAH AMAL ANAK YATIM YPIN – in July 2011, through our Sports and Recreation Club, we organised a campaign among management and staff to donate food items in conjunction with their visit to the orphanage located in Kg Sg Manggis, Banting, Selangor. The resident orphans were also treated to a sumptuous meal at a nearby fast food outlet;

NATIONAL BLOOD BANK – twice a year, our employees continue to donate blood in our perpetual commitment towards helping save lives and boosting blood supplies at the National Blood Bank.

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CALENDAR OF EVENTS

Events Year 2011 - 2012

2 **8th Government Discussion Forum on Electronic Identity**
Le Meridien, New Delhi, India
23 - 25 February 2011

Cartes In Asia 2011
AsiaWorld-Expo, Hong Kong
29 - 31 March 2011

Cards Asia 2011
SUNTEC International Convention & Exhibition Center, Singapore
13 - 15 April 2011

1 **Launching of IRIS KOTO Showhouse by Tun Abdullah bin Haji Ahmad Badawi**
IRIS Rooftop
4 May 2011

IRIS 17th Annual General Meeting
IRIS Smart Complex
22 June 2011

2nd General Police & Special Equipment Asia Exhibition 2011
PICC, Putrajaya
27 - 29 June 2011

3 **7th ICAO Symposium 2011**
ICAO HQ, Montreal, Canada
12 - 15 September 2011

4 **Cartes & Identification Exhibition 2011**
Paris-Nord Villepinte, Paris, France
15 - 17 September 2011

CIMB Asia Pacific Classic (PGA Tour)
Mines Golf Resort, Kuala Lumpur
27 - 30 October 2011

5 **IRIS Annual Dinner "Hats & Masks Masquerade"**
Shangri-La Kuala Lumpur
16 December 2011

Digital ID World Africa 2012
Sandton Convention Center
Johannesburg, South Africa
13 - 16 March 2012

ID World Rio De Janeiro 2012
Rio de Janeiro, Brazil
4 - 5 June 2012

2nd Conference On Technical Cooperation & Capacity Building For Border Management
Napalai Room, Dusit Thani Hotel, Bangkok
5 - 7 June 2012

1St Latin American High Security Printing Conference
Sheraton Rio Hotel & Resort, Rio De Janeiro, Brazil
2 - 4 July 2012

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Visitors 2011 - 2012

15.03.2011
The Honourable Mr. Mbarak Abdulwakil, Permanent Secretary, Ministry of Home Affairs, Tanzania

07.04.2011
1 Advocate Shahara Khatun MP, Honourable Minister, Minister of Home Affairs, Government of Bangladesh

06.05.2011
4 The Right Honorable Dr. Pakalitha Mosisili, Prime Minister of Lesotho

18.05.2011
H.E. Dr. Riek Machar Teny Dhurgon, Vice President, Government of Southern Sudan

18.06.2011
2 The Hon. Dr. Gloria Somolekae, Assistant Minister, Republic of Botswana

20.07.2011
Hon. Andrew Kumbakor, Ministry of Housing and Urban Development, Independent State of Papua New Guinea

02.10.2011
Members of Parliament from the State of Zanzibar, United Republic of Tanzania

09.10.2011
3 H.E. Mr. Ousmane Ngom, Minister of the Interior, Republic of Senegal

09.10.2011
3 H.E. Madam Nafy Diouf Ngom, Minister of Transport, Republic of Senegal

01.11.2011
General Mohamed N. Hersi, Director General National Intelligence Agency, Republic of Somaliland

17.11.2011
H.E. Mr. Askar Beshimov, Ambassador Extraordinary & Plenipotentiary of Republic of Kyrgyzstan

01.12.2011
The Right Honorable Madame Awa Ndiaye, Minister of Culture, Gender and Environment, Republic of Senegal

06.12.2011
H.E. Professor Elzubeir Bashir Taha, Governor of Al Gezirah State, Republic of Sudan

06.12.2011
YBhg Datuk Pang Yuk Min, Deputy Minister of Works, Sabah

09.03.2012
Officials from the Embassy of Mexico

21.05.2012
Ministry of Agriculture, Irrigation and Livestock (MAIL) Afghanistan

23.06.2012
Philippines President Office and the Autonomous Region Governor

28.06.2012
H.E. Professor Alpha Conde, President of the Republic of Guinea


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TRUSTED IDENTIFICATION

PAYMENT AND TRANSPORTATION

FOOD AND AGRO TECHNOLOGY

ENVIRONMENT AND RENEWABLE ENERGY

KOTO INDUSTRIALISED BUILDING SYSTEMS

Our energy-efficient and durable building materials are creating affordable homes and communities around the world

building smarter

STATEMENT ON CORPORATE GOVERNANCE

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 has considered that it has adopted and complied the principles and best practices as set out in the Malaysian Code on Corporate Governance.

The following are the statement explaining how the Group has applied the principles and complied with the best practices provisions laid out in the Code throughout the fifteen months ended 31 March 2012.

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 nine (9) directors, comprising of one Non Independent Non-Executive Director, who is the Chairman, three 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") for ACE Market 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 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 30 to 35.

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 period from 1 January 2011 to 31 March 2012, the Board met five (5) 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 period from 1 January 2011 to 31 March 2012 are as follows:

	TOTAL MEETINGS ATTENDED BY DIRECTOR
Tan Sri Razali Bin Ismail	4/5
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	5/5
Dato' Tan Say Jim	5/5
Syed Abdullah Bin Syed Abd Kadir	5/5
Dato' Hamdan Bin Mohd Hassan	2/2
Eow Kwan Hoong	5/5
Datuk Kamaruddin Bin Taib	5/5
Dato' Noorazman Bin Abd Aziz	0/2
Chan Feoi Chun	5/5
Datuk Domami Bin Hussain	1/2
Indran A/L Swaminathan	2/4
Rizal Faris Bin Mohideen Abdul Kader	3/5

APPOINTMENTS TO THE BOARD

NOMINATION COMMITTEE

The Nomination Committee consist 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 committee 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 Securities. 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.

STATEMENT ON CORPORATE GOVERNANCE
CONT'D

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 of the directors were as follows:

- Board Effectiveness : Redefining the Roles & Functions of an Independent Director
- Converge, Transform, Sustain: Towards World Class Excellence
- Corporate Finance
- Demystifying Fraud: What Directors Need To Know
- Financial Institutions Directors' Education ("FIDE") Programme
- ISO 27001: 2005 Business Continuity Management
- Key Amendments To Listing Requirements and Corporate Disclosure Guide
- The 8th China – ASEAN Business & Investment
- Update of Corporate Governance Blueprint 2011

RE-ELECTION OF DIRECTOR

In accordance to the Company's Articles of Association, all newly appointed Directors share 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. A retiring director shall retain until the close of the meeting at which he retires.

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 practiced 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 Securities on the disclosure of remuneration of Directors on Group basis for the financial period from 1 January 2011 to 31 March 2012 is set out as follows:

AGGREGATE REMUNERATION

	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM
Basic salaries, bonus and allowance	1,267,597	–
Defined contribution plan	147,660	–
Benefits-in-kind	39,745	–
Fees	59,167	751,417
Total	**1,514,169**	**751,417**

ANALYSIS OF REMUNERATION

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	–	7
RM100,001 – RM200,000	1	1
RM300,001 – RM400,000	–	1
RM500,001 – RM600,000	1	–
RM800,001 – RM900,000	1	–

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 Securities for ACE Market. 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 approved 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 risks; 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 page 50 to 51.

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.

AUDIT COMMITTEE REPORT

Objectives

Audit Committee is established to support and advise the Company's Board of Director ("the Board") in relation to the IRIS Group of companies. The primary objective of the audit committee is 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 Audit 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:

1. The Audit Committee shall be composed of no fewer than three (3) members, whom shall be Non-Executive Directors.
2. A majority of the Audit Committee must be Independent Directors.
3. The Chairman of the Audit Committee shall be an Independent Non-Executive Director.
4. The Audit Committee shall be financially literate.
5. At least one member of the Audit Committee shall fulfill the following:

    i) must be a member of the Malaysian Institute of Accountants; or
    ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years of working experience and:
        a) he must have passed the examinations specified in Part I of the First 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 First Schedule of the Accountants Act 1967; or
    iii) must have at least three (3) years' post qualification experience in accounting or finance;
        a) has a degree/master/doctorate in accounting or finance; or
        b) is a member of one (1) of the professional accountancy organisations which has been admitted as a full member of the International Federation of Accountants; or
    iv) must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation; or
    v) 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, any 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/she leaves.

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

Committee Meetings

1. 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.
2. There should be at least two meetings with the external auditors without the executive director present.
3. The quorum for any meeting shall be at least two (2) members where a majority of members present must be independent directors. In the absence of the Chairman of the Audit Committee, the members present shall nominate one amongst themselves to act as the Chairman of the Meeting.
4. Upon the request of any member of the Audit Committee, the external auditors or the internal auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider matters which should be brought to the attention of the directors or shareholders.
5. The external auditors and internal auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so by the Audit Committee.
6. The Audit Committee may invite any Board member or any member of management or any employee of the Company whom the Audit Committee thinks fit to attend its meetings, assist and provide pertinent information as necessary.
7. 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.
8. The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee.
9. The Secretary/Secretaries shall be entrusted to record all proceedings and minutes of the Audit Committee's meetings which shall be kept and circulated to all members of the Audit Committee and of the Board.

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:-

1. Full and unrestricted access to any information pertaining to the Company and the Group in the course of performing its duties;
2. Direct communication channels with the external and internal auditors or person (s) carrying out the internal audit function;
3. Full access to any employee or member of the management; and
4. 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:
   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;

Duties And Responsibilities (Cont'd)

1. To review the following and report the same to the Board (Cont'd):

    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 Group with both the external auditors and the management;

    f. the audit plan, his evaluation of the system of internal control and the auditors' report with the external auditors;

    g. any management letter sent by the external auditors and the management's response to such letter;

    h. any letter of resignation from the external auditors.

    i. the quarterly results and year end financial statements of the Group and thereafter submit to the Board, focusing particularly on:
    - changes in or implementation of accounting policies and practices;
    - significant adjustments or unusual events; and
    - compliance with accounting standards, regulatory and other legal requirements.

    j. the assistance given by the employees of the Group to the external auditors;

    k. all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and

    l. all related party transactions and potential conflict of interests situations that may arise within the Group and the Company.

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 Group's external auditors is not suitable for re-appointment.
3. To carry out any other function that may be mutually agreed upon by the Audit Committee and the Board, which would be beneficial to the Group and ensure the effectiveness discharge of the Committee's duties and responsibilities.
4. The Audit Committee's actions shall be reported to the Board with such recommendations as the Audit Committee deems appropriate.

If the Audit Committee is of the view that a matter reported to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Malaysia Securities Berhad for ACE Market, the Audit Committee has the responsibility for reporting such matters to the relevant authority. The Audit Committee shall have the discretion to undertake such action independently from the Board of Directors.

Membership and Attendance at Meeting

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

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	Member Independent Non-Executive Director

The details of attendance as at 31 March 2012 as set out below:

NAME OF AUDIT COMMITTEE	TOTAL MEETINGS ATTENDED BY MEMBERS
YAM Tunku Dato'Seri Shahabuddin Bin Tunku Besar Burhanuddin	5/5
Syed Abdullah bin Syed Abd Kadir	5/5
Datuk Kamaruddin bin Taib	5/5
Chan Feoi Chun	5/5

Summary Of Activities During The Financial Year

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

1. Reviewed the quarterly unaudited financial results of the Group and the Company 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 Group and the Company.
7. Received and reviewed of internal audit reports
8. Reviewed internal audit plans for the financial year of the Group and the Company, prepared by internal auditors.

Internal Audit Function

The Group appointed Baker Tilly Monteiro Heng Governance Sdn Bhd as the Internal Auditors of the Group since Year 2011, of which is an independent professional firm.

The Internal Auditors are 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.

STATEMENT ON INTERNAL CONTROL

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 Rule 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for Ace Market, 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 period 1 January 2011 to 31 March 2012.

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, enduring 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 form 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.

Internal Audit Function

The Group appointed Baker Tilly Monteiro Heng Governance Sdn Bhd as the Internal Auditors of the Group since Year 2011, of which is an independent professional firm.

The Internal Auditors support the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal controls. The Internal Auditors submit 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.

The cost incurred for Internal Audit services in respect of the financial period from 1 January 2011 to 31 March 2012 was approximately RM48,300.

Conclusion

The Board is pleased to report that there were no material losses incurred during the financial period 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 the financial position of the Group and of the Company at the end of the financial year and of their financial performance and cash flows of the Group 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 Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The Directors have considered that all Financial Reporting Standards have been followed in preparing the financial statements for the financial from 1 January 2011 to 31 March 2012. 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 Financial Reporting Standards and the Companies Act, 1965 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.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities') for ACE Market.

1. *Utilisation Of Proceeds Raised From Corporate Proposal*

There were no proceeds raised by the Company from corporate proposals during the financial period from 1 January 2011 to 31 March 2012 except as below:

a) Private Placement of new ordinary shares of RM0.15 each in the Company representing up to ten percent (10%) of the Company's issued and paid-up share capital ("Private Placement")

On 8 August 2011, 132,275,100 New Ordinary Shares were issued pursuant to the Private Placement and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 11 August 2011.

The details of the utilisation of the proceeds from the Private Placement up to 31 March 2012 were as follows:-

DESCRIPTION	PROPOSED UTILISATION (RM'000)	ACTUAL UTILISATION (RM'000)	BALANCE TO BE UTILISED (RM'000)
Working capital for the Group's Trusted Identity ("**TI**") projects overseas	10,000	10,000	–
Enhancement of the Group's TI business	10,000	10,000	–
Total	**20,000**	**20,000**	**–**

2. *Share Buy-Back*

The Company did not make any proposal for share buy-back during the financial period from 1 January 2011 to 31 March 2012.

3. *Options, Warrants or Convertible Securities*

There was no exercise of warrants during the financial period from 1 January 2011 to 31 March 2012.

Non-Cumulative Irredeemable Convertible Preference Shares ("ICPS") totaling of 25,666,204 units was converted into 25,666,204 ordinary share of RM0.15 each for the financial period from 1 January 2011 to 31 March 2012.

Save as disclosed below, the Company did not issue any other Option, Warrants or Convertible securities for the financial period from 1 January 2011 to 31 March 2012 under review.

4. *American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")*

The Company did not sponsor any ADR or GDR programme during the financial period from 1 January 2011 to 31 March 2012.

ADDITIONAL COMPLIANCE INFORMATION
CONT'D

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 period from 1 January 2011 to 31 March 2012.

6. *Non-Audit Fees*

There was no non-audit fees incurred and paid to the external auditors of the Company and its subsidiaries for the financial period from 1 January 2011 to 31 March 2012 under review.

7. *Variation in Results*

There is no materials variance between the audited results for the financial period from 1 January 2011 to 31 March 2012 and the unaudited results previously announced.

8. *Profit Guarantee*

During the financial period from 1 January 2011 to 31 March 2012, the Group and the Company did not give any profit guarantee.

9. *Material Contracts Involving Directors' and Major Shareholders'*

For the financial period from 1 January 2011 to 31 March 2012, 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 subsidiaries on landed properties during the financial period from 1 January 2011 to 31 March 2012. Revaluation will be carried out when deemed appropriate by the directors or at least once in every 5 years.

11. *List of Properties*

For the financial period from 1 January 2011 to 31 March 2012, the list of the property as set out below:

LOCATION	DESCRIPTION OF LAND	LAND AREA (SQ.FT.)	BUILT-UP AREA (SQ. FT.)	EXISTING USE	TENURE/LEASE PERIOD	AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING VALUE (RM'000)
H.S (D) 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 60 years, expiring on 17 July 2055)	17	17 July 1995	83,277

12. *Recurrent Related Party Transactions of A Revenue or Trading Nature*

The details of the recurrent related party transactions are disclosed on pages 127 to 128.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial period from 1 January 2011 to 31 March 2012.

CHANGE OF ACCOUNTING YEAR END

The Company changed its accounting year end from 31 December to 31 March to facilitate the efficiency in financial reporting.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of technology consulting, and the implementation of digital identity and business solutions. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation	40,844	73,336
Attributable to:-		
Owners of the Company	43,653	73,336
Non-controlling interests	(2,809)	–
	40,844	73,336

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final tax-exempt dividend of 0.45 sen per ordinary share amounting to RM7,087,707 in respect of the previous financial year.

At the forthcoming Annual General Meeting, a first and final tax-exempt dividend of 0.45 sen per ordinary share amounting to RM7,087,707 in respect of the current financial period will be proposed for shareholders' approval. The financial statements for the current financial period do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for as a liability in the financial year ending 31 March 2013.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial period are disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial period,

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

(b) the conversion of 25,666,204 non-cumulative irredeemable convertible preference shares ("ICPS") of RM0.15 each into 25,666,204 ordinary shares of RM0.15 each. The new shares which arose from the conversion of the ICPS rank pari passu in all respects with the existing shares of the Company (Note 22);

(c) the Company increased its issued and paid up share capital from RM216,415,636 to RM236,256,901 by way of allotment of 132,275,100 new ordinary shares of RM0.15 each at an issue price of RM0.1512 for working capital purposes. The shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial period, no options were granted by the Company to any person to take up any unissued shares in the Company.

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. On 26 June 2011, the above said ICPS had expired and all the unexercised ICPS had been mandatorily cancelled and converted into new ordinary shares on the basis of one (1) ICPS for one (1) new ordinary share. The main features of the ICPS are disclosed in Note 22 to the financial statements.

WARRANTS

WARRANTS A

On 24 April 2006, the Company executed a deed poll pertaining to the creation and issuance of 55,251,530 2006/2016 free detachable warrants ("Warrants A").

On 27 June 2006, the Company issued 55,251,530 units of Warrants A to the shareholders of the Company on the basis of twenty (20) ICPS and three (3) free Warrants A for every fifty (50) existing ordinary shares of RM0.15 each held in the Company. The Warrants A were listed on the ACE Market of Bursa Malaysia Securities Berhad. The main features of the 2006/2016 Warrants A are disclosed in Note 22 to the financial statements.

As at the end of the financial period, 46,617,589 Warrants A remained unexercised.

WARRANTS B

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2010/2016) ("Warrants B") to the shareholders of the Company on the basis of three (3) Warrants B for every twenty (20) existing ordinary shares held in the Company at the issue price of RM0.05 per Warrants B. The Warrants B were listed on the ACE Market of Bursa Malaysia Securities Berhad. The main features of the Warrants B are disclosed in Note 22 to the financial statements.

As at the end of the financial period, 212,326,987 Warrants B 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 impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables 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 48 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 period 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 period.

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 period 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 period were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

ITEMS OF AN UNUSUAL NATURE (CONT'D)

There has not arisen in the interval between the end of the financial period 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 period.

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
EOW KWAN HOONG
DATUK KAMARUDDIN BIN TAIB
SYED ABDULLAH BIN SYED ABD KADIR
CHAN FEOI CHUN
RIZAL FARIS BIN MOHIDEEN ABDUL KADER
HAMDAN BIN MOHD HASSAN (APPOINTED ON 17 OCTOBER 2011)
DOMANI BIN HUSSAIN (RESIGNED ON 27 JUNE 2011)
DATO' NOORAZMAN BIN ABD. AZIZ (RESIGNED ON 1 AUGUST 2011)
INDRAN A/L SWAMINATHAN (VACATED OFFICE ON 22 FEBRUARY 2012)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.15 EACH				
	AT 1.1.2011	BOUGHT	ICPS CONVERSION	SOLD	AT 31.3.2012
THE COMPANY					
DIRECT INTERESTS:					
Tan Sri Razali Bin Ismail	39,551,733	–	–	–	39,551,733
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	2,666,667	–	1,866,666	–	4,533,333
Dato' Tan Say Jim	46,492,233	–	–	–	46,492,233
Eow Kwan Hoong	1,593,333	–	–	–	1,593,333
Syed Abdullah Bin Syed Abd Kadir	333,333	–	133,333	–	466,666
Chan Feoi Chun	100,000	–	–	–	100,000
INDIRECT INTERESTS:					
Dato' Tan Say Jim #	126,424,033	–	–	–	126,424,033

\# *Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn. Bhd.*

DIRECTORS' INTERESTS (CONT'D)

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

	NUMBER OF ORDINARY SHARES OF RM0.15 EACH				
	AT 1.1.2011	BOUGHT	ICPS CONVERSION	SOLD	AT 31.3.2012
IRIS LAND SDN BHD					
DIRECT INTERESTS:					
Hamdan Bin Mohd Hassan	–	40,000	–	–	40,000

	NUMBER OF NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES OF RM0.15 EACH		
	AT 1.1.2011	CONVERSION TO ORDINARY SHARES	AT 31.3.2012
THE COMPANY			
DIRECT INTERESTS :			
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	1,866,666	(1,866,666)	–
Syed Abdullah Bin Syed Abd Kadir	133,333	(133,333)	–

	NUMBER OF WARRANTS A			
	AT 1.1.2011	BOUGHT	SOLD	AT 31.3.2012
THE COMPANY				
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
Syed Abdullah Bin Syed Abd Kadir	19,999	–	–	19,999
Chan Feoi Chun	1,800	–	–	1,800
INDIRECT INTERESTS:				
Dato' Tan Say Jim #	40	–	–	40

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

DIRECTORS' INTERESTS (CONT'D)

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

	NUMBER OF WARRANTS B			
	AT 1.1.2011	ALLOTMENT	SOLD	AT 31.3.2012
THE COMPANY				
DIRECT INTERESTS:				
Tan Sri Razali Bin Ismail	1,000,000	–	–	1,000,000
Dato' Tan Say Jim	6,973,834	–	–	6,973,834
Eow Kwan Hoong	250,000	–	–	250,000
Syed Abdullah Bin Syed Abd Kadir	49,999	–	–	49,999
INDIRECT INTEREST:				
Dato' Tan Say Jim #	104	–	–	104

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

By virtue of their interests in shares in the Company, Tan Sri Razali Bin Ismail and Dato' Tan Say Jim are deemed to have interests in the shares in its related corporations during the financial period to the extent of the Company's interests, in accordance with Section 6A of the Companies Act 1965.

The other directors, Datuk Kamaruddin Bin Taib and Rizal Faris Bin Mohideen Abdul Kader had no interests in shares in the Company or its related corporations during the financial period.

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 49 to the financial statements.

Neither during nor at the end of the financial period was the Group or 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are disclosed in Note 51 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD
The significant events subsequent to the financial period are disclosed in Note 52 to the financial statements.

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

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

DATO' TAN SAY JIM

EOW KWAN HOONG

STATEMENT BY DIRECTORS

We, Dato' Tan Say Jim and Eow Kwan Hoong, being two of the directors of IRIS Corporation Berhad, state that, in the opinion of the directors, the financial statements set out on pages 67 to 145 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 March 2012 and of their results and cash flows for the financial period ended on that date.

The supplementary information set out in Note 55, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

SIGNED IN ACCORDANCE WITH A RESOLUTION OF THE DIRECTORS
DATED

DATO' TAN SAY JIM

EOW KWAN HOONG

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 67 to 145 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
Datin Hajah Raihela Wanchik
(No. W -275)

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IRIS CORPORATION BERHAD

(Incorporated in Malaysia)
Company No: 302232-X

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of IRIS Corporation Berhad, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 67 to 145.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 of the financial statements that give a true and fair view 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 March 2012 and of their financial performance and cash flows for the financial period then ended.

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 all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

(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.

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

(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.

The supplementary information set out in Note 55 on page 145 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

CROWE HORWATH
Firm No: AF 1018
Chartered Accountants

JAMES CHAN KUAN CHEE
Approval No: 2271/10/13 (J)
Chartered Accountant

Kuala Lumpur
27 July 2012

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012

		THE GROUP		THE COMPANY	
	NOTE	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	**–**	–	**149,631**	180,294
Investment in associates	6	**40,802**	42,497	**43,614**	42,290
Property, plant and equipment	7	**117,146**	114,876	**108,185**	4,004
Concession assets	8	**10,229**	8,720	**10,229**	8,720
Development costs	9	**336**	2,048	**336**	2,048
Intellectual properties	10	**9,008**	10,799	**9,008**	5,122
Available-for-sales financial assets	11	**406**	406	**406**	406
Deferred tax assets	12	**–**	1,929	**–**	1,929
Goodwill on consolidation	13	**135,403**	133,982	**–**	–
		313,330	315,257	**321,409**	244,813
CURRENT ASSETS					
Inventories	14	**57,411**	69,429	**48,367**	43,207
Trade receivables	15	**210,542**	140,995	**134,305**	82,204
Amount owing by contract customers	16	**30,850**	21,752	**21,351**	19,498
Other receivables, deposits and prepayments	17	**66,652**	42,837	**56,633**	25,940
Amount owing by subsidiaries	18	**–**	–	**119,709**	60,820
Amount owing by associates	19	**17,016**	62,947	**9,482**	20,873
Amount owing by related parties	20	**176**	353	**176**	349
Tax refundable		**1,764**	338	**1,764**	338
Deposits with licensed banks	21	**27,063**	12,458	**26,252**	10,765
Cash and bank balances		**61,761**	19,218	**51,904**	13,803
		473,235	370,327	**469,943**	277,797
TOTAL ASSETS		**786,565**	685,584	**791,352**	522,610

The annexed notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2012
CONT'D

	NOTE	THE GROUP 31.3.2012 RM'000	THE GROUP 31.12.2010 RM'000	THE COMPANY 31.3.2012 RM'000	THE COMPANY 31.12.2010 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	22	**236,257**	216,416	**236,257**	216,416
Share premium	23	**35,211**	35,052	**35,211**	35,052
Warrants reserve	24	**10,616**	10,616	**10,616**	10,616
Foreign exchange translation reserve	25	**(930)**	(518)	**–**	–
Revaluation reserve	26	**27,233**	27,642	**–**	–
Retained earnings/(Accumulated loss)	27	**94,291**	57,316	**30,116**	(36,133)
SHAREHOLDERS' FUND		**402,678**	346,524	**312,200**	225,951
Non–controlling interest		**(1,000)**	–	**–**	–
TOTAL EQUITY		**401,678**	346,524	**312,200**	225,951
NON-CURRENT LIABILITIES					
Hire purchase payables	28	**2,729**	2,893	**2,120**	1,742
Lease payables	29	**666**	1,255	**666**	1,211
Term loans	30	**72,978**	102,728	**72,978**	102,728
Deferred tax liabilities	31	**12,580**	15,288	**12,571**	–
		88,953	122,164	**88,335**	105,681
CURRENT LIABILITIES					
Trade payables	32	**33,465**	27,320	**25,735**	9,564
Other payables and accruals	33	**182,308**	68,730	**175,189**	49,142
Amount owing to subsidiaries	18	**–**	–	**127,616**	32,294
Amount owing to associates	19	**36**	19,191	**36**	19,191
Amount owing to related parties	20	**5**	235	**–**	222
Hire purchase payables	28	**782**	598	**619**	407
Lease payables	29	**470**	747	**470**	406
Short-term borrowings	34	**72,753**	90,914	**61,152**	79,752
Provision for taxation		**6,115**	9,161	**–**	–
		295,934	216,896	**390,817**	190,978
TOTAL LIABILITIES		**384,887**	339,060	**479,152**	296,659
TOTAL EQUITY AND LIABILITIES		**786,565**	685,584	**791,352**	522,610
NET ASSETS PER ORDINARY SHARE (sen)	36	**25.50**	24.45		

The annexed notes form an integral part of these financial statements

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2012

	NOTE	THE GROUP 1.1.2011 TO 31.3.2012 RM'000	THE GROUP 1.1.2010 TO 31.12.2010 RM'000	THE COMPANY 1.1.2011 TO 31.3.2012 RM'000	THE COMPANY 1.1.2010 TO 31.12.2010 RM'000
REVENUE	37	**483,790**	366,110	**306,378**	190,006
COST OF SALES	38	**(343,233)**	(266,020)	**(241,185)**	(171,115)
GROSS PROFIT		**140,557**	100,090	**65,193**	18,891
OTHER INCOME		**3,548**	2,579	**81,128**	32,966
		144,105	102,669	**146,321**	51,857
ADMINISTRATIVE EXPENSES		**(56,836)**	(39,419)	**(42,634)**	(26,469)
FINANCE COSTS		**(14,140)**	(11,755)	**(9,031)**	(7,765)
OTHER OPERATING EXPENSES		**(12,844)**	(9,854)	**(5,631)**	(6,701)
		60,285	41,641	**89,025**	10,922
SHARE OF (LOSS)/PROFIT IN ASSOCIATES		**(2,208)**	946	**–**	–
PROFIT BEFORE TAXATION	39	**58,077**	42,587	**89,025**	10,922
INCOME TAX EXPENSE	40	**(17,233)**	(14,556)	**(15,689)**	2,713
PROFIT AFTER TAXATION		**40,844**	28,031	**73,336**	13,635
OTHER COMPREHENSIVE INCOME, NET OF TAX					
– Foreign currency translation for foreign operations		**(412)**	(491)	**–**	–
OTHER COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**(412)**	(491)	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR		**40,432**	27,540	**73,336**	13,635
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**43,653**	28,031	**73,336**	13,635
Non-controlling interests		**(2,809)**	–	**–**	–
		40,844	28,031	**73,336**	13,635
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Company		**43,241**	27,540	**73,336**	13,635
Non-controlling interests		**(2,809)**	–	**–**	–
		40,432	27,540	**73,336**	13,635
Earnings Per Ordinary Share					
- Basic	41	**2.91sen**	1.98sen		
- Diluted	41	**2.85sen**	1.98sen		

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2012

THE GROUP	NON-DISTRIBUTABLE						DISTRIBUTABLE			
	ORDINARY SHARE CAPITAL RM'000	NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2010	212,277	4,139	35,052	–	(27)	27,971	28,961	308,373	–	308,373
Conversion of ICPS into ordinary Shares	289	(289)	–	–	–	–	–	–	–	–
Additional investment in a subsidiary	–	–	–	–	–	–	–	–	(5)	(5)
Net effect of change in equity interest as a result of additional investment in a subsidiary	–	–	–	–	–	–	(5)	(5)	5	–
Realisation on usage of property	–	–	–	–	–	(329)	329	–	–	–
Proceeds from issuance of Warrants B	–	–	–	10,616	–	–	–	10,616	–	10,616
Profit after taxation for the financial year	–	–	–	–	–	–	28,031	28,031	–	28,031
Other comprehensive income for the financial year, net of tax: - Foreign currency translation for foreign operations	–	–	–	–	(491)	–	–	(491)	–	(491)
Total comprehensive income for the financial year	–	–	–	–	(491)	–	28,031	27,540	–	27,540
Balance at 31.12.2010/1.1.2011	**212,566**	**3,850**	**35,052**	**10,616**	**(518)**	**27,642**	**57,316**	**346,524**	**–**	**346,524**
Issuance of shares	**19,841**	**–**	**159**	**–**	**–**	**–**	**–**	**20,000**	**–**	**20,000**
Conversion of ICPS into ordinary Shares	**3,850**	**(3,850)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,421**	**1,421**
Shares subscribed by non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**388**	**388**
Realisation on usage of property	**–**	**–**	**–**	**–**	**–**	**(409)**	**409**	**–**	**–**	**–**
Dividend paid (Note 43)	**–**	**–**	**–**	**–**	**–**	**–**	**(7,087)**	**(7,087)**	**–**	**(7,087)**
Profit after taxation for the financial period	**–**	**–**	**–**	**–**	**–**	**–**	**43,653**	**43,653**	**(2,809)**	**40,844**
Other comprehensive income for the financial year, net of tax: - Foreign currency translation	**–**	**–**	**–**	**–**	**(412)**	**–**	**–**	**(412)**	**–**	**(412)**
Total comprehensive income for the financial period	**–**	**–**	**–**	**–**	**(412)**	**–**	**43,653**	**43,241**	**(2,809)**	**40,432**
Balance at 31.3.2012	**236,257**	**–**	**35,211**	**10,616**	**(930)**	**27,233**	**94,291**	**402,678**	**(1,000)**	**401,678**

The annexed notes form an integral part of these financial statements

THE COMPANY	NON-DISTRIBUTABLE				DISTRIBUTABLE	
	ORDINARY SHARE CAPITAL RM'000	NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES ("ICPS") RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	ACCUMULATED LOSSES/ RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
Balance at 1.1.2010	212,277	4,139	35,052	–	(49,768)	201,700
Conversion of ICPS into ordinary shares	289	(289)	–	–	–	–
Proceeds from issuance of Warrants B	–	–	–	10,616	–	10,616
Profit after taxation/Total comprehensive income for the financial year	–	–	–	–	13,635	13,635
Balance at 31.12.2010/1.1.2011	**212,566**	**3,850**	**35,052**	**10,616**	**(36,133)**	**225,951**
Conversion of ICPS into ordinary shares	**3,850**	**(3,850)**	**–**	**–**	**–**	**–**
Issuance of shares	**19,841**	**–**	**159**	**–**	**–**	**20,000**
Dividend paid (Note 43)	**–**	**–**	**–**	**–**	**(7,087)**	**(7,087)**
Profit after taxation/Total comprehensive income for the financial period	**–**	**–**	**–**	**–**	**73,336**	**73,336**
Balance at 31.3.2012	**236,257**	**–**	**35,211**	**10,616**	**30,116**	**312,200**

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2011 TO 31 MARCH 2012

		THE GROUP		THE COMPANY	
	NOTE	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		**58,077**	42,587	**89,025**	10,922
Adjustments for:-					
Allowance for impairment loss on investment in a subsidiary		**–**	–	**–**	157
Allowance for impairment loss on associates		**1,264**	73	**1**	–
Allowance for impairment loss on related parties		**48**	–	**50**	–
Amortisation of concession assets		**320**	185	**320**	185
Amortisation of intellectual properties		**1,725**	1,380	**1,151**	616
Amortisation of development costs		**1,712**	1,369	**1,712**	1,369
Bad debts written off		**183**	–	**183**	–
Depreciation of property, plant and equipment		**12,639**	11,970	**6,994**	836
Finance costs		**14,140**	11,755	**9,031**	7,765
Impairment loss on receivables		**2,426**	922	**1,012**	1,073
Inventories written off		**–**	806	**–**	806
Inventories written down		**3,500**	4,029	**–**	265
Intellectual properties written off		**66**	–	**–**	–
Share of loss/(profit) in associates		**2,208**	(946)	**–**	–
Bad debts recovered		**–**	(500)	**–**	(500)
Property, plant and equipment written off		**264**	–	**22**	–
Gain on disposal of plant and equipment		**(23)**	(137)	**(32)**	–
Interest income		**(526)**	(86)	**(338)**	(14)
Dividend income		**–**	–	**(80,075)**	(32,100)
Unrealised loss on foreign exchange		**1,470**	1,465	**1,368**	925
Operating profit/(loss) before working capital changes/Balance carried forward		**99,493**	74,872	**30,424**	(7,695)
Operating profit/(loss) before working capital changes/Balance brought forward		**99,493**	74,872	**30,424**	(7,695)
Change in inventories		**8,518**	(10,090)	**18,719**	(18,781)
Change in trade and other receivables		**(97,441)**	(48,085)	**(77,387)**	(53,065)
Change in trade and other payables		**119,723**	23,486	**132,803**	29,474
Net change in amount owing by/to contract customers		**(9,098)**	(35,559)	**40**	(33,326)
Change in amount owing to subsidiaries		**–**	–	**(90,586)**	(68,829)
Net change in amount owing by/to associates		**25,512**	(18,350)	**(15,170)**	2,479
Net change in amount owing by/to related parties		**(101)**	(20)	**(99)**	(44)
CASH FROM/(FOR) OPERATIONS		**146,606**	(13,746)	**(1,256)**	(149,787)
Dividend received		**75**	100	**80,075**	32,100
Interest paid		**(14,140)**	(11,755)	**(9,031)**	(7,688)
Interest received		**526**	86	**338**	14
Net tax paid		**(22,484)**	(10,320)	**(2,615)**	(21)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**110,583**	(35,635)	**67,511**	(125,382)

The annexed notes form an integral part of these financial statements

	NOTE	THE GROUP 1.1.2011 TO 31.3.2012 RM'000	THE GROUP 1.1.2010 TO 31.12.2010 RM'000	THE COMPANY 1.1.2011 TO 31.3.2012 RM'000	THE COMPANY 1.1.2010 TO 31.12.2010 RM'000
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of concession assets		**(1,829)**	(1,152)	**(1,829)**	(1,152)
Net cash flow on additional investment in subsidiary		**–**	(5)	**(3,327)**	–
Net paid on acquisition of investment in associates		**(1,000)**	(18,358)	**(1,000)**	(18,285)
Purchase of property, plant and equipment	44	**(14,322)**	(10,951)	**(7,195)**	(1,259)
Proceeds from disposal of plant and equipment		**36**	181	**32**	19
Proceeds from redemption of redeemable convertible preference shares		**–**	–	**36,000**	–
Proceeds from non-controlling interests		**388**	–	**–**	–
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(16,727)**	(30,285)	**22,681**	(20,677)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Dividend paid	43	**(7,087)**	–	**(7,087)**	–
Drawdown of trade and term loans		**–**	123,000	**–**	123,000
Net (repayment)/proceeds in bankers' acceptances		**(11,769)**	29,121	**(607)**	22,080
Proceeds from issuance of new shares		**20,000**	–	**20,000**	–
Proceeds from issuance of Warrants		**–**	10,616	**–**	10,616
Repayment of bonds		**–**	(68,750)	**–**	(8,750)
Repayment of Murabahah commercial papers		**–**	(10,000)	**–**	–
Repayment of export revolving credit		**–**	(16,240)	**–**	–
Net (repayment)/proceeds of hire purchase and lease obligations		**(1,710)**	(410)	**(1,166)**	1,439
Repayment of trade and term loans		**(16,170)**	(18,200)	**(27,772)**	(18,200)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		**(16,736)**	49,137	**(16,632)**	130,185
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**77,120**	(16,783)	**73,560**	(15,874)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD/YEAR		**11,704**	28,487	**4,596**	20,470
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD/YEAR	45	**88,824**	11,704	**78,156**	4,596

The annexed notes form an integral part of these financial statements

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	: 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 27 July 2012.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in technology consulting, and the implementation of digital identity and business solutions. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial period.

On 1 October 2011, the Company carried out an internal restructuring and acquired the entire business and undertakings, including certain assets and liabilities ("the Business") of its wholly-owned subsidiary, IRIS Technologies (M) Sdn Bhd, as disclosed in Note 51(b) to the financial statements.

3. 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 section under significant accounting policies, and in compliance with Financial Reporting Standards ("FRS") and the Companies Act 1965 in Malaysia.

(a) During the current financial period, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments):-

FRSs and IC Interpretations (including the Consequential Amendments)

FRS 1 (Revised) First-time Adoption of Financial Reporting Standards

FRS 3 (Revised) Business Combinations

FRS 127 (Revised) Consolidated and Separate Financial Statements

Amendments to FRS 1 (Revised): Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters

Amendments to FRS 1 (Revised): Additional Exemptions for First-time Adopters

Amendments to FRS 2: Scope of FRS 2 and FRS 3 (Revised)

3. BASIS OF PREPARATION (CONT'D)

(a) FRSs and IC Interpretations (including the Consequential Amendments) (Cont'd)

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions

Amendments to FRS 5: Plan to Sell the Controlling Interest in a Subsidiary

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Amendments to FRS 138: Consequential Amendments Arising from FRS 3 (Revised)

IC Interpretation 4 Determining Whether An Arrangement Contains a Lease

IC Interpretation 12 Service Concession Arrangements

IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation

IC Interpretation 17 Distributions of Non-cash Assets to Owners

IC Interpretation 18 Transfers of Assets from Customers

Amendments to IC Interpretation 9: Scope of IC Interpretation 9 and FRS 3 (Revised)

Annual Improvement to FRSs (2010)

The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following:-

(i) FRS 3 (Revised) introduces significant changes to the accounting for business combinations, both at the acquisition date and post acquisition, and requires greater use of fair values. In addition, all transaction costs, other than share and debt issue costs, will be expensed as incurred. This revised standard has been applied prospectively during the current financial period with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(ii) FRS 127 (Revised) requires accounting for changes in ownership interest by the group in a subsidiary, whilst maintaining control, to be recognised as an equity transaction. When the group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the non-controlling interests to be absorbed by the non-controlling interests instead of by the parent. The Group has applied FRS 127 (Revised) prospectively during the current financial period with no financial impact on the financial statements of the Group but may impact the accounting of its future transactions or arrangements.

(iii) Amendments to FRS 7 expand the disclosure requirements in respect of fair value measurements and liquidity risk. In particular, the amendments require additional disclosure of fair value measurements by level of a fair value measurement hierarchy, as shown in Note 53(e) to the financial statements. Comparatives are not presented by virtue of the exemption given in the amendments.

3. BASIS OF PREPARATION (CONT'D)

(a) The adoption of the above accounting standards and interpretations (including the consequential amendments) did not have any material impact on the Group's financial statements, other than the following (Cont'd):-

(iv) Annual Improvements to FRSs (2010) contain amendments to 11 accounting standards that result in accounting changes for presentation, recognition or measurement purposes. These amendments have no material impact on the financial statements of the Group upon their initial application

Furthermore, the amendments to FRS 101 (Revised) also clarify that an entity may choose to present the analysis of the items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to present the items of other comprehensive income in the statement of changes in equity.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:-

FRSs AND IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)	EFFECTIVE DATE
FRS 9 Financial Instruments	1 January 2015
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of Interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 (Revised) Employee Benefits	1 January 2013
FRS 124 (Revised) Related Party Disclosures	1 January 2012
FRS 127 (2011) Separate Financial Statements	1 January 2013
FRS 128 (2011) Investments in Associates and Joint Ventures	1 January 2013
Amendments to FRS 1 (Revised): Severe Hyperinflation and Removal of Fixed Dates for First time Adopters	1 January 2012
Amendments to FRS 1 (Revised): Government Loans	1 January 2013
Amendments to FRS 7: Disclosures – Transfers of Financial Assets	1 January 2012
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures	1 January 2015

3. BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period (Cont'd):-

FRSs AND IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS) (CONT'D)	EFFECTIVE DATE
Amendments to FRS 101 (Revised): Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to FRS 112: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 15 Agreements for the Construction of Real Estate	Withdrawn on 19 November 2011
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement	1 July 2011

The Company's next set of financial statements for the annual period beginning on 1 April 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB that will also comply with International Financial Reporting Standards ("IFRSs"). As a result, the Group will not be adopting the above accounting standards and interpretations (including the consequential amendments) that are effective for annual periods beginning on or after 1 January 2012.

(c) The adoption of MFRSs in the next financial year is expected to have no material impact on the financial statements of the Group upon their initial application.

4. 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.

The Group anticipates that the residual values of its property and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

4. 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 Non-financial 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) Writedown of 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(vii) Impairment of for Trade and Other of Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(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) Impairment of Available-for-sale Financial Assets

The Group reviews its available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment loss on available-for-sale equity investments when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant' or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

(x) Classification of Leasehold Land

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

(xi) Impairment of Goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows. The future cash flows are most sensitive to budgeted gross margins, growth rates estimated and discount rate used. If the expectation is different from the estimation, such difference will impact the carrying value of goodwill.

(xii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(xiii) 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/or equity.

(xiv) 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.

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March 2012.

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

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the Company's shareholders' equity, and are separately disclosed in the consolidated statement of comprehensive income. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Consolidation (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 127.

Business combinations from 1 January 2011 onwards
Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

The Group has applied the FRS 3 (Revised) in accounting for business combinations from 1 January 2011 onwards. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard.

Business combinations before 1 January 2011
All subsidiaries are consolidated using the purchase method. At the date of acquisition, the fair values of the subsidiaries' 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.

Non-controlling interests are initially measured at their share of the fair values of the identifiable assets and liabilities of the acquiree as at the date of acquisition.

(c) Goodwill on Consolidation

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 profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Business combinations from 1 January 2011 onwards
Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Goodwill on Consolidation (cont'd)

Business combinations before 1 January 2011
Under the purchase method, goodwill represents the excess of the fair value of the purchase consideration over the Group's share of the fair values of the identifiable assets, liabilities and contingent liabilities of the subsidiaries at the date of acquisition.

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 as income immediately in profit or loss.

(d) Functional and Foreign Currencies

(i) Functional and Presentation Currency
The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(ii) Transactions and Balances
Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period 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 recognised to the statement of comprehensive income.

(iii) Foreign Operations
Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated to RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchange differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

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 end of the reporting period were as follows:-

	31.3.2012 RM	**31.12.2010 RM**
Canadian Dollar	**3.08**	2.93
Euro	**4.10**	4.07
Egyptian Pound	**0.51**	0.53
Pound Sterling	**4.90**	4.78
Thai Baht	**0.10**	0.11
United States Dollar	**3.07**	3.09
Indian Rupee	**0.06**	0.07
Bangladeshi Taka ("Banglad Taka")	**0.04**	0.05

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments

Financial instruments are recognised in the statements of financial position 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.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(i) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

- *Financial Assets at Fair Value Through Profit or Loss*

  Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges. Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in statement of comprehensive income. Dividend income from this category of financial assets is recognised in profit or loss when the Company's right to receive payment is established.

- *Held-to-maturity Investments*

  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with revenue recognised on an effective yield basis.

- *Loans and Receivables Financial Assets*

  Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial Instruments (Cont'd)

(i) Financial Assets (Cont'd)

- *Available-for-sale Financial Assets*
  Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

  After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

  Dividends on available-for-sale equity instruments are recognised in profit and loss when the Group's right to receive payments is established.

  Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

(ii) Financial Liabilities
All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

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

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

(iv) Derecognition
A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible Assets

(i) 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 is 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.

(ii) Concession Asset
Concession asset reflects the Electronic Passport System ("EPS").

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 4(j)(ii) 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:

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

(iii) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable, unless the investment is classified as held for sale.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

(h) Investment in Associates

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

Investments in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

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 March 2012. The Group's share of the post acquisition profits of the associates is included in the consolidated statement of comprehensive income and the Group's interests in associates are 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.

(i) 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%
Leasehold land	Over the lease term
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 the end of each reporting period 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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Property, Plant and Equipment (Cont'd)

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 recognised in profit or loss in the year the asset is derecognised.

(j) Impairment

(i) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity to profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(ii) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which FRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period 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' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment (Cont'd)

(ii) Impairment of Non-Financial Assets (Cont'd)

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 profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

(k) 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 recognised in profit or loss 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.

(l) 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 profit or loss 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.

(m) Government Grants

Grants from the government are recognised initially as deferred income at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Grants that compensate the Group for expenses incurred are recognised in profit or loss over the periods necessary to match the grants with the related costs which they are intended to compensate on a systematic basis.

Grants that compensate the Group for the cost of an asset are recognised in profit or loss over the expected useful life of the relevant asset on a systematic basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) 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, or at least once in every 5 years. Surpluses arising from the revaluation of properties are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

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

(o) 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.

(p) 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.

(q) 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.

(r) Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Group has a present or constructive 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 the end of each financial reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) 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 end of the reporting period.

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. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period 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.

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 end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination 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.

(t) 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 recognised in profit or loss 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Employee Benefits (Cont'd)

(iii) Share-based payments

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.

(u) 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 (i) or (iv);
(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 (iv) or (v) 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.

(v) Revenue and Other Income

(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) Royalty Income

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Revenue and Other Income (Cont'd)

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

(vi) Dividend Income
Dividend income from investment is recognised when the right to receive dividend payment is established.

(vii) Rental Income
Rental income is recognised as other income on an accrual basis.

(w) Borrowing Costs

Borrowing costs, directly attributable to the acquisition and construction of property, plant and equipment are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(x) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

5. INVESTMENT IN SUBSIDIARIES

	THE COMPANY	
	31.3.2012 RM'000	**31.12.2010 RM'000**
Unquoted shares, at cost:-		
At 1 January	**190,180**	190,180
Addition during the financial period/year	**3,327**	–
Acquired through internal restructuring	**2,010**	–
Redemption preference shares during the financial period/year	**(36,000)**	–
	159,517	190,180
Accumulated impairment losses:-		
At 1 January	**(9,886)**	(9,729)
Addition during the financial period/year	**–**	(157)
	(9,886)	(9,886)
At 31 March/December	**149,631**	180,294

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 31.3.2012 %	EFFECTIVE EQUITY INTEREST 31.12.2010 %	PRINCIPAL ACTIVITIES
Direct subsidiaries				
IRIS Technologies (M) Sdn Bhd ("ITech")	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.
IRIS Agrotech Sdn Bhd ("Agrotech")	Malaysia	**100**	100	Professional design, construction and maintenance of automatic watering and feeding system for agricultural, horticultural and other purposes.
IRIS Koto (M) Sdn Bhd ("IRIS Koto") (formerly known as Penguin Corporate Sdn Bhd)	Malaysia	**51**	-	Manufacture and supply of Integrated building system ("IBS") and building material.
Epoch Energy Technology Sdn Bhd (formerly known as Ritz Ringgit Sdn Bhd)	Malaysia	**70**	–	Provision of products, services, maintenance and solutions for carbon cleaning system.
IRIS Egypt LLC* # (In Members' Voluntary Winding Up)	Egypt	**87.5**	87.5	Provision of products, services, maintenance and solutions for identity security documents, biometrics information technology and communication in Egypt.
IRIS Land Sdn Bhd	Malaysia	**60**	100	Dormant.
IRIS Information Technology Systems Sdn Bhd	Malaysia	**100**	–	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S) and marketing of contact and contactless smart technology based products.
IRIS Eco Power Sdn Bhd	Malaysia	**100**	–	Provision of waste management and power and energy related systems.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 31.3.2012 %	31.12.2010 %	PRINCIPAL ACTIVITIES
IRIS Healthcare Sdn Bhd (formerly known as Peacock Conglomerate Sdn Bhd)	Malaysia	**60**	–	Dormant.
Warisan Atlet (M) Sdn Bhd (formerly known as My Conquest Sdn Bhd) ^	Malaysia	**49**	–	Dormant.
IRIS WRP Eco Power Sdn Bhd	Malaysia	**100**	50	Dormant.
Subsidiary of Agrotech				
Endah Farm Sdn Bhd	Malaysia	**60**	60	Involved in agricultural activities.
Subsidiary of IRIS Koto				
IPE Insulation (M) Sdn Bhd	Malaysia	**90**	–	Manufacture, supply and trading of Styrofoam products and consumable parts.
Subsidiaries of ITech				
IRIS Information Technology Systems Sdn Bhd	Malaysia	**–**	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S) and marketing of contact and contactless smart technology based products.
IRIS Eco Power Sdn Bhd	Malaysia	**–**	100	Provision of waste management and power and energy related systems.

* *These subsidiaries were audited by other firms of chartered accountants.*
\# *At an Extraordinary General Meeting held on 21 November 2010, the subsidiary was wound up via a Members Voluntary Winding Up and the winding up is in progress.*
^ *The Group has the control over the subsidiary.*

The winding up and liquidation of the subsidiary in the previous financial year had no material financial impact on the Group as the subsidiary is dormant.

6. INVESTMENT IN ASSOCIATES

	THE GROUP 31.3.2012 RM'000	THE GROUP 31.12.2010 RM'000	THE COMPANY 31.3.2012 RM'000	THE COMPANY 31.12.2010 RM'000
Unquoted shares, at Cost:-				
At 1 January	**44,563**	7,014	**43,290**	5,814
Addition during the financial period/year	**1,000**	37,549	**1,000**	37,476
Acquired through internal restructuring	**–**	–	**1,000**	–
Transfer to available-for-sales financial assets (Note 11)	**(273)**	–	**–**	–
	45,290	44,563	**45,290**	43,290
Accumulated impairment losses:-				
At 1 January	**(1,073)**	(1,000)	**(1,000)**	(1,000)
Addition during the financial period/year	**–**	(73)	**–**	–
Acquired through Internal restructuring	**–**	–	**(676)**	–
Transfer to available-for-sales financial assets	**73**	–	**–**	–
	(1,000)	(1,073)	**(1,676)**	(1,000)
Share of post acquisition reserves, net of dividend received	**(2,565)**	(482)	**–**	–
Foreign exchange translation reserve	**(923)**	(511)	**–**	–
At 31 March/December	**40,802**	42,497	**43,614**	42,290

(a) Share of results in associates is based on unaudited financial statements of the associates.

(b) Details of the associates are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 31.3.2012 %	EFFECTIVE EQUITY INTEREST 31.12.2010 %	PRINCIPAL ACTIVITIES
Direct associates				
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).
Paysys (M) Sdn Bhd *	Malaysia	**30.0**	30.0	Provision of terminals and solutions for credit card transactions.
IRIS WRP Eco Power Sdn Bhd *	Malaysia	**–**	50.0	Dormant.

6. INVESTMENT IN ASSOCIATES (CONT'D)

(b) Details of the associates are as follows (Cont'd):-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 31.3.2012 %	31.12.2010 %	PRINCIPAL ACTIVITIES
Direct associates				
PJT Technology Co Ltd *	Thailand	**49.0**	49.0	Provision of products and services for identity security solutions, and operation and maintenance of waste-to-energy incinerator plant.
GMPC Corporation Sdn Bhd *	Malaysia	**25.0**	25.0	Provision of multi-purpose Smart Cards to the Malaysian Government.
RB Biotech Sdn Bhd*	Malaysia	**50.0**	–	Research, develop and produce hybrid rice seeds.
Associates of ITech				
Loyalty Wizards Sdn Bhd	Malaysia	**–**	16.2	Provision of solutions for loyalty management program.
Associates of Agrotech				
Ubud Tower Sdn Bhd	Malaysia	**50.0**	–	Dormant

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

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

	THE GROUP 31.3.2012 RM'000	31.12.2010 RM'000
Assets and Liabilities		
Total assets	**81,507**	75,998
Total liabilities	**46,668**	38,822
Results		
Revenue	**42,232**	67,100
(Loss)/Profit for the period/year	**(2,208)**	946

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.1.2011 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	WRITTEN OFF RM'000	RECLAS-SIFICATION RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2012 RM'000
NET BOOK VALUE							
Building							
- at cost	**37,575**	**2,017**	**–**	**–**	**–**	**(1,564)**	**38,028**
- at valuation	**35,346**	**–**	**–**	**–**	**–**	**(438)**	**34,908**
Leasehold land	**12,721**	**–**	**–**	**–**	**–**	**(419)**	**12,302**
Office equipment, furniture and fittings	**5,677**	**2,875**	**(13)**	**(23)**	**(113)**	**(2,218)**	**6,185**
Motor vehicles	**3,770**	**971**	**–**	**–**	**–**	**(1,244)**	**3,497**
Plant and machinery	**19,787**	**9,323**	**–**	**(241)**	**113**	**(6,756)**	**22,226**
	114,876	**15,186**	**(13)**	**(264)**	**–**	**(12,639)**	**117,146**

THE GROUP	AT 1.1.2010 RM'000	ADDITIONS RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
NET BOOK VALUE					
Building					
- at cost	38,653	23	–	(1,101)	37,575
- at valuation	35,696	–	–	(350)	35,346
Leasehold land	5,651	7,379	–	(309)	12,721
Office equipment, furniture and fittings	5,757	1,479	(44)	(1,515)	5,677
Motor vehicles	948	3,431	–	(609)	3,770
Plant and machinery	26,108	1,765	–	(8,086)	19,787
	112,813	14,077	(44)	(11,970)	114,876

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

THE GROUP	COST RM'000	AT VALUATION RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.3.2012				
Building				
- at cost	**44,634**	**–**	**(6,606)**	**38,028**
- at valuation	**–**	**37,446**	**(2,538)**	**34,908**
Leasehold land	**14,572**	**–**	**(2,270)**	**12,302**
Office equipment, furniture and fitting	**21,095**	**–**	**(14,910)**	**6,185**
Motor vehicles	**5,874**	**–**	**(2,377)**	**3,497**
Plant and machinery	**94,919**	**–**	**(72,693)**	**22,226**
	181,094	**37,446**	**(101,394)**	**117,146**
AT 31.12.2010				
Building				
- at cost	42,617	–	(5,042)	37,575
- at valuation	–	37,446	(2,100)	35,346
Leasehold land	14,572	–	(1,851)	12,721
Office equipment, furniture and fitting	18,989	–	(13,312)	5,677
Motor vehicles	5,337	–	(1,567)	3,770
Plant and machinery	85,325	–	(65,538)	19,787
	166,840	37,446	(89,410)	114,876

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

THE COMPANY	AT 1.1.2011 RM'000	ADDITIONS RM'000	ACQUIRED THROUGH INTERNAL RESTRUCTURING RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2012 RM'000
NET BOOK VALUE						
Land and building	**–**	**1,800**	**84,218**	**–**	**(971)**	**85,047**
Office equipment, furniture and fittings	**1,718**	**2,311**	**3,111**	**(22)**	**(1,441)**	**5,677**
Motor vehicles	**2,267**	**316**	**913**	**–**	**(868)**	**2,628**
Plant and machinery	**19**	**3,036**	**15,492**	**–**	**(3,714)**	**14,833**
	4,004	**7,463**	**103,734**	**(22)**	**(6,994)**	**108,185**

THE COMPANY	AT 1.1.2010 RM'000	ADDITIONS RM'000	ACQUIRED THROUGH INTERNAL RESTRUCTURING RM'000	DISPOSAL RM'000	DEPRECIATION CHARGE RM'000	AT 31.12.2010 RM'000
NET BOOK VALUE						
Office equipment, furniture and fittings	1,232	1,047	–	(18)	(543)	1,718
Motor vehicles	643	1,912	–	–	(288)	2,267
Plant and machinery	14	10	–	–	(5)	19
	1,889	2,969	–	(18)	(836)	4,004

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

THE COMPANY	COST RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.3.2012			
Land and building	**96,412**	**(11,365)**	**85,047**
Office equipment, furniture and fittings	**20,279**	**(14,602)**	**5,677**
Motor vehicles	**4,757**	**(2,129)**	**2,628**
Plant and machinery	**87,794**	**(72,961)**	**14,833**
	209,242	**(101,057)**	**108,185**
AT 31.12.2010			
Office equipment, furniture and fittings	5,696	(3,978)	1,718
Motor vehicles	2,937	(670)	2,267
Plant and machinery	28	(9)	19
	8,661	(4,657)	4,004

Security

All assets have been pledged to financial institutions as security for banking facilities of the Company as disclosed in Note 34 to the financial statements.

Revaluation

In the previous financial year, 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 on 27 January 2010.

Had the revalued property been carried at cost less accumulated depreciation, the net book value of the property would have been RM37,821,810 as at the end of the reporting period.

At the end of the reporting period, the net book values of the following assets of the Group and of the Company acquired under hire purchase and finance lease terms were as follows:-

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Office equipment	–	123	–	–
Motor vehicles	**3,438**	3,707	**2,611**	2,264
Plant and machinery	–	534	–	–

8. CONCESSION ASSETS

	THE GROUP/THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000
Electronic Passport System	**10,229**	8,720

Details of the Concession Assets are as follows:-

THE GROUP AND THE COMPANY	ELECTRONIC PASSPORT SYSTEM RM'000
COST:-	
At 1 January 2010	8,303
Addition during the financial year	1,152
At 31 December 2010/1 January 2011	9,455
Addition during the financial period	1,829
At 31 March 2012	11,284
At 1 January 2010	(550)
Amortisation charge for the financial year	(185)
At 31 December 2010/1 January 2011	(735)
Amortisation charge for the financial period	(320)
At 31 March 2012	(1,055)
CARRYING AMOUNTS:-	
At 31 March 2012	10,229
At 31 December 2010	8,720

9. DEVELOPMENT COSTS

	THE GROUP/THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000
At 1 January	**16,223**	16,223
Amortisation of development costs:-		
At 1 January	**(14,175)**	(12,806)
Amortisation charge for the financial period/year	**(1,712)**	(1,369)
	(15,887)	(14,175)
At 31 March/December	**336**	2,048

10. INTELLECTUAL PROPERTIES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
At cost				
At 1 January	**28,217**	28,217	**12,851**	12,851
Acquisition through internal restructuring	**–**	–	**15,300**	–
Written off during the financial period/year	**(66)**	–	**–**	–
	28,151	28,217	**28,151**	12,851
Accumulated amortisation				
At 1 January	**(17,418)**	(16,038)	**(7,729)**	(7,113)
Acquisition through internal restructuring	**–**	–	**(10,263)**	–
Charge during the financial period/year	**(1,725)**	(1,380)	**(1,151)**	(616)
At 31 March/December	**(19,143)**	(17,418)	**(19,143)**	(7,729)
	9,008	10,799	**9,008**	5,122

11. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	THE GROUP 31.3.2012 RM'000	THE GROUP 31.12.2010 RM'000	THE COMPANY 31.3.2012 RM'000	THE COMPANY 31.12.2010 RM'000
Unquoted shares				
- in Malaysia	**273**	–	**–**	–
- in Singapore	**2,378**	2,378	**2,378**	2,378
- in Hong Kong	**981**	981	**981**	981
Golf club membership	**406**	406	**406**	406
	4,038	3,765	**3,765**	3,765
Less: Impairment loss in value	**(3,632)**	(3,359)	**(3,359)**	(3,359)
	406	406	**406**	406
Impairment loss in value:-				
At 1 January	**(3,359)**	(3,359)	**(3,359)**	(3,359)
Transfer from Investment associate (Note 6)	**(273)**	–	**–**	–
	(3,632)	(3,359)	**(3,359)**	(3,359)

Investments in unquoted shares and golf club membership of the Group, designated as available-for-sale financial assets, are stated at cost as their fair values cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

12. DEFERRED TAX ASSETS

	THE GROUP/THE COMPANY 31.3.2012 RM'000	THE GROUP/THE COMPANY 31.12.2010 RM'000
At 1 January	**1,929**	–
Recognised in profit or loss (Note 40)	**(1,929)**	1,929
At 31 March/December	**–**	1,929
Deferred tax assets:		
Accelerated capital allowances	**–**	443
Impairment loss on receivables	**–**	268
Provision	**–**	987
Other	**–**	231
	–	1,929

The above deferred tax assets are recognised to the extent that it is probable that the future taxable profits will allow the deferred tax assets to be recovered.

12. DEFERRED TAX ASSETS (CONT'D)

The deferred tax assets calculated at applicable tax rates which are not recognised in the financial statements are as follows:-

	THE GROUP	
	31.3.2012 RM'000	31.12.2010 RM'000
Deferred tax liabilities:		
Accelerated capital allowances	**(2,836)**	(1,815)
Other	**(1,130)**	(487)
Deferred tax assets:		
Excess of depreciation over capital allowance	**244**	294
Unutilised capital allowances	**3,601**	4,197
Unutilised tax losses	**12,963**	10,466
Others	**9,870**	–
	22,712	12,655

13. GOODWILL ON CONSOLIDATION

	THE GROUP	
	31.3.2012 RM'000	31.12.2010 RM'000
At 1 January	**133,982**	133,982
Acquisition of a new subsidiary	**1,421**	–
At 31 March/December	**135,403**	133,982

(a) The carrying amounts of goodwill allocated to each cash-generating unit are as follows:-

	THE GROUP	
	31.3.2012 RM'000	31.12.2010 RM'000
Digital identity and business solution	**128,268**	128,268
Others segments – Food security	**5,714**	5,714
Others segments – Building materials	**1,421**	–
	135,403	133,982

13. GOODWILL ON CONSOLIDATION (CONT'D)

(b) Key assumptions for value-in-use calculations

The basis of the determination of the recoverable amount is set out below.

The recoverable amount of a cash-generating unit is determined using the value-in-use approach, and this is derived from the present value of the future cash flows from this segment computed based on the projections of financial budgets approved by management covering a period of five years.

The key assumptions used in the determination of the recoverable amount are as follows:-

	GROSS MARGIN		GROWTH RATE		DISCOUNT RATE	
	31.3.2012	31.12.2010	31.3.2012	31.12.2010	31.3.2012	31.12.2010
ITech	**35%**	23%	**1%**	2%	**7.6%**	7.3%
IRIS Agrotech	**25%**	31%	**9%**	9%	**7.6%**	7.3%
IRIS Koto	**20%**	–	**30%**	–	**7.6%**	–

ITEMS	BASIS OF ASSUMPTIONS
(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	The growth rates used are based on the most recent financial budgets approved by the management covering a five years period based on the expected projection of revenue.
(c) Discount rate	The discount rate used is based on the average borrowing rates.

(c) Sensitivity to changes in assumptions

The management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the goodwill to be materially higher than its recoverable amount.

14. INVENTORIES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
AT COST:-				
Raw materials	**12,265**	18,040	**11,749**	12,359
Work-in-progress	**18,721**	8,625	**18,562**	653
Finished goods	**20,489**	33,303	**18,056**	30,195
	51,475	59,968	**48,367**	43,207
AT NET REALISABLE VALUE:-				
Finished goods	**5,936**	9,461	**–**	–
TOTAL	**57,411**	69,429	**48,367**	43,207

15. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Trade receivables	**213,921**	142,294	**136,259**	83,220
Allowance for impairment losses	**(3,379)**	(1,299)	**(1,954)**	(1,016)
	210,542	140,995	**134,305**	82,204
Allowance for impairment losses				
At 1 January	**(1,299)**	(733)	**(1,016)**	(607)
Addition for the financial period/year	**(2,080)**	(566)	**(938)**	(409)
At 31 March/December	**(3,379)**	(1,299)	**(1,954)**	(1,016)

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.

16. AMOUNTS OWING BY 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	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Aggregate costs incurred to date	**520,745**	354,038	**480,855**	312,233
Attributable profit	**172,128**	114,892	**164,545**	131,379
	692,873	468,930	**654,400**	443,612
Progress billings	**(662,023)**	(447,178)	**(624,049)**	(424,114)
	30,850	21,752	**21,351**	19,498
Represented by:				
Due by contract customers	**30,850**	21,752	**21,351**	19,498

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Amount of contract revenue recognised as revenue during the financial period/year (Note 37)	**230,086**	166,222	**199,935**	158,399
Amount of contract costs recognised as expenses during the financial period/year (Note 38)	**191,626**	131,821	**166,770**	126,295

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Other receivables	**45,962**	38,629	**42,033**	21,999
Allowance for impairment loss	**(700)**	(354)	**(304)**	(230)
	45,262	38,275	**41,729**	21,769
Deposits	**14,779**	4,010	**13,937**	3,729
Prepayments	**6,611**	552	**967**	442
	66,652	42,837	**56,633**	25,940
Allowance for impairment losses:				
At 1 January	**(354)**	–	**(230)**	–
Addition for the financial period/year	**(346)**	(354)	**(74)**	(230)
At 31 March/December	**(700)**	(354)	**(304)**	(230)

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000
Amount owing by:		
- trade balances	**66,695**	22,358
- non-trade balances	**53,448**	38,896
Allowance for impairment losses	**(434)**	(434)
	53,014	38,462
	119,709	60,820
Allowance for impairment losses:		
At 1 January	**(434)**	–
Addition for the financial period/year	**–**	(434)
At 31 March/December	**(434)**	(434)
Amount owing to:		
- trade balances	**(127,616)**	(32,294)

The Company's normal trade credit term is 30 days.

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

19. AMOUNTS OWING BY/(TO) ASSOCIATES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Amount owing by:				
- trade balances	**18,280**	62,947	**9,483**	20,873
Allowance for impairment losses	**(1,264)**	–	**(1)**	–
	17,016	62,947	**9,482**	20,873
Allowance for impairment losses:-				
At 1 January	**–**	–	**–**	–
Addition for the financial period/year	**(1,264)**	–	**(1)**	–
At 31 March/December	**(1,264)**	–	**(1)**	–
Amount owing to:				
- non-trade	**(36)**	(19,191)	**(36)**	(19,191)

The Group and the Company's normal trade credit terms is 30 days.

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

20. AMOUNTS OWING BY/(TO) RELATED PARTIES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Amount owing by:				
- non-trade balances	**226**	355	**226**	349
Allowance for impairment losses	**(50)**	(2)	**(50)**	–
	176	353	**176**	349
Allowance for impairment losses:-				
At 1 January	**(2)**	–	**–**	–
Addition for the financial period/year	**(48)**	(2)	**(50)**	–
At 31 March/December	**(50)**	(2)	**(50)**	–
Amount owing to:				
- trade balances	**–**	(13)	**–**	(34)
- non-trade balances	**(5)**	(222)	**–**	(188)
	(5)	(235)	**–**	(222)

The Group and the Company's normal trade credit term is 30 days.

The non-trade amount owing is unsecured, interest-free, repayable on demand and to be settled either in cash or set off against the purchases.

21. DEPOSITS WITH LICENSED BANKS

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Fixed deposits with licensed banks	**6,411**	12,458	**5,600**	10,765
Short term funds	**20,652**	–	**20,652**	–
	27,063	12,458	**26,252**	10,765

Fixed deposits with licensed banks of the Group and the Company amounting to RM6,411,325 (2010 - RM12,457,582) and RM5,600,000 (2010 - RM10,765,257) respectively have been pledged to the bank for credit facilities granted to the Group and the Company.

Short term funds amounting to RM20,652,000 (2010 – NIL) represent investments in a highly liquid market. This investment is convertible into cash in the short term period and have insignificant risk of changes in value.

The weighted average effective interest rates of the deposits at the end of the reporting period ranged from 2.83% to 3.4% (2010 - 2.31% to 2.76%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2010 - 1 to 365) days.

22. SHARE CAPITAL

	THE COMPANY			
	31.3.2012	31.12.2010	31.3.2012	31.12.2010
	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:				
Ordinary Shares of RM0.15 each:				
At 1 January	**1,417,104**	1,415,179	**212,566**	212,277
Issuance of new shares	**132,275**	–	**19,841**	–
Issuance of shares pursuant to the conversion of ICPS to ordinary shares	**25,667**	1,925	**3,850**	289
At 31 March/December	**1,575,046**	1,417,104	**236,257**	212,566
Non-cumulative Irredeemable Convertible Preference Shares ("ICPS") of RM0.15 each				
At 1 January	**25,667**	27,592	**3,850**	4,139
Conversion to ordinary shares	**(25,667)**	(1,925)	**(3,850)**	(289)
At 31 March/December	–	25,667	–	3,850
TOTAL	**1,575,046**	1,442,771	**236,257**	216,416

22. SHARE CAPITAL (CONT'D)

The Company increased its issued and paid up share capital from RM216,415,636 to RM236,256,901 by way of allotment of 132,275,100 new ordinary shares of RM0.15 each at an issue price of RM0.1512 for working capital purposes. The shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

During the financial period from 1 January 2011 up to the maturity date of ICPS on 24 June 2011, a total of 25,666,204 (2010 - 1,925,300) ICPS of RM0.15 each were converted into 25,666,204 (2010 - 1,925,300) 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 27 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 (27 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;

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;

22. SHARE CAPITAL (CONT'D)

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

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 capitalisation 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 movement in the warrants is as follows:-

	NUMBER OF WARRANTS			
	AT 1.1.2011 '000	ADDITION	EXERCISED	AT 31.3.2012 '000
Warrants A (2006/2016)	**46,618**	–	–	**46,618**
Warrants B (2010/2016)	**212,327**	–	–	**212,327**

Warrants A

On 24 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 A were listed on the Ace Market of Bursa Malaysia Securities Berhard.

On 27 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 Warrants A into ordinary shares.

The main features of the Warrants A 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 27 June 2006. Warrants not exercised after the exercise period will thereafter lapse and cease to be valid;

22. SHARE CAPITAL (CONT'D)

Warrants A (Cont'd)

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.

Warrants B

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2011/2016) ("Warrants B") to the shareholders of the Company on the basis of three (3) Warrants B for every twenty (20) existing ordinary shares held in the Company at the issue price of RM0.05 per Warrants B.

The Warrants B were listed on the Ace Market of Bursa Malaysia Securities Berhad.

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

The main features of the Warrants B 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;

b) The warrants may be exercised at any time on or before the maturity date falling five years (2011/2016) from the date of issue of the warrants on 27 April 2011. 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.

23. SHARE PREMIUM

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.

24. WARRANTS RESERVE

The warrants reserve arose from the proceeds from issuance of warrants and is non distributable by way of dividends. Warrants reserve is transferred to share premium upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry date of the warrants period will be transferred to retained earnings.

25. FOREIGN EXCHANGE TRANSLATION RESERVE

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

26. REVALUATION RESERVE

The revaluation reserve represented surpluses which arose from the valuation of the property. This reserve is not distributable by way of dividends.

27. RETAINED EARNINGS

Subject to agreement with the tax authorities, at the end of the reporting period, the Company has sufficient tax credits under Section 108 of the Income Tax Act 1967 and tax-exempt income to frank the payment of dividends out of its entire profits without incurring additional tax liabilities.

At the end of the reporting period, the Company has not elected for the single tier tax system. When the tax credit balance is fully utilised, or by 31 December 2013 at the latest, the Company will automatically move to the single tier tax system. Under the single tier tax system, tax on the Company's profits is a final tax, and dividends distributed to the shareholders will be exempted from tax.

28. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Minimum hire purchase payments:				
- not later than one year	**965**	802	**775**	543
- later than one year and not later than five years	**2,940**	2,876	**2,251**	1,858
- later than five years	**120**	464	**102**	124
	4,025	4,142	**3,128**	2,525
Less:				
Future finance charge	**(514)**	(651)	**(389)**	(376)
Present value of hire purchase payables	**3,511**	3,491	**2,739**	2,149
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year	**782**	598	**619**	407
Non-current:				
- later than one year and not later than five years	**2,604**	2,474	**2,020**	1,622
- later than five years	**125**	419	**100**	120
	2,729	2,893	**2,120**	1,742
	3,511	3,491	**2,739**	2,149

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.35% to 8.02% (2010 - 4.28% to 7.96%) per annum at the end of the reporting period.

29. LEASE PAYABLES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Minimum lease payments:				
- not later than one year	**536**	854	**536**	495
- later than one year and not later than five years	**701**	1,377	**701**	1,320
	1,237	2,231	**1,237**	1,815
Less: Future finance charges	**(101)**	(229)	**(101)**	(198)
Present value of lease payables	**1,136**	2,002	**1,136**	1,617
The net lease payables are repayable as follows:				
Current:				
- not later than one year	**470**	747	**470**	406
Non-current:				
- later than one year and not later than five years	**666**	1,255	**666**	1,211
Present value of lease payables	**1,136**	2,002	**1,136**	1,617

The lease payables of the Group bore an effective interest rate of 5.81% (2010 - 6.05% to 8.67%) per annum at the end of the reporting period.

30. TERM LOANS

	THE GROUP/THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000
Current portion:		
- repayable within one year (Note 34)	**21,200**	37,700
Non-current portion:		
- repayable between one and two years	**19,480**	17,950
- repayable between two and five years	**41,498**	40,278
- repayable more than five years	**12,000**	44,500
	72,978	102,728
	94,178	140,428

30. TERM LOANS (CONT'D)

Details of the repayment terms are as follows:-

NO.	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENT AMOUNTS RM'000	COMMENCEMENT DATE OF REPAYMENT	AMOUNT OUTSTANDING THE GROUP/THE COMPANY 31.3.2012 RM'000	31.12.2010 RM'000
1	60	350	November 2009	6,680	11,930
2	60	333	January 2010	10,498	15,498
3	5	*	January 2011	–	23,000
4	#	#	June 2011	77,000	90,000
				94,178	140,428

* *Repayable in 5 monthly instalments with 1st instalment of RM2,525,000, 2nd to 4th instalments of RM5,050,000 and the last instalment of RM5,325,000.*

Repayable in 28 quarterly instalments with the first 27 instalments of RM3,250,000 and the last instalment of RM2,250,000.

The loans 1, 2 and 3 are secured by an assignment of all the contract proceeds received from certain projects.

The loan 4 is secured by the fixed and floating charges over all the present and future assets of the Group.

The term loans of the Group and of the Company bore effective interest rates ranging from 7.0 - 7.6% (2010 - 7% - 8.8%) per annum at the end of the reporting period.

31. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
At 1 January	**15,288**	13,446	**–**	–
Recognised in profit or loss	**(2,708)**	533	**12,571**	–
Underprovision in the previous financial year (Note 40)	**–**	1,309	**–**	–
At 31 March/December	**12,580**	15,288	**12,571**	–
The deferred tax liabilities are attributable to the followings:-				
Deferred tax assets:				
Provision	**(608)**	(847)	**(608)**	–
Other items	**(727)**	–	**(737)**	–
	(1,335)	(847)	**(1,345)**	–
Deferred tax liabilities:				
Accelerated capital allowances	**4,809**	6,920	**4,810**	–
Revaluation reserve	**9,106**	9,215	**9,106**	–
	13,915	16,135	**13,916**	–
At 31 March/December	**12,580**	15,288	**12,571**	–

32. TRADE PAYABLES

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

33. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Other payables	**89,537**	3,876	**87,423**	981
Accruals	**92,771**	64,854	**87,766**	48,161
	182,308	68,730	**175,189**	49,142

Included in the other payables and accrual of the Group and the Company at the end of the reporting period was an amount of approximately RM84 million which is the advance received from contract customer.

34. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Bank overdraft - unsecured	**–**	19,972	**–**	19,972
Bankers' acceptances	**21,473**	33,242	**21,473**	22,080
Murabahah Commercial Papers (Note 35)	**–**	–	**–**	–
Trade loans	**30,080**	–	**18,479**	–
Term loans (Note 30)	**21,200**	37,700	**21,200**	37,700
	72,753	90,914	**61,152**	79,752

In the previous reporting period, the bank overdraft was unsecured and bore an average effective interest of 6.30% per annum.

The bankers' acceptances and trade loans bore effective interest rates ranging from 3.34% to 3.52% (2010 - 2.96% to 3.07%) and 3.39% to 5.47% (2010 – Nil) per annum respectively at the end of the reporting period.

The bankers' acceptances are secured by:-

(a) a debenture creating fixed and floating charges over all the present and future assets of the Company;

(b) a joint and several guarantee of a director and certain key management personnels namely Dato' Tan Say Jim, Dato' Lee Kwee Hiang and Yap Hock Eng;

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

34. SHORT-TERM BORROWINGS (CONT'D)

The bankers' acceptances are secured by (Cont'd):-

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

The trade loans are secured by:-

(a) a debenture creating fixed and floating charges over all the present and future assets of the Company; and

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

35. MURABAHAH COMMERCIAL PAPERS ("CPs")

	THE GROUP	
	31.3.2012 RM'000	31.12.2010 RM'000
At 1 January	–	10,000
Repayment during the financial period/year	–	(10,000)
At 31 March/December (Note 34)	–	–

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 the CPs are recognised based on the difference between gross and net proceeds received, and amortised to the statement of comprehensive income over the period of the CPs.
(d) Redemption	At par on the respective maturity dates.

In the end of previous reporting period, the Murabahah Commercial Papers are redeemable within 364 days from the issue date and are secured by a second charge over the short-term leasehold building and bore an interest of 6.3% per annum.

On 23 August 2010, the Group had fully redeemed and cancelled the entire remaining outstanding balance of CPs amounting to RM10 million prior to its maturity date of 29 April 2011. The securities that were pledged have been discharged.

36. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the assets value at the end of the reporting period of RM401,677,844 (2010 - RM346,523,975) divided by the number of ordinary shares in issue at the end of the reporting period of 1,575,046,007 (2010 - 1,417,104,703).

37. 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	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Sale of goods	**253,704**	199,888	**106,443**	31,607
Contract revenue (Note 16)	**230,086**	166,222	**199,935**	158,399
	483,790	366,110	**306,378**	190,006

38. COST OF SALES

Details of the cost of sales are as follows:-

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Cost of inventories sold	**151,607**	134,199	**74,415**	44,820
Contract costs (Note 16)	**191,626**	131,821	**166,770**	126,295
	343,233	266,020	**241,185**	171,115

39. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Amortisation of concession assets	**320**	185	**320**	185
Amortisation of intellectual properties	**1,725**	1,380	**1,151**	616
Amortisation of development costs	**1,712**	1,369	**1,712**	1,369
Audit fee				
- for the current financial eriod/year	**199**	169	**100**	112
- under-provision in previous financial period/year	**8**	–	**–**	–
Bad debts written off	**183**	–	**183**	–
Depreciation of property, plant and equipment	**12,639**	11,970	**6,994**	836
Directors' remuneration				
- salaries and other remuneration	**1,268**	908	**1,268**	729
- defined contribution plans	**148**	111	**148**	87
Directors' fee	**811**	710	**609**	441
Interest expense:				
- bank overdraft	**310**	664	**310**	664
- bankers' acceptances and LC charges	**2,375**	1,515	**1,198**	1,162
- bonds	**8**	3,703	**2**	688
- commercial papers	**–**	505	**–**	–
- hire purchase and lease	**342**	86	**319**	86
- revolving credits	**–**	117	**–**	–
- loan	**11,105**	5,165	**7,202**	5,165
Impairment loss on receivables	**2,426**	922	**1,012**	1,073
Impairment loss on associates	**1,264**	73	**1**	–
Impairment loss on investment in a subsidiary	**–**	–	**–**	157
Impairment loss on related parties	**48**	–	**50**	–

39. PROFIT BEFORE TAXATION (CONT'D)

	THE GROUP		THE COMPANY	
	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000
Inventories written off	**–**	806	**–**	806
Inventories written down	**3,500**	4,029	**–**	265
Lease rentals	**2,954**	2,505	**2,954**	2,505
Intellectual properties written off	**66**	–	**–**	–
Property, plant and equipment written off	**264**	–	**22**	–
Rental expenses	**1,596**	446	**1,877**	1,188
Research and development expenses	**1,281**	2,076	**563**	1,493
Royalty	**7**	80	**–**	–
Staff costs				
- salaries and other remuneration	**50,875**	34,171	**28,599**	15,072
- defined contribution plans	**4,815**	3,169	**2,637**	1,540
Bad debts recovered	**–**	(500)	**–**	(500)
Dividend income	**–**	–	**(80,075)**	(32,100)
Gain on disposal of plant and equipment	**(23)**	(137)	**(32)**	–
(Gain)/Loss on foreign exchange:				
- realised	**(263)**	3,111	**(42)**	3,026
- unrealised	**1,470**	1,465	**1,368**	925
Interest income	**(526)**	(86)	**(338)**	(14)
Rental income	**(776)**	(809)	**(597)**	–

40. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000
Current tax				
- for the financial period/year	**18,432**	18,161	**1,189**	301
- over-provision in the previous financial year	**(420)**	(3,518)	**–**	(1,085)
	18,012	14,643	**1,189**	(784)
Deferred tax				
- for the financial period/year	**(779)**	(1,396)	**14,500**	(1,929)
- under-provision in the previous financial year	**–**	1,309	**–**	–
	(779)	(87)	**14,500**	(1,929)
	17,233	14,556	**15,689**	(2,713)

A reconciliation of income tax expense applicable to the profit 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		THE COMPANY	
	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000	1.1.2011 TO 31.3.2012 RM'000	1.1.2010 TO 31.12.2010 RM'000
Profit before taxation	**58,077**	42,587	**89,025**	10,922
Tax at the statutory tax rate	**14,519**	10,647	**22,256**	2,731
Non-taxable income	**–**	(473)	**(20,000)**	(8,433)
Non-deductible expenses	**6,548**	6,262	**4,354**	4,074
(Over)/under-provision in the previous financial year				
- current tax	**(420)**	(3,518)	**–**	(1,085)
- deferred tax	**–**	1,309	**–**	–
Deferred tax assets not recognised during the financial period/year	**2,515**	438	**–**	–
Reversal of deferred tax	**(5,793)**	–	**–**	–
(Realisation)/recognition of deferred taxation on factory building and leasehold land	**(136)**	(109)	**9,079**	–
Tax expense for the financial period/year	**17,233**	14,556	**15,689**	(2,713)

41. EARNINGS PER SHARE

The basic earnings per share is arrived at by dividing the Group's profit attributable to the owners of the Company of RM43,652,537 (2010 - RM28,030,477) by the weighted average number of ordinary shares in issue, computed as follows:-

	THE GROUP	
	31.3.2012 RM'000	31.12.2010 RM'000
Profit attributable to owners of the Company	**43,653**	28,031
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 January ('000)	**1,417,104**	1,415,179
Effect of share issued under conversion ('000)	**15,989**	894
Effect of share issued under private placement ('000)	**68,609**	–
Weighted average number of ordinary share at 31 March/December	**1,501,702**	1,416,073
Basic earnings per share (sen)	**2.91**	1.98
Profit attributable to owners of the Company	**43,653**	28,031
Weighted average number of ordinary shares ('000)	**1,501,702**	1,416,073
Adjustment for assumed exercise of Warrants A ('000)	**5,484**	–
Adjustment for assumed exercise of Warrants B ('000)	**24,980**	–
Weighted average number of ordinary share at 31 March/December	**1,532,166**	1,416,073
Diluted earnings per share (sen)	**2.85**	1.98

42. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

(a) Acquisition of the issued and paid-up share capital of IRIS Healthcare Sdn Bhd, formerly known as Peacock Conglomerate Sdn Bhd ("IRIS Healthcare")

The Company had on 18 April 2011 acquired 60 ordinary shares of RM1.00 each in IRIS Healthcare, representing 60% of its issued and paid-up share capital for a total cash consideration of RM60.

(b) Acquisition of the issued and paid-up share capital of Warisan Atlet (M) Sdn Bhd, formerly known as My Conquest Sdn Bhd ("Warisan Atlet")

The Company had on 18 April 2011 acquired 4,900 ordinary shares of RM1.00 each in Warisan Atlet, representing 49% of its issued and paid-up share capital for a total cash consideration of RM1.

(c) Acquisition of the issued and paid-up share capital of Epoch Energy Technology Sdn Bhd, formerly known as Ritz Ringgit Sdn Bhd ("Epoch Energy")

The Company had on 23 May 2011 acquired 700 ordinary shares of RM1.00 each in Epoch Energy, representing 70% of its issued and paid-up share capital for a total cash consideration of RM700.

42. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES (CONT'D)

(d) Acquisition of the issued and paid-up share capital of Ubud Tower Sdn Bhd, formerly known as Ubud Tower Sdn Bhd ("Ubud Tower")

IRIS Agrotech Sdn Bhd, a wholly owned subsidiary of the Company, had on 25 May 2011 acquired 50 ordinary shares of RM1.00 each in Ubud Tower, representing 50% of its issued and paid-up share capital for a total cash consideration of RM50.

(e) Acquisition of the issued and paid-up share capital of IRIS Koto (M) Sdn Bhd, formerly known as Penguin Corporation Sdn Bhd ("IRIS Koto")

The Company had on 6 June 2011 acquired 5,100 ordinary shares of RM1.00 each in IRIS Koto, representing 51% of its issued and paid-up share capital for a total cash consideration of RM5,100.

(f) Acquisition of the issued and paid-up share capital of IPE Insulation (M) Sdn Bhd. ("IPE Insulation")

IRIS Koto (M) Sdn Bhd, a subsidiary of IRIS Corporation Berhad, had on 30 June 2011 acquired 2 ordinary shares of RM1.00 each in IPE Insulation, representing 100% of its issued and paid-up share capital for a total cash consideration of RM2. Subsequently on 18 January 2012, the equity interest had reduced to 90% upon issuance of new ordinary shares by IPE Insulation.

(g) Increase in the issued and paid-up share capital of IRIS Land Sdn Bhd, (formerly known as Peak Structure Sdn Bhd) ("IRIS Land")

During the financial period, IRIS Land issued 99,998 new ordinary shares of RM1.00 each, of which 59,998 ordinary shares were subscribed for by the Company.

Previously, IRIS Land was a wholly-owned subsidiary of the Company. After the increase in the issued and paid-up share capital from 2 ordinary shares to 100,000 ordinary shares, IRIS Land is now a 60% owned subsidiary of the Company.

The dilution in the equity interest of IRIS Land does not have material financial impact to the Company as IRIS Land is still dormant.

(h) Acquisition of the issued and paid-up share capital of RB Biotech Sdn Bhd ("RB Biotech")

The Company had on 22 August 2011 entered into a Subscription Agreement for the proposed subscription of 2,000,000 ordinary shares of RM1.00 each in RB Biotech for a total cash consideration of RM2,000,000. The proposed subscription will be in 2 tranches with 1,000,000 ordinary shares for each tranche.

On 22 August 2011, the Company subscribed for 1,000,000 ordinary shares of RM1.00 each in RB Biotech for a total cash consideration of RM1,000,000.

The second subscription of 1,000,000 ordinary shares of RM1.00 each in RB Biotech for a total cash consideration of RM1,000,000 will only take place at a later date to be mutually determined by ICB and RB Biotech.

(i) Acquisition of the issued and paid-up share capital of Regal Energy Limited ("Regal Energy")

The Company had on 19 March 2012 acquired 10,000 ordinary shares of Hong Kong Dollar (HKD) 1.00 each in Regal Energy Limited, a Company incorporated in Hong Kong, representing a 100% of its issued and paid-up share capital for a total cash consideration of HKD10,000 (equivalent to RM 4,800). Regal Energy Limited is currently dormant and the acquisition is expected to have immaterial impact to the Group.

43. DIVIDEND

Dividend paid and proposed in respect of ordinary shares are as follows:-

	THE GROUP/THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000
Paid:-		
First and final tax-exempt dividend in respect of the financial year ended 31 December 2010 of 0.45 sen per ordinary share, paid on 25 August 2011	**7,087**	–
Proposed:-		
First and final tax-exempt dividend in respect of the current financial period of 0.45 sen per ordinary share	**7,087**	6,377

44. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Cost of property, plant and equipment purchased	**15,186**	14,077	**7,463**	2,969
Amount financed through hire purchase and lease	**(864)**	(3,126)	**(268)**	(1,710)
Cash disbursed for purchase of property, plant and equipment	**14,322**	10,951	**7,195**	1,259

45. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Deposits with licensed banks (Note 21)	**27,063**	12,458	**26,252**	10,765
Cash and bank balances	**61,761**	19,218	**51,904**	13,803
Bank overdraft	**–**	(19,972)	**–**	(19,972)
	88,824	11,704	**78,156**	4,596

46. CAPITAL COMMITMENTS

	THE GROUP	
	31.3.2012 RM'000	**31.12.2010 RM'000**
Approved and contracted for:		
- plant and equipment	**2,938**	1,409

47. OPERATING LEASE COMMITMENTS

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

	THE GROUP/THE COMPANY	
	31.3.2012 RM'000	**31.12.2010 RM'000**
The minimum lease payments		
- Not more than 1 year	**742**	2,394
- Between 1 and 2 years	**–**	1,545
	742	3,939

There are no operating lease commitments that exceeded five years.

48. CONTINGENT LIABILITIES

(i) The counter guarantees given to local and foreign banks for Performance Bond issued on behalf of the Company amounted to RM38,171,974 (2010 – RM11,753,016).

(ii) On 19 March 2010, the Company had extended a company guarantee of Thai Baht 360 million (RM36.8 million) in favour of PJT Technology Co., Ltd. ("PJT") for the proposed investment via equity interest in PJT, which was intended to partially finance the new waste incineration plant in Phuket, Thailand ("Project").

The investment amounting to Thai Baht 360 million is payable to PJT via monthly instalments over a period of thirteen (13) months, commencing from April 2010 to April 2011.

The guarantee of Thai Baht 360 million ("Amount") extended by ICB to PJT for the Proposed Investment is conditional upon the following conditions:-

(a) that PJT shall ensure that the Amount be remitted into a project account in Thailand, where ICB and PJT are both joint signatures, as partners in the Project;

(b) that the Amount shall be applied strictly towards the Projects; and

(c) that PJT has received confirmation and approval for a loan to be applied towards the Project from the Government Savings Bank of Thailand.

As at 9 November 2011, the total amount paid to PJT was Thai Baht 360 million (equivalent to RM36.21 million).

48. CONTINGENT LIABILITIES (CONT'D)

(iii) On 14 May 2010, the Company entered into a Guarantee Agreement with PJT as the guarantor of PJT for the benefit of Government Savings Bank in Thailand ("The Bank") for up to Thai Baht 640 million (equivalent to RM64.5 million), which is equivalent to the facilities limit of the Credit Facilities Agreement dated 14 May 2010 that has been entered into between PJT and the Bank.

49. 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 5 and 6 to the financial statements;

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

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

(b) 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:

	THE COMPANY	
	31.3.2012 RM'000	**31.12.2010 RM'000**
(i) Subsidiaries		
IRIS Technologies (M) Sdn. Bhd.		
- Royalty	**7,438**	9,277
- Sales	**2,366**	1,106
- Purchases	**10,570**	23,525
- Rental payable	**1,546**	1,057
- Dividend	**80,000**	32,000
IRIS Information Technology Systems Sdn. Bhd.		
- Sales	**45,365**	94
- Purchases	**1,393**	–
- Management fee	**300**	240
- Rental received	**149**	–
IRIS Eco Power Sdn. Bhd.		
- Rental received	**86**	–
IRIS Agrotech Sdn. Bhd.		
- Rental received	**39**	–

49. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

	NOTE	THE GROUP 31.3.2012 RM'000	THE GROUP 31.12.2010 RM'000	THE COMPANY 31.3.2012 RM'000	THE COMPANY 31.12.2010 RM'000
(ii) Associates					
GMPC Corporation Sdn. Bhd.					
- Sales		**83,166**	77,502	**23,085**	–
- Rental received		**8**	6	**3**	–
PJT Technology Co. Ltd					
- Sales		**(2,849)**	11	**(4,016)**	11
(iii) Other Related Parties					
MCS Microsystems Sdn. Bhd. ("MCSM")	(a)				
- Purchases		**–**	65	**–**	84
- Rental received		**98**	78	**98**	78
Versatile Paper Boxes Sdn. Bhd. ("VPB")	(b)				
- Purchases		**14**	4	**9**	1
Imagescan Creative Sdn. Bhd. ("Imagescan")	(b)				
- Purchases		**119**	–	**88**	–
(iv) Key Management Personnel					
- Short term employee benefits		**5,983**	5,126	**4,847**	3,672
- Defined contribution plans		**596**	575	**475**	362

(a) A company in which Yap Hock Eng is a director and shareholder.

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

50. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Executive Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The following summary describes the operations in each of the Group's reportable segments:

(a) Digital Identity & Business Solutions
(b) Other – Food security, Environmental solutions and other businesses.

The Executive Directors assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Income taxes are managed on a group basis and are not allocated to operating segments.

50. OPERATING SEGMENTS (CONT'D)

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the operating segments are presented under unallocated items. Unallocated items comprise mainly investments and related income, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses.

Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties.

BUSINESS SEGMENTS

	DIGITAL IDENTITY AND BUSINESS SOLUTIONS RM'000	OTHERS RM'000	INTER-SEGMENT ELIMINATION RM'000	GROUP RM'000
31.3.2012				
REVENUE				
External sales	**478,588**	**5,202**	**–**	**483,790**
RESULTS	**148,890**	**(8,333)**	**–**	**140,557**
Segment results				
Unallocated corporate expenses				**(69,680)**
Operating profit				**70,877**
Other income				**3,548**
Finance costs				**(14,140)**
				60,285
Share of loss in associates				**(2,208)**
Profit before taxation				**58,077**
Income tax expense				**(17,233)**
Profit after taxation				**40,844**
OTHER INFORMATION				
Segmental assets #	**755,930**	**28,871**	**–**	**784,801**
Segment liabilities *	**361,653**	**4,539**	**–**	**366,192**
Capital expenditure	**10,032**	**6,983**	**–**	**17,015**
Depreciation and amortisation	**14,626**	**1,770**	**–**	**16,396**

- *Segment assets comprise total current and non-current assets less unallocated assets.*

* - *Segment liabilities comprise total current liabilities and non-current liabilities less unallocated liabilities.*

50. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	DIGITAL IDENTITY AND BUSINESS SOLUTIONS RM'000	OTHERS RM'000	INTER-SEGMENT ELIMINATION RM'000	GROUP RM'000
31.12.2010				
REVENUE				
External sales	362,540	3,570	–	366,110
RESULTS				
Segment results	112,999	(12,909)	–	100,090
Unallocated corporate expenses				(49,273)
Operating profit				50,817
Other income				2,579
Finance costs				(11,755)
				41,641
Share of profit in associates				946
Profit before taxation				42,587
Income tax expense				(14,556)
Profit after taxation				28,031
OTHER INFORMATION				
Segmental assets #	664,452	18,865	–	683,317
Segment liabilities *	308,192	6,419	–	314,611
Capital expenditure	11,898	3,331	–	15,229
Depreciation and amortisation	13,883	1,021	–	14,904

- Segment assets comprise total current and non-current assets less unallocated assets.

* - Segment liabilities comprise total current liabilities and non-current liabilities less unallocated liabilities.

50. OPERATING SEGMENTS (CONT'D)

BY GEOGRAPHICAL LOCATION

	MALAYSIA RM'000	OTHERS RM'000	GROUP RM'000
31.3.2012			
Revenue from external customers	**262,755**	**221,035**	**483,790**
Segment assets	**774,572**	**10,229**	**784,801**
Capital expenditure	**15,186**	**1,829**	**17,015**

BY GEOGRAPHICAL LOCATION

	MALAYSIA RM'000	OTHERS RM'000	GROUP RM'000
31.12.2010			
Revenue from external customers	241,629	124,481	366,110
Segment assets	674,505	8,812	683,317
Capital expenditure	14,077	1,152	15,229

MAJOR CUSTOMERS

Revenue from four (4) major customers, with revenue equal to or more than 10% of Group revenue, amounting to RM316,408,000 arose from sales of the Digital Identity and business solutions segment.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD

The significant events during the financial period are as follows:-

(a) Maturity and full conversion of Non-Cumulative Irredeemable Convertible Preference Shares ("ICPS")

For the financial period from 1 January 2011 up to the maturity date of ICPS on 24 June 2011, a total of 25,666,204 units of ICPS have been converted into ordinary shares of RM0.15 each.

(b) Acquisition of business of IRIS Technologies (M) Sdn Bhd ("ITSB") by IRIS Corporation Berhad ("ICB" or "the Company") ("Internal Restructuring")

The Group has on 1 October 2011, carried out an internal restructuring exercise, of which the entire business of ITSB (including certain Assets and Liabilities) and all the equity shares of IRIS Information Technology Systems Sdn Bhd and IRIS Eco Power Sdn Bhd that was previously held by ITSB, have been transferred to IRIS Corporation Berhad.

This internal restructuring does not have any significant impact on the Group performance in view of the fact that the assets and liabilities remained intact within the Group.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(c) Material Litigations

(i) 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 for JAL's infringement of IRIS's US patent. This claim is based on the allegation that JAL's inspection of passports at United States airports infringes IRIS's patent over a method of manufacturing a secure electronic passport.

JAL has filed a motion to dismiss the claim. IRIS's solicitors, Messrs Moses & Singer LLP (the "Solicitors"), has opposed the motion to dismiss. The briefs on the motion had been filed in June 2007. The District Court had on 30 September 2009 granted JAL's motion to dismiss the claim and the decision stated that the patent protections conferred on IRIS conflicted with, and were superseded by JAL's federal legal obligation to inspect passenger passports. The Solicitors had, on behalf of IRIS, filed a notice to appeal to the United States Court of Appeals for the Federal Circuit in Washington and the matter is currently stayed pending the outcome of the JAL's bankruptcy proceedings in Japan.

The Solicitors of the Company stated that there are no US case precedents to indicate the likelihood of success on appeal. However, by analogy, the Solicitors pointed out that there are many regulations affecting airlines, such as JAL, as well as affecting other commercial operations, requiring these commercial entities to use intellectual property and other property that they do not own. These commercial entities do not get such property for free, and must buy them, even though regulations require that they use them. The Solicitors argued further that JAL should not be able to use IRIS' intellectual property for free, as part of their commercial operations.

The Solicitors further informed that in any event, it does not appear that this case will be heard within the next year or two, as the Federal Circuit in Washington proceedings are dependent upon the outcome of the Japanese bankruptcy proceedings. Until these proceedings are complete there is nothing for IRIS to do with respect to the JAL litigation.

Regarding the bankruptcy proceedings, pursuant to The Appellee's Status Report dated 27 January 2012, JAL stated that the stay issued by the US Bankruptcy Court still remains in effect. On 28 March 2011, Japan Airlines completed its corporate reorganization proceedings in Japan.

(ii) IRIS Technologies (M) Sdn Bhd ("**ITSB**"), a wholly owned subsidiary of the Company, and its joint venture Turkish partner Kunt Elektronik San.Ve Tic. A.S ("**KUNT**") ("**JV Company**") had on 17 September 2010 received a Letter of Termination dated 14 September 2010 ("**Letter of Termination**"), from Emniyet Genel Mudurlugu ("**EGM**"), known as General Directorate of Security in relation to the provision of Electronic Passport Issuing Systems in Turkey ("**The Agreement**").

Pursuant to the Letter of Termination, EGM requested for refund of New Turkish Lira ("**YTL**") 6.195 million (equivalent to approximately RM14.6 million at an exchange rate of YTL 1: RM2.36 as at 18 September 2009) which is equivalent to the first phase payment received by the Joint Venture Company between ITSB and KUNT. Subsequently, all the hardware and equipment delivered shall be returned to the JV Company.

On 18 September 2009, Messrs Sen & Arpaci had on behalf of the JV Company, made an application to the Ankara Civil Court of Turkey ("**Court**"), for an injunction to restrain EGM from claiming on the performance bond submitted by the JV Company in year 2007.

On 24 September 2009, an interlocutory injunction was obtained by the JV Company from the Court. Subsequently, on behalf of the JV Company, Messrs Sen & Arpaci had on 5 October 2009 filed a lawsuit against EGM in Ankara Court of First Instance ("Ankara Court") for the unlawful termination of the Agreement. The JV Company is claiming a total of YTL 5 million from EGM and the return of the performance bond. This matter was first heard on 22 December 2009.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL PERIOD (CONT'D)

(c) Material Litigations (Cont'd)

(ii) On 23 March 2010, EGM presented a counter claim, claiming approximately YTL 5.25 million from the JV Company. Specifically, the EGM is seeking to return all the hardware and equipments to the JV Company in exchange for a refund of YTL 5.25 million paid to the JV Company. The third hearing was held on 10 June 2010. The outcome of the hearing was that the judge had requested the JV Company to submit the precise damages amount(s) to be claimed against EGM so that the judge can decide which component court will hear the matter.

On 5 October 2010, JV Company had submitted new evidences for the case. The Courts accepted JV Company's submission and ordered EGM to reply to the new evidences submitted by JV Company within 20 days from 5 October 2010. However, no decision was granted at this stage to the EGM for their claims of refund of YTL 5.25 million they paid for the completion of phase 1 of the Project (for hardware and equipments delivered). At the same hearing, the Courts appointed three expert witnesses to study and analyze the case and the submissions of both Parties on commercial and technical grounds since the case is highly technical in nature. The Courts then fixed 23 December 2010 to hear the reports from the Court's appointed specialists or expert witnesses before giving out further directions.

On 20 March 2012, the Expert Report submitted was unfavourable towards the JV Company. The JV Company proceeded to file an appeal against the findings of the said Expert Technical Report. The Court decided that the file is to be sent to the same Court Experts for an additional technical report to be prepared on the grounds that the appeal is to be evaluated. The next hearing is now fixed on 13 November 2012.

In parallel, EGM filed additional claims of loss of opportunity amounting to YTL 13.041 million against the JV Company on 14 September 2010. On 30 November 2010, JV Company submitted evidences substantiating grounds for the rebuttal of this EGM's additional claims. On 8 February 2011's hearing, the Court granted 20 days for EGM to respond to the JV Company's earlier submitted rebuttal. On 12 April 2011 hearing, the Court appointed two experts who are experienced in law and finance matters to prepare a report on the case.

The Expert Report was submitted on 27 March 2012. The JV Company then appointed lawyers Messrs Sen & Arpaci to appeal against the submission of the negative indemnity provision reported in the said Expert Report. The Court has further adjourned pending the submission of an additional Expert Report and the next hearing is now fixed on 4 October 2012.

Messrs Sen & Arpaci is of opinion that the JV Company has a good chance of recovering the amount claimed. Messrs Sen & Arpaci is also of the view that the counter claim filed by EGM is likely to be rejected by the Ankara Court based on multiple legal issues that will be contemplated by the additional report.

52. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL PERIOD

(a) Proposed acquisition of 2,550,000 ordinary shares of Arab Emirates Dirham (AED) 1 each ("Sale Shares") by IRIS Eco Power Sdn. Bhd. ("IEP"), a wholly owned subsidiary of IRIS Corporation Berhad ("ICB") representing 51% equity interest in Oil Field Services LTD for an indicative purchase consideration of USD3,500,000 ("Purchase Consideration") only.

IRIS Eco Power Sdn. Bhd. ("IEP"), a wholly owned subsidiary of the Company, had on 20 July 2012 entered into a conditional Sales and Purchase of Shares Agreement ("Agreement") to acquire 51% of the issued and paid up capital of Oil Field Limited, which is equivalent to 2,550,000 ordinary Shares of AED 1 each for a total consideration of USD3,500,000.

Oil Field Services Ltd is a limited company incorporated on 18 February 2009 under the laws of the UAE and is classified as an International Offshore Business company in Ras Al Khaimah (RAK), Dubai, UAE. Oil Field Services Ltd has an authorised, issued and paid up capital of five million (5,000,000) Ordinary Shares of par value AED1 each.

The above proposed acquisition is to enable the Company to expand its business in the Environmental Solutions Division of ICB involving energy, mini hydro and power plants projects.

(b) Subscription of 540,000 additional new ordinary shares of Thai Baht 100 each by IRIS Corporation Berhad ("ICB" or "the Company") in PJT Technology Co. Ltd. ("PJT") for a total cash consideration of Thai Baht ("THB") 54,000,000 (equivalent to RM5,411,880.00) ("Subscription Price")

ICB has on 13 July 2012 completed the subscription for additional 540,000 out of the 800,000 new ordinary shares of THB100 each ("New Subscription") in the capital of PJT (for a total cash consideration of THB54,000,000 (equivalent to RM5,411,880.00 at the exchange rate of THB100: RM10.022).

The Company had previously owned 49% equity interest in PJT. Following the above New Subscription, ICB's equity interest in PJT has increased from 49% to 51% and PJT has now become a subsidiary of the Company.

53. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar, Euro, Thai Baht and Egyptian Pound. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk.

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The net unhedged financial assets and liabilities of the Group that are not denominated in RM are as follows:-

THE GROUP	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	CHINESE RENMINBI RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLAD TAKA RM'000	OTHERS RM'000
31.3.2012								
Amount owing by associates	**9,482**	**7,534**	**–**	**–**	**–**	**–**	**–**	**–**
Trade and other receivables	**–**	**111,782**	**20,250**	**711**	**7,005**	**2,713**	**1,444**	**–**
Trade and other payables	**–**	**(106,435)**	**(564)**	**(1)**	**(17)**	**–**	**–**	**(832)**
Trade loan	**–**	**(8,799)**	**–**	**–**	**–**	**–**	**–**	**–**
Cash and bank balances	**12**	**33,216**	**5,252**	**–**	**6,690**	**–**	**–**	**–**
Deposits with licensed banks	**–**	**20,652**	**–**	**–**	**–**	**–**	**–**	**–**
Currency exposure	**9,494**	**57,950**	**24,938**	**710**	**13,678**	**2,713**	**1,444**	**(832)**

THE GROUP	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	CHINESE RENMINBI RM'000	CANADIAN DOLLAR RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLAD TAKA RM'000	OTHERS RM'000
31.12.2010									
Amount owing by associates	20,873	–	–	–	–	–	–	–	–
Amount owing to associates	(19,191)	–	–	–	–	–	–	–	–
Trade and other receivables	–	42,023	11,779	720	1,191	10,998	3,432	1,235	144
Trade and other payables	–	(16,511)	(1,047)	–	–	(18)	–	–	(113)
Cash and bank balances	285	478	61	–	–	2,158	–	–	23
Currency exposure	1,967	25,990	10,793	720	1,191	13,138	3,432	1,235	54

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The net unhedged financial assets and liabilities of the Company that are not denominated in RM are as follows:-

THE COMPANY	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLAD TAKA RM'000	OTHERS RM'000
31.3.2012							
Amount owing by associates	9,482	–	–	–	–	–	–
Trade and other receivables	–	111,689	19,670	7,005	2,713	1,444	–
Trade and other payables	–	(104,957)	(469)	(17)	–	–	(806)
Trade loan	–	(5,882)	–	–	–	–	–
Cash and bank balances	12	32,192	365	6,690	–	–	–
Deposits with licensed bank	–	20,652	–	–	–	–	–
Currency exposure	9,494	53,694	19,566	13,678	2,713	1,444	(806)

THE COMPANY	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	CANADIAN DOLLAR RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLAD TAKA RM'000	OTHERS RM'000
31.12.2010								
Amount owing by associates	20,873	–	–	–	–	–	–	–
Trade and other receivables	(19,191)	–	–	–	–	3,432	1,235	–
Trade and other payables	–	27,141	11,471	1,191	10,998	–	–	142
Cash and bank balances	–	(6,180)	(698)	–	(18)	–	–	(74)
Deposits with licensed bank	285	291	38	–	2,158	–	–	–
Currency exposure	1,967	21,252	10,811	1,191	13,138	3,432	1,235	68

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(i) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	31.3.2012 INCREASE/ (DECREASE) RM'000	31.12.2010 INCREASE/ (DECREASE) RM'000	31.3.2012 INCREASE/ (DECREASE) RM'000	31.12.2010 INCREASE/ (DECREASE) RM'000
Effects on profit after taxation/equity				
Strengthened by 10%				
- Thai Baht	**712**	148	**712**	148
- United States Dollar	**4,346**	1,949	**4,027**	1,594
- Euro	**1,870**	809	**1,467**	811
- Chinese Renminbi	**53**	54	**–**	–
- Canadian Dollar	**60**	89	**60**	89
- Egyptian Pound	**1,026**	985	**1,026**	985
- Indian Rupee	**203**	257	**203**	257
- Banglad Taka	**108**	93	**108**	93
Weakened by 10%				
- Thai Baht	**(712)**	(148)	**(712)**	(148)
- United States Dollar	**(4,346)**	(1,949)	**(4,027)**	(1,594)
- Euro	**(1,870)**	(809)	**(1,467)**	(811)
- Chinese Renminbi	**(53)**	(54)	**–**	–
- Canadian Dollar	**(60)**	(89)	**(60)**	(89)
- Egyptian Pound	**(1,026)**	(985)	**(1,026)**	(985)
- Indian Rupee	**(203)**	(257)	**(203)**	(257)
- Banglad Taka	**(108)**	(93)	**(108)**	(93)

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 53(a)(v) to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	31.3.2012 INCREASE/ (DECREASE) RM	31.12.2010 INCREASE/ (DECREASE) RM	31.3.2012 INCREASE/ (DECREASE) RM	31.12.2010 INCREASE/ (DECREASE) RM
Effects on profit after taxation				
Increase of 100 basis points (bp)	**(1,485)**	(679)	**(972)**	(624)
Decrease of 100 bp	**1,485**	679	**972**	624

(iii) Equity Price Risk

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

(iv) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments, cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 64% of its trade receivables as at the end of the reporting period.

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Credit Risk (Cont'd)

Exposure to credit risk

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets as at the end of the reporting period.

The exposure of credit risk for trade receivables (including amount owing by subsidiaries and associates) by geographical region is as follows:-

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Domestic - Malaysia	**88,732**	135,665	**72,207**	64,300
African countries	**60,171**	14,908	**60,171**	14,908
Other Asian countries	**57,291**	44,536	**57,204**	37,610
North American countries	**20,198**	7,735	**20,198**	7,735
European countries	**1,166**	1,098	**702**	882
	227,558	203,942	**210,482**	125,435

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by associates) as at 31 March 2012 is as follows:-

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
Not past due	**51,114**	–	–	**51,114**
Past due:-				
- less than 3 months	**26,630**	–	–	**26,630**
- 3 to 6 months	**86,642**	–	–	**86,642**
- over 6 months	**67,815**	**(3,923)**	**(720)**	**63,172**
	232,201	**(3,923)**	**(720)**	**227,558**

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(iv) Credit Risk (Cont'd)

Ageing analysis (Cont'd)

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
31.12.2010				
Not past due	39,619	–	–	39,619
Past due:-				
- less than 3 months	19,365	–	–	19,365
- 3 to 6 months	65,619	–	–	65,619
- over 6 months	80,638	(733)	(566)	79,339
	205,241	(733)	(566)	203,942

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The collective impairment allowance is determined based on estimated irrecoverable amounts from the sale of goods, determined by reference to past default experience.

Trade receivables that are past due but not impaired
The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Trade receivables that are neither past due nor impaired.
A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE GROUP	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 2 YEAR RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
31.3.2012							
Bankers' acceptances	**3.02**	**21,473**	**21,632**	**21,632**	**–**	**–**	**–**
Trade loan	**4.37**	**30,080**	**30,303**	**30,303**	**–**	**–**	**–**
Term loan	**7.30**	**94,178**	**101,053**	**22,748**	**20,902**	**44,527**	**12,876**
Hire purchase payables	**6.15**	**3,511**	**4,025**	**965**	**965**	**1,975**	**120**
Lease payables	**5.81**	**1,136**	**1,237**	**536**	**701**	**–**	**–**
Trade payables	**–**	**33,465**	**33,465**	**33,465**	**–**	**–**	**–**
Other payables	**–**	**182,308**	**182,308**	**182,308**	**–**	**–**	**–**
Amount owing to associates	**–**	**36**	**36**	**36**	**–**	**–**	**–**
Amount owing to related parties	**–**	**5**	**5**	**5**	**–**	**–**	**–**
		366,192	**374,064**	**291,998**	**22,568**	**46,502**	**12,996**
31.12.2010							
Bank overdraft	6.30	19,972	19,972	19,972	–	–	–
Bankers' acceptances	3.01	33,242	33,242	33,242	–	–	–
Term loan	7.90	140,428	175,974	46,055	24,663	53,608	51,648
Hire purchase payables	6.12	3,491	4,142	802	802	2,074	464
Lease payables	7.36	2,002	2,231	854	854	523	–
Trade payables	–	27,320	27,320	27,320	–	–	–
Other payables and accruals	–	68,730	68,730	68,730	–	–	–
Amount owing to associates	–	19,191	19,191	19,191	–	–	–
Amount owing to related parties	–	235	235	235	–	–	–
		314,611	351,037	216,401	26,319	56,205	52,112

53. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (Cont'd)

(v) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

THE COMPANY	WEIGHTED AVERAGE EFFECTIVE RATE %	CARRYING AMOUNT RM'000	CONTRACTUAL UNDISCOUNTED CASH FLOWS RM'000	WITHIN 1 YEAR RM'000	1 - 2 YEAR RM'000	2 - 5 YEARS RM'000	OVER 5 YEARS RM'000
31.3.2012							
Bankers' acceptances	**3.43**	**21,473**	**21,632**	**21,632**	**–**	**–**	**–**
Trade loan	**4.41**	**18,479**	**18,616**	**18,616**	**–**	**–**	**–**
Term loan	**7.30**	**94,178**	**101,053**	**22,748**	**20,902**	**44,527**	**12,876**
Hire purchases payables	**5.65**	**2,739**	**3,128**	**775**	**775**	**1,476**	**102**
Lease payables	**5.81**	**1,136**	**1,237**	**536**	**701**	**–**	**–**
Trade payables	**–**	**25,735**	**25,735**	**25,735**	**–**	**–**	**–**
Other payables	**–**	**175,189**	**175,189**	**175,189**	**–**	**–**	**–**
Amount owing to associates	**–**	**36**	**36**	**36**	**–**	**–**	**–**
Amount owing to subsidiaries	**–**	**127,616**	**127,616**	**127,616**	**–**	**–**	**–**
		466,581	**474,242**	**392,883**	**22,378**	**46,003**	**12,978**
31.12.2010							
Bank overdraft	6.30	19,972	19,972	19,972	–	–	–
Bankers' acceptances	2.64	22,080	22,080	22,080	–	–	–
Term loan	7.90	140,428	175,974	46,055	24,663	53,608	51,648
Hire purchases payables	6.12	2,149	2,525	543	543	1,315	124
Lease payables	7.36	1,617	1,815	495	495	825	–
Trade payables	–	9,564	9,564	9,564	–	–	–
Other payables and accruals	–	49,142	49,142	49,142	–	–	–
Amount owing to subsidiaries	–	32,294	32,294	32,294	–	–	–
Amount owing to associates	–	19,191	19,191	19,191	–	–	–
Amount owing to related parties	–	222	222	222	–	–	–
		296,659	332,779	199,558	25,701	55,748	51,772

53. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholder(s) value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	THE GROUP	
	31.3.2012 RM'000	**31.12.2010 RM'000**
Bank overdraft	**–**	19,972
Bankers' acceptances	**21,473**	33,242
Trade loans	**30,080**	–
Term loans	**94,178**	140,428
Hire purchase payables	**3,511**	3,491
Lease payables	**1,136**	2,002
Trade payables	**33,465**	27,320
Other payables and accruals	**182,308**	68,730
Amount owing to associates and related parties	**41**	19,426
	366,192	314,611
Less: Deposits with licensed banks	**(27,063)**	(12,458)
Less: Cash and bank balances	**(61,761)**	(19,218)
Net debts	**277,368**	282,935
Total equity	**401,678**	346,524
Debt-to-equity ratio	**0.69**	0.82

53. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

Under the requirement of Bursa Malaysia Guidance Note No. 3/2006, the Company is required to maintain its shareholders' equity equal to or not less than the 25% of the issued and paid-up share capital (excluding treasury shares) of the Company. The Company has complied with this requirement.

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Financial assets				
Available-for-sale financial assets				
Other investments	**406**	406	**406**	406
Loan and receivables financial assets				
Trade receivables	**210,542**	140,995	**134,305**	82,204
Other receivables and deposits	**60,041**	42,285	**55,666**	25,498
Amount owing by subsidiaries	**–**	–	**119,709**	60,820
Amount owing by associates	**17,016**	62,947	**9,482**	20,873
Amount owing by related parties	**176**	353	**176**	349
Deposits with licensed banks	**27,063**	12,458	**26,252**	10,765
Cash and bank balances	**61,761**	19,218	**51,904**	13,803
	376,599	278,256	**397,494**	214,312
Financial liabilities				
Other financial liabilities				
Trade payables	**33,465**	27,320	**25,735**	9,564
Other payables and accruals	**182,308**	68,730	**175,189**	49,142
Amount owing to subsidiaries	**–**	–	**127,616**	32,294
Amount owing to associates	**36**	19,191	**36**	19,191
Amount owing to related parties	**5**	235	**–**	222
Hire purchase payables	**3,511**	3,491	**2,739**	2,149
Lease payables	**1,136**	2,002	**1,136**	1,617
Bank overdraft	**–**	19,972	**–**	19,972
Bankers' acceptances	**21,473**	33,242	**21,473**	22,080
Trade loans	**30,080**	–	**18,479**	–
Term loans	**94,178**	140,428	**94,178**	140,428
	366,192	314,611	**466,581**	296,659

53. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Values Of Financial Instruments

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2012.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

As at 31 March 2012, there were no financial instruments carried at fair values.

54. COMPARATIVES

The Company and its subsidiaries have changed their financial year end from 31 December to 31 March. Accordingly, the financial statements of the Group and the Company for the financial period ended 31 March 2012 cover a 15 month period from 1 January 2011 to 31 March 2012 as compared to the 12 month period from 1 January 2010 to 31 December 2010.

55. SUPPLEMENTARY INFORMATION – DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

The breakdown of retained earnings of the Group and the Company at the end of reporting period into realised and unrealised profits or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1 - Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securties Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	31.3.2012 RM'000	31.12.2010 RM'000	31.3.2012 RM'000	31.12.2010 RM'000
Total retained earnings/(accumulated losses):				
- realised	**47,359**	15,966	**47,912**	(34,256)
- unrealised	**(19,330)**	(18,624)	**(17,796)**	(1,877)
	28,029	(2,658)	**30,116**	(36,133)
Total share of accumulated losses of associate:				
- realised	**(2,565)**	(482)	**–**	–
- unrealised	**(923)**	(511)	**–**	–
	(3,488)	(993)	**–**	–
Less: Consolidation adjustments	**69,750**	60,967	**–**	–
At 31 March/December	**94,291**	57,316	**30,116**	(36,133)

STATISTICS ON SHAREHOLDINGS
AS AT 25 JULY 2012

Authorised Share Capital		
Ordinary Shares of RM0.15 each	:	RM375,000,000
Non-cumulative Irredeemable Convertible Preference Shares of RM0.15 each	:	RM105,000,000
		RM480,000,000
Issued and Fully Paid-Up Share Capital		
Ordinary Shares of RM0.15 each	:	RM236,256,901
		RM236,256,901

DISTRIBUTION OF SHAREHOLDINGS

ORDINARY SHARES

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 - 99	42	0.245	1,614	0.000
100 - 1,000	832	4.866	659,813	0.041
1,001 - 10,000	6,878	40.226	45,389,068	2.881
10,001 - 100,000	7,742	45.280	316,756,803	20.110
100,001 - 78,752,299 (*)	1,602	9.369	981,107,942	62.290
78,752,300 AND ABOVE (**)	2	0.011	231,130,767	14.674
TOTAL	**17,098**	**100.000**	**1,575,046,007**	**100.000**

*REMARK : * - LESS THAN 5% OF ISSUED SHARES*
*** - 5% AND ABOVE OF ISSUED SHARES*

WARRANT A

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 - 99	271	15.284	10,709	0.022
100 - 1,000	495	27.918	188,026	0.403
1,001 - 10,000	483	27.241	2,817,110	6.043
10,001 - 100,000	436	24.591	16,794,078	36.025
100,001 - 2,330,878 (*)	88	4.963	26,807,666	57.505
2,330,879 AND ABOVE (**)	0	0.000	0	0.000
TOTAL	**1,773**	**100.000**	**46,617,589**	**100.000**

*REMARK : * - LESS THAN 5% OF ISSUED WARRANTS*
*** - 5% AND ABOVE OF ISSUED WARRANTS*

WARRANT B

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 - 99	99	2.844	4,630	0.002
100 - 1,000	278	7.986	200,828	0.094
1,001 - 10,000	1,673	48.060	7,755,693	3.652
10,001 - 100,000	1,144	32.864	42,932,974	20.220
100,001 - 10,616,348 (*)	287	8.244	161,432,862	76.030
10,616,349 AND ABOVE (**)	0	0.000	0	0.000
TOTAL	**3,481**	**100.000**	**212,326,987**	**100.000**

*REMARK : * - LESS THAN 5% OF ISSUED WARRANTS*
*** - 5% AND ABOVE OF ISSUED WARRANTS*

LIST OF 30 LARGEST SHAREHOLDERS AS AT 25 JULY 2012

ORDINARY SHARES

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1	PERBADANAN NASIONAL BERHAD	132,275,100	8.398
2	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR)	98,855,667	6.276
3	MCS MICROSYSTEMS SDN BHD	65,333,333	4.148
4	TL TECHNOLOGY RESEARCH (HK) LIMITED	56,000,000	3.555
5	RAZALI BIN ISMAIL	39,493,333	2.507
6	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH(A/C CLIENTS-FGN)	37,622,040	2.388
7	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN. BHD. (SS2)	27,568,366	1.750
8	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	18,391,000	1.167
9	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	16,648,900	1.057
10	CHANG CHENG HUAT	15,129,000	0.960
11	LEE KWEE HIANG	15,110,000	0.959
12	OSK NOMINEES (TEMPATAN) SDN BERHAD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	15,000,000	0.952
13	YAP LAI KUAN	14,713,900	0.934
14	ULTRA PROGRESSIVE SDN BHD	14,600,000	0.926
15	CITIGROUP NOMINEES (ASING) SDN BHD CBHK PBGSGP FOR SUNNYVALE HOLDINGS LTD	13,500,000	0.857
16	M.I.T NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)	10,000,000	0.634
17	LIM KIM HUA	9,519,600	0.604
18	TEOH HOOI BIN	7,530,000	0.478
19	YAP HOCK ENG	7,264,400	0.461

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
20	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	6,000,000	0.380
21	LIEW SZE FOOK	5,500,000	0.349
22	CHOO SEONG KIAT	5,400,006	0.342
23	TAN SAY JIM	4,843,333	0.307
24	TUNKU SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	4,533,333	0.287
25	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	4,420,400	0.280
26	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)	4,000,000	0.253
27	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	3,500,000	0.222
28	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (M02)	3,460,000	0.219
29	LIM KOK HENG	3,400,000	0.215
30	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	3,307,200	0.209
	Total	**662,918,911**	**42.088**

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 25 JULY 2012

WARRANT A

NO.	NAME OF WARRANT HOLDERS	NO. OF SHARES	% OF SHARES
1	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)	2,150,000	4.611
2	GOH CHYE KEAT	1,500,000	3.217
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH(A/C CLIENTS-FGN)	1,269,516	2.723
4	LEE KWEE HIANG	1,026,000	2.200
5	CK GOH HOLDINGS SDN BHD	1,000,000	2.145
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KOK YEW (CEB)	860,000	1.844
7	YONG CHEE CHOONG	799,600	1.715
8	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	708,000	1.518
9	TAN SAY JIM	677,000	1.452
10	NG LIAN CHENG	650,000	1.394
11	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW YAM FEE	600,000	1.287
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	508,900	1.091
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH CHYE KEAT (PB)	500,000	1.072
14	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	500,000	1.072
15	YAP KIT HOONG	400,000	0.858
16	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH BOON IANG	390,000	0.836
17	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	360,000	0.772

NO.	NAME OF WARRANT HOLDERS	NO. OF SHARES	% OF SHARES
18	HLG NOMINEE (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHOOI GIAP KEE	320,000	0.686
19	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG POK SENG	303,000	0.649
20	ONG SENG KHEK	300,000	0.643
21	PUBLIC NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PHANOM SAE-TAN (E-TMM)	299,100	0.641
22	TAN LYE PENG	293,200	0.628
23	CHAN LAM SANG @ CHAN LAM	288,000	0.617
24	TUNKU SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	280,000	0.600
25	HOH SAI KHONG	270,000	0.579
26	TOH BEE LAN	265,000	0.568
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD SEK YONG WEE	260,000	0.557
28	HLG NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YUEN XING (CCTS)	250,100	0.536
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KOK SENG (E-TMM)	246,800	0.529
30	SHANTILAL TISSA HERAT	230,000	0.493
	Total	**17,504,216**	**37.548**

LIST OF 30 LARGEST WARRANT HOLDERS AS AT 25 JULY 2012

WARRANT B

NO.	NAME OF WARRANT HOLDERS	NO. OF SHARES	% OF SHARES
1	TL TECHNOLOGY RESEARCH (HK) LIMITED	8,400,000	3.956
2	M.I.T NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)	6,973,834	3.284
3	DANIEL LIM HWA YEW	6,894,900	3.247
4	TAN ENG HUAT	5,685,000	2.677
5	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR HSBC PRIVATE BANK (SUISSE) S.A. (SPORE TST AC CL)	5,050,000	2.378
6	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD CHUNG TAT WING (T-471429)	4,900,000	2.307
7	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG MING SHYAN	4,207,000	1.981
8	GOH CHYE KEAT	4,125,000	1.942
9	TEOH HOOI BIN	3,974,400	1.871
10	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH BOON IANG	3,206,000	1.509
11	A.A. ANTHONY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TEONG KIAT	3,000,000	1.412
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SATKUNABALAN A/L K SABARATNAM	3,000,000	1.412
13	NGUI NYUK KYOON	2,904,700	1.368
14	LEE KWEE HIANG	2,578,100	1.214
15	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN	2,000,000	0.941
16	TAY KAI GUAN	2,000,000	0.941
17	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	2,000,000	0.941
18	YIP CHENG YUE	2,000,000	0.941
19	CHUNG TAT WING	1,994,000	0.939

NO.	NAME OF WARRANT HOLDERS	NO. OF SHARES	% OF SHARES
20	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOW FOOK LEONG	1,815,000	0.854
21	CK GOH HOLDINGS SDN BHD	1,500,000	0.706
22	ANG MUH KUEN	1,460,200	0.687
23	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE KWEE HIANG	1,432,500	0.674
24	SON KAT PEE @ SOIN KAT PEE	1,350,000	0.635
25	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	1,327,800	0.625
26	LEE KWAI	1,110,000	0.522
27	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH CHYE KEAT (PB)	1,100,000	0.518
28	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIM KEE (TAN0883C)	1,085,000	0.511
29	CHIA SIOK KIONG	1,000,000	0.470
30	GOH KAR KEONG	1,000,000	0.470
	Total	**89,073,434**	**41.951**

SUBSTANTIAL SHAREHOLDERS AS AT 25 JULY 2012

(as per Register of Substantial Shareholders)

ORDINARY SHARES

		NO. OF SHARES			
NO	**SHAREHOLDERS**	**DIRECT**	**%**	**INDIRECT**	**%**
1	PERBADANAN NASIONAL BERHAD	132,275,100	8.40	–	–
2	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR) & (SS2)	126,424,033	8.03	–	–
3	DATO' TAN SAY JIM	46,492,233	2.95	126,424,033*	8.03
	TOTAL	**305,191,366**	**19.38**	**126,424,033**	**8.03**

DIRECTORS' SHAREHOLDING AS AT 25 JULY 2012

(as per Register of Directors' Shareholdings)

ORDINARY SHARES

		NO. OF SHARES			
NO	**SHAREHOLDERS**	**DIRECT**	**%**	**INDIRECT**	**%**
1	TAN SRI RAZALI BIN ISMAIL	39,551,733	2.51	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	4,533,333	0.29	–	–
3	DATO' TAN SAY JIM	46,492,233	2.95	126,424,033*	8.03
4	EOW KWAN HOONG	1,593,333	0.10	–	–
5	SYED ABDULLAH BIN SYED ABD KADIR	466,666	0.03	–	–
6	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
7	CHAN FEOI CHUN	100,000	0.01	–	–
8	RIZAL FARIS BIN MOHIDEEN ABDUL KADER	–	–	–	–
9	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
	TOTAL	**92,737,298**	**5.89**	**126,424,033**	**8.03**

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

WARRANT A

NO	WARRANT HOLDER	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	40*	0.00
4	EOW KWAN HOONG	–	–	–	–
5	SYED ABDULLAH BIN SYED ABD KADIR	19,999	0.04	–	–
6	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
7	CHAN FEOI CHUN	1,800	0.00	–	–
8	RIZAL FARIS BIN MOHIDEEN ABDUL KADER	–	–	–	–
9	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
	TOTAL	**1,686,799**	**3.61**	**–**	**–**

WARRANT B

NO	WARRANT HOLDER	NO. OF SHARES DIRECT	%	INDIRECT	%
1	TAN SRI RAZALI BIN ISMAIL	1,000,000	0.47	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	–	–
3	DATO' TAN SAY JIM	6,973,834	3.28	104*	0.00
4	EOW KWAN HOONG	250,000	0.12	–	–
5	SYED ABDULLAH BIN SYED ABD KADIR	49,999	0.02	–	–
6	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
7	CHAN FEOI CHUN	–	–	–	–
8	RIZAL FARIS BIN MOHIDEEN ABDUL KADER	–	–	–	–
9	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
	TOTAL	**8,273,833**	**3.90**	**104**	**0.00**

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

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighteenth 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 Tuesday, 25 September, 2012 at 11.00 a.m. to transact the following business:-

Agenda

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial period from 1 January 2011 to 31 March 2012 together with the Reports of the Directors and Auditors thereon. (SEE NOTE 2)

2. To approve the payment of first and final tax-exempt dividend of 0.45 sen per ordinary share in respect of the financial period from 1 January 2011 to 31 March 2012. (Resolution 1)

3. To re-elect the following Directors who retire pursuant to Article 86 and Article 93 of the Company's Articles of Association.

   Article 86
   (i) Syed Abdullah Bin Syed Abd Kadir (Resolution 2)
   (ii) Chan Feoi Chun (Resolution 3)

   Article 93
   (iii) Dato' Hamdan Bin Mohd Hassan (Resolution 4)

4. To approve the payment of Directors' Fees for the financial period from 1 January 2011 to 31 March 2012. (Resolution 5)

5. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration. (Resolution 6)

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:- (SEE NOTE 3)

   (i) "THAT Tan Sri Razali Bin Ismail, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 7)

   (ii) "THAT YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, retiring pursuant to Section 129(6) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 8)

To consider and if thought fit, to pass, with or without modifications, the following Ordinary/Special Resolutions of the Company:-

7. **ORDINARY RESOLUTION** (SEE NOTE 4)
AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965
"THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and the approval of any relevant governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorized and empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot 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 the shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up 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)

8. **SPECIAL RESOLUTION** (SEE NOTE 5)
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")
"THAT the amendments to the Company's Articles of Association as set out in Appendix I ("Proposed Amendments") on pages 161 to 170 of the 2012 Annual Report be and are hereby approved and adopted. (Resolution 10)

THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities."

9. To transact any other ordinary business of which due notice has been given.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighteenth Annual General Meeting to be held on 25 September 2012, a first and final tax exempt dividend of 0.45 sen per ordinary share in respect of the financial period from 1 January 2011 to 31 March 2012 will be paid on 28 November 2012 .

The entitlement date for the dividend is 8 November 2012.

A depositor shall qualify for the entitlement to the dividend only in respect of:-

(a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 8 November 2012 in respect of transfers; and

(b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

NG YEN HOONG (LS 008016)
COMPANY SECRETARY

Kuala Lumpur
30 August 2012

NOTES:

1. APPOINTMENT OF PROXY

(a) 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) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

(c) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

(g) A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the proxy's authority.

(h) Only members whose names appear in the Record of Depositors as at 19 September 2012 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

2. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2012

Item 1 of Agenda – The Audited Financial Statements in Agenda 1 is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 169(1) of the Companies Act, 1965. Hence, this Agenda is not put forward for voting by shareholders of the Company.

3. RE-APPOINTMENT OF DIRECTORS PURSUANT TO SECTION 129(6) OF THE COMPANIES ACT, 1965

The proposed Resolution 7 and Resolution 8, if passed, will authorise the continuity in office of the Directors (who are over the age of 70 years) until the next Annual General Meeting.

4. AUTHORITY TO ALLOT AND ISSUE SHARES IN GENERAL PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The proposed Resolution 9 is the renewal of the mandate obtained from the members at the last Annual General Meeting ("the previous mandate"). As at this Notice, the Company has placed out 132,275,100 new Ordinary Shares at an issue price of RM0.1512 each, which raised a total of RM19,999,995.12 and which shares were all listed on the ACE Market of Bursa Malaysia Securities Berhad on 11 August 2011 ("Private Placement"). Details and status of the utilisation of proceeds from the Private Placement are set out in the "Other Information Required by the Bursa Malaysia Securities Berhad ACE Market Listing Requirements" in page 53 of the 2012 Annual Report.

The proposed Resolution 9, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to further placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), by the issuance of shares in the Company to such persons at any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed 10% of the issued and paid-up share capital of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.

5. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The proposed Resolution 10, if passed, will approve the amendments to the Articles of Association of the Company. The Proposed Amendments will bring the Articles of Association of the Company to be in line with the amendments to Bursa Malaysia Securities Berhad ACE Market Listing Requirement as well as to facilitate some administrative issues.

Please refer to Appendix 1 on pages 161 to 170 of the 2012 Annual Report for full details of the Proposed Amendments.

STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING
(PURSUANT TO RULE 8.29(2) OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR ACE MARKET)

Directors who are standing for re-appointment at the Eighteenth Annual General Meeting are as follows:-

1. Tan Sri Razali Bin Ismail
2. YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin

The profiles of the above Directors are set out in the section entitled "Profiles of Directors' on pages 30 to 34 of the 2012 Annual Report.

APPENDIX I
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF IRIS COPRORATION BERHAD

ARTICLE NO.	EXISTING PROVISION		AMENDED PROVISION	
To amend Article 2	Interpretation Approved Market Place	A stock exchange which is specified to be an approved market place pursuant to an exemption order made under Section 62A of the Securities Industry (Central Depositories) Act 1991;	Interpretation	**(Deleted)**
To amend Article 2	Interpretation Listing Requirements	The Listing Requirement of Bursa Malaysia Securities Berhad that are applicable to the MESDAQ Market including any amendment thereto that may be made from time to time;	Interpretation Listing Requirements	**Bursa Malaysia Securities Berhad ACE Market Listing Requirement** including any amendment thereto that may be made from time to time;
To amend Article 2	Interpretation Market Day	A day on which the MESDAQ market is open for trading in securities;	Interpretation Market Day	A day on which the **ACE Market** is open for trading in securities;
To amend Article 2	Interpretation These Articles	These Articles of Association as originally framed or as altered from time to time by special resolution subject to the Act and the written approval of the Exchange; and	Interpretation These Articles	These Articles of Association as originally framed or as altered from time to time by special resolution; and

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 4(d)	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options unless:- (i) the Members in general meeting have approved of the specific allotment to be made to such Director; and (ii) he holds office in the Company in an executive capacity PROVIDED ALWAYS that a Director does not holding office in an executive capacity may so participate in any issue of shares pursuant to a public issue or public offer or special issue, such participation to be approved by the relevant authorities.	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options unless the Members in general meeting have approved of the specific allotment to be made to such Director.
To amend Article 35	In the event that:- (a) the securities of the Company are listed on an Approved Market Place; and (b) the Company is exempted from compliance with section 14 of the Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) (No. 2) Act, 1998, as the case may be, under the Rules of the Depository in respect of such securities. (c) the Company shall, upon the request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as "the Foreign Register"), to the register of holders maintained by the registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") provided that there shall be no change in ownership of such securities.	In the event that:- (a) the securities of the Company are listed on **another stock exchange**; and (b) the Company is exempted from compliance with Section 14 of the Depositories Act or section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be, under the Rules of the Depository in respect of such securities, the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the Company in the jurisdiction of the **other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities**.

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 59	The notices convening meetings shall specify the place, date, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least 1 (one) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed, including the Exchange.	The notices convening meetings shall specify the place, date, day and hour of the meeting, and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least 1 (one) nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the **Company** is listed.
To amend Article 64	In every notice calling a meeting of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint one (1) or more proxies to attend and vote in his stead, and that a proxy need not also be a Member. Where a Member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.	In every notice **of general meeting** of the Company there shall appear with reasonable prominence, a statement that a Member entitled to attend and vote is entitled to appoint **not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Depositories Act, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Depositories Act**. **Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.**

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 79	The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.	The instrument appointing a proxy shall be in writing under the hand of the **appointer** or of his attorney duly authorised in writing or, if the **appointer** is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. **A proxy need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Act shall not apply to the Company**. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll. **A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.** **A Member of the Company who is entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, may appoint not more than two (2) proxies to attend and vote instead of the Member at the meeting.** **A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.**
To insert new Article 79A	Not Applicable	**Where a Member of the Company is an authorised nominee as defined in the Depositories Act, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing in credit of the said Securities Account.**
To insert new Article 79B	Not Applicable	**Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Depositories Act.**

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 80	The instrument appointing a proxy shall be in the following form with such variations as circumstances may require or the statues permit or in such other form as the Exchange may approve:- **IRIS CORPORATION BERHAD** I/We, ________________ of ________________ ________________ Being a Member/Members of **IRIS CORPORATION BERHAD** hereby appoint ________________ of ________________ ________________ or failing him, ________________ of ________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual/Extraordinary General Meeting * of the Company to be held on the ____ day of ________ 20 ____ and, at my adjournment thereof for/against * the resolution(s) to be proposed thereat. As witness my/our hand(s) this ______ day of ________ 20 ____ No. of shares held: ________ ________________ Signature of Member * Strike our whichever is not desired. (Unless otherwise instructed the proxy may vote as he thinks fit).	The instrument appointing a proxy shall be in the following form or in such other form as the **Directors** may approve **or in any particular case may accept:-** **IRIS CORPORATION BERHAD** I/We, ________________ (NRIC No./Company No. ________________) of ________________ ________________ being a Member/Members of **IRIS CORPORATION BERHAD** hereby appoint ________________ ________________ (NRIC No. ________________) of ________________ or failing whom, ________________ (NRIC No. ________________) of ________________ as my/our proxy to vote for me/us and act on my/our behalf at the *Annual/Extraordinary General Meeting of the Company to be held at ________ on ____ day of ________ 20 ____ at ________ and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat:- Dated this ____ day of ________ 20 ____ No. of shares held: ________ ________________ Signature / Common Seal of Member * Strike out whichever is not desired. (Unless otherwise instructed the proxy may vote or abstain from voting as he/she thinks fit).

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
	Notes: A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s). A member shall be entitled to appoint more than one (1) 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 (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Where the appointer is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised.	**Notes:** a) A proxy need not be a **Member** of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. b) To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the **Member(s)** duly execute the form of proxy but does not name any proxy, such **Member(s)** shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the **Member(s)**. **c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Depositories Act, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account.** **d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Depositories Act.**

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
		e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. **f)** Where the appointer is a corporation, this form must be executed under its common seal or the hand of an officer or attorney duly authorised. **g) A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.**
To amend Article 86	At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors except a Managing Director appointed for a fixed period pursuant to these Articles shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.	At the first annual general meeting of the Company, all the Directors shall retire from office, and at the annual general meeting in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.
To amend Article 95(d)	salaries payable to executive Directives may not include a commission on or percentage of turnover; and	salaries payable to executive **Directors** may not include a commission on or percentage of turnover; and

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 109	The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors.	The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Any Director may at any time and the Secretary shall on the requisition of any of the Directors, summon a meeting of the Directors. **The Directors may also hold a meeting of directors at two(2) or more venues within or outside Malaysia using any technology that enable the Directors as a whole to participate for the entire duration of the meeting; and that all information and documents for the meeting must be made available to all Directors prior to or at the meeting. Such participation shall be deemed to be present in person. The minutes of the proceedings of such meeting is sufficient evidence of the proceedings to which it relates.**
To amend Article 110	It shall not be necessary to give any Director or alternate Director who has not got an address in Malaysia, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given to all Directors and their alternates who have a registered address in Malaysia. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing and the notice of each Directors' meeting shall be served in the manner referred to in Articles 154 and 155 and the said Articles 154 and 155 shall apply mutatis mutandis to the service of notice of Directors' meetings on Directors as they apply to the service of notices on Members of the Company.	It shall not be necessary to give any Director or alternate Director who has not got an address in Malaysia, registered with the Company, notice of a meeting of the Directors. Unless otherwise determined by the Directors from time to time, notice of all Directors' meetings shall be given to all Directors and their alternates who have a registered address in Malaysia. Except in the case of an emergency, reasonable notice of every Directors' meeting shall be given in writing. **The Director may waive notice of any meeting and any such waiver may be retroactive. The notice of each Directors' meeting shall be deemed to be served if a properly stamped letter containing the notice is posted or the notice is sent by hand, facsimile transmission, electronic mail or other electronic communications to the Directors to the address provided by the Directors. Where a notice or document is sent using electronic communication, service of the notice or document shall be deemed to be effected by properly addressing and transmitting the notice of document.**

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To delete Article 113	The Directors shall have full powers to appoint any person from time to time as and when necessary, as their proxies to represent them at Directors' Meetings. An instrument appointing a proxy shall be in writing in any form approved by the Directors under the hand of the appointor or his attorney duly authorised in writing.	**(Deleted)**
To insert new Article 125A	Not Applicable	**A resolution in writing signed or approved by letter or telefax or other electronic means by the members of a Committee and who are sufficient to form a quorum, shall be as valid and effectual as if it had been passed at a meeting of the Committee duly called and constituted. Any such resolution may be executed in any number of counterparts, each signed by one or more members of the Committee all of which taken together and when delivered to the secretary of the Committee shall constitute as one and the same resolution.**
To delete Article 128	Any sale or disposal by the Directors of a substantial portion of the Company's main undertaking or property shall be subject to ratification by shareholders in general meeting.	**(Deleted)**
To amend Article 129	A resolution in writing signed or approved by letter by a majority of the Directors who may at the time be present in Malaysia and who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution must also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Director or their alternates.	A resolution in writing signed or approved by letter, **telegram, telex or telefax** by a majority of the Directors who may at the time be present in Malaysia and who are sufficient to form a quorum shall be valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted; provided that where a Director is not so present but has an alternate who is so present, then such resolution **shall** also be signed by such alternate. All such resolutions shall be described as "Directors' Circular Resolution" and shall be forwarded or otherwise delivered to the Secretary without delay, and shall be recorded by him in the Company's minute book. Any such resolution may consist of several documents in like form, each signed by one (1) or more Director or their alternates. **Any such document may be accepted as sufficiently signed by a Director if transmitted to the Company by any technology purporting to include a signature and/or electronic or digital signature of the Director.**

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 162	On voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been ratified by the Members. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which it is to be considered.	On voluntary liquidation of the Company, no commission or fee shall be paid to the liquidator unless it shall have been **approved** by the Members. The amount of such payment shall be notified to all Members at least seven (7) days prior to the meeting at which it is to be considered.
To delete Article 165	Subject to the Act and to the prior written approval of the Exchange, the Company may by special resolution add to, amend or delete any of these Articles.	**(Deleted)**
To amend Article 167	(1) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done. (3) If the Listing Requirements require an act to be done or not to be none, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision. (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision. (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency. (7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia for the MESDAQ Market including any amendment to the Listing Requirements that may be made from time to time.	(1) Notwithstanding anything contained in these Articles, if the Listing Requirements prohibit an act being done, the act shall not be done. (2) Nothing contained in these **Articles** prevents an act being done that the Listing Requirements require to be done. (3) If the Listing Requirements require an act to be done or not to be **done**, authority is given for that act to be done or not to be done (as the case may be). (4) If the Listing Requirements require these **Articles** to contain a provision and they do not contain such a provision, these **Articles** are deemed to contain that provision. (5) If the Listing Requirements require these **Articles** not to contain a provision and they contain such a provision, these **Articles** are deemed not to contain that provision. (6) If any provision of these **Articles** is or becomes inconsistent with the Listing Requirements, these Articles are deemed not to contain that provision to the extent of the inconsistency. (7) For the purpose of this article, unless the context otherwise requires, "Listing Requirements" means **Bursa Malaysia Securities Berhad ACE Market Listing Requirements** including any amendments to the Listing Requirements that may be made from time to time.

PROXY FORM

IRIS CORPORATION BERHAD
(302232-X)
(INCORPORATED IN MALAYSIA)

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, NRIC No.

(FULL NAME IN BLOCK LETTERS)

of

(FULL ADDRESS)

as my/our proxy to vote for me/us and on my/our behalf, at the Eighteenth Annual General Meeting of the Company to be held at The Auditorium, 1st Floor, Lot 8 & 9, IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 25 September, 2012 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of a first and final tax-exempt dividend of 0.45 sen per ordinary share in respect of the financial period from 1 January 2011 to 31 March 2012.		
2	To re-elect the Director, Syed Abdullah Bin Syed Abd Kadir, who retires pursuant to Article 86 of the Company's Articles of Association.		
3	To re-elect the Director, Chan Feoi Chun, who retires pursuant to Article 86 of the Company's Articles of Association.		
4	To re-elect the Director, Dato' Hamdan Bin Mohd Hassan, who retires pursuant to Article 93 of the Company's Articles of Association.		
5	To approve the payment of Directors' Fees for the financial period from 1 January 2011 to 31 March 2012.		
6	To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to fix their remuneration.		
7	To re-appoint the Director, Tan Sri Razali Bin Ismail, who retires pursuant to Section 129(6) of the Companies Act, 1965.		
8	To re-appoint the Director, YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, who retires pursuant to Section 129(6) of the Companies Act, 1965.		
9	To grant authority to allot and issue shares in general pursuant to Section 132D of the Companies Act,1965.		
10	To approve the Proposed Amendments to the Articles of Association of the Company.		

(Please indicate with an "X" in the space provided above how you wish your vote to be cast. If no instruction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.)

As witness my/our hand(s) this day of 2012

Signature of Member(s) /Common Seal

NOTES:

(a) 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) To be valid, the form of proxy, duly completed must be deposited at the Registered Office at Level 18, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time for holding the meeting Provided That in the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the member(s).

(c) A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting provided that the provisions of Section 149(1)(c) of the Companies Act, 1965 are complied with. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

(d) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(e) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(f) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.

(g) A member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the proxy's authority.

(h) Only members whose names appear in the Record of Depositors as at 19 September 2012 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

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affix
postage
here

THE COMPANY SECRETARY

IRIS CORPORATION BERHAD
(302232-X)

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

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