IRIS®
Bringing Solutions to Life

IRIS
Corporation
Berhad
(302232-X)

Annual
Report
2014

gaining momentum

IRIS®
Bringing Solutions to Life

IRIS CORPORATION BERHAD
(302232-X)

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Bringing Solutions to Life

IRIS Corporation Berhad
(302232-X)

Annual Report 2014

strategising growth

IRIS FOOD & AGRO TECHNOLOGY DIVISION
Discovers and implements methodologies for modern integrated farming to increase food security.

IRIS TRUSTED IDENTIFICATION DIVISION
Manufactures products, develops solutions and services for trusted identity, credential management and access control.

IRIS PAYMENT & TRANSPORTATION DIVISION
Personalises credit/debit cards for financial institutions and integrates Automatic Fare Collection System.

IRIS SUSTAINABLE DEVELOPMENT DIVISION
Develops properties that meet the needs of the future through careful balance of social, economic and environmental objectives.

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Gaining Momentum • Strategising Growth

We are genuinely excited about the future. As our group grows and expands, we believe the theme of this annual report "Gaining Momentum" accurately reflects the status of the continuing strategic diversification of our businesses. This theme celebrates the achievements we have made thus far, while also recognizing that vast opportunities still remain.

As we navigate through challenging markets, we continue to streamline internal efforts and initiatives that emphasize operational efficiency to drive earnings, control costs and position the business to best capture expected improvements in our end markets. We believe the momentum we have established through these actions will help us continue to drive long-term success and create outstanding shareholder value.

For an enhanced understanding of the meaning, and a better appreciation of our genuine excitement about the future, it helps to look back on how far we have come. From humble beginnings as a company with an innovative concept that catalysed the trusted identification industry, we are now a company with a global footprint offering an impressive array of technology and innovations.

As we look ahead, our newly founded divisions further support and fuel our excitement about the future as we continue Gaining Momentum. We are also pleased with the momentum gained with external communication initiatives which focus on repositioning how we go to market and targeting both short-term and long-term opportunities in emerging regions.

IRIS EDUCATION DIVISION
Shapes the future through quality education and professional development programmes.

IRIS PRINTING & PACKAGING DIVISION
Provides innovative product packaging solutions and commercial printing services globally.

IRIS KOTO INDUSTRIALISED BUILDING SYSTEM DIVISION
Manufactures pre-fabricated panels to build energy-efficient and durable homes, schools and buildings.

IRIS ENVIRONMENT & RENEWABLE ENERGY DIVISION
Provides technologies and solutions for total waste management and harnessing energy from renewable resources.

OPERATIONS REVIEW

As inventor of the world's first ePassport, IRIS has invented a solution that is now implemented globally. In 2014, nearly 500 million ePassports, issued by more than 95 countries, are estimated in circulation, a number that is certain to rise in the coming years, according to the Keesing Journal[1]. By 2015, it is estimated that 104 ePassport issuing ICAO members will generate almost 97 million ePassports, representing nearly 89% of the annual worldwide passport volume and nearly 80% of the total passports in circulation at that time.

With strong demand from the market, IRIS Trusted IDentification Division ended FY 2014 with a total revenue of RM391 million. The FY 2014 revenue is slightly lower than FY 2013 revenue of RM409.4 million due to the extension of time to deliver equipment for Tanzania eID project which was requested by the Government of the Republic of Tanzania. In FY 2014, the division again secured new projects from overseas customers, which will bolster our profitable expansion into the future. These new projects include:-

- 15-year contract agreement to supply and implement secure chip technology solutions in the Republic of Guinea Conakry which include electronic passports, visa, permanent residence identification card and all its related software and hardware valued at RM793.21 million.
- RM34 million worth of contract agreement with the Government of the People's Republic of Bangladesh to collect the enrolment data and related services incidental to the distribution of Machine Readable Passports (MRPs) to Bangladeshi expatriates at five centres, namely in Dubai, Abu Dhabi, Sharjah, Ras al-Khaimah and Ajman.

With the growth opportunities that we see in in the African and Middle Eastern regions, we have reinforced the investments in our businesses, preparing to fulfil the ambitions of our next long-term development plan. Several countries in these regions are moving towards adopting electronic passport and electronic ID systems in the coming year. In FY 2014, more than half of our overseas revenue was generated from projects in African countries where we are the leading provider of Trusted ID solutions.

The Republic of Guinea Conakry (Guinea) is the latest African country to introduce ePassport to its citizens. The new Guinean electronic passport is International Civil Aviation Organisation (ICAO) compliant, has numerous security features that prevent fraud and its implementation was a positive step in further improving the lives of its citizens. Guinea is the fifth country IRIS has ventured into in the African continent with its Trusted ID solutions, after Senegal, Nigeria, Tanzania and Egypt.

In Malaysia, the division successfully secured new projects which includes Public Key Infrastructure (PKI) Project and Facial Live Capture Project, from Jabatan Imigresen Malaysia (JIM).

The Acuity Market Intelligence states that the ePassport market revenues will grow at a compounded annual growth rate of 31.5% to nearly USD7 billion in 2014. This division will continue on its positive growth with strong demand from the market especially demand for ePassports, Automated Border Control and secure personal identification.

1. *Keesing Journal is an authoritative magazine for professionals active in the document security and identity verification sectors.*

Top far left

Dato' Hamdan with Prime Minister Mohamed Said Fofona, who officiated the Republic of Guinea Conakry's first ePassport on 24 February 2014

Left

IRIS World's First Multi-eDocuments Smart Desktop Laser Marker

Bottom

IRIS Multimodal Biometrics System

OPERATIONS REVIEW
CONTINUED

Payment & Transportation

For FY 2014, the Payment and Transportation Division achieved strong growth with total revenue amounting to RM43 million as compared to RM16.3 million in FY 2013. Excellent project execution contributed significantly to the division's performance and new and more comprehensive contract wins reinforced the growth momentum.

With our vast experience in the deployment and integration of Automatic Fare Collection (AFC) System for transit, bus and other public transportation, we have again clinched new projects from state-owned Syarikat Prasarana Negara Berhad (SPNB) in line with their mission to take Klang Valley's public transportation services to new heights, to become world class transport providers.
The success of IRIS VeloxiTIS (a bus ticketing solution) deployments in previous years has led to new projects in FY 2014 including:-

- Awarded 17 May 2013 - RapidKL AFC project by supplying additional equipment for KL Sentral Station of Kelana Jaya Line
- Awarded 14 June 2013 - RapidKL Bus project relocation to Balakong station
- Awarded 28 August 2013 - Rapid KL Bus project of supply of 50 units of Electronic Ticketing Machines (ETMs)

With accreditation from MasterCard and Visa, IRIS offers secure high-quality EMV card manufacturing and personalisation in Malaysia. Along with experience in high volume secure card orders, we are able to offer the highest quality cards with the standard features of an ordinary payment card for all types of cards for banks and financial institutions: Visa and MasterCard chip debit or credit cards, PayPass and VisaWave cards, and ATM cards, all of which are endorsed and certified by ISO 9001:2000, Visa International and MasterCard International.

In FY 2014, the division has been awarded with several projects notably from Bank Simpanan Nasional (BSN) to supply 1 million Visa Debit Touch 'n Go cards and from Public Bank to supply 1000 units of BCR200DTP biometric card readers. Our customised payment solutions to the banking industry contributed RM13 million to this division in FY 2014. Currently we are serving mainly Malaysia financial institutions including Maybank, HSBC Bank, Citibank, CIMB Bank, Bank Muamalat, Bank Rakyat, Bank Islam, Agro Bank, RHB Bank and Alliance Bank.

The Payment and Transportation Division is gaining tremendous momentum and we anticipate further strong growth due to the increase in consumer demand for debit cards as well as the introduction of new public transportation systems by the Malaysian Government.

Far left
IRIS Automated Collection Fare (AFC) System

Top left
IRIS EMV Payment Cards Solution

Top right
IRIS Biometric Card Reader – BCR200DTP

Bottom
IRIS Electronic Ticketing Machine – ETM 9000 and Receipt Printer

OPERATIONS REVIEW
CONTINUED

The United Nations Food and Agriculture Organization (FAO) estimates that 842 million of the over 7 billion people in the world, or roughly one in eight, were suffering from chronic undernourishment from 2011-2013.

Among factors contributing to food insecurity are lack of arable land and climate changes. To keep up with the growing world population, more food will have to be produced over the next 50 years compared to the past 10,000 years combined.

At IRIS, we are utilizing our IRIS Integrated Farming Solutions to address these challenges. The Sustainable Integrated Farms starts with multi-tier aquaculture to raise fish for a protein-rich food supply. The filtered fish tank wastewater is then used to irrigate plants to grow fresh produce in IRIS Autopot system, an environmentally-friendly technology. The IRIS Autopot system is a plant-driven fertigation system which enables the plants to feed themselves on demand, maximizing efficiency and delivering consistent results.

Not only does our innovative farming solution contribute to food security, it can also help alleviate poverty by providing jobs on the Rimbunan Kaseh and Sentuhan Kasih projects.
The construction of modern farms on both Rimbunan Kaseh and Sentuhan Kasih have now been increased to a total of nine. This has significantly increased our capacity and will contribute positively to the future revenue of this division.

Our Research and Development team has also been successful in fingerling production while continuing research to improve pest and disease management of crops and to improve feed conversion ratio (FCR) for the fishes. The recent acquisition of IRIS Printing and Packaging division also provides room for further synergy in terms of providing safe, innovative and eco-friendly food packaging.

In FY 2014, the Division achieved revenues of RM26.8 million from the integrated projects as well as farm produce sales. Further positive growth is anticipated as we continue to develop additional sustainable integrated farms all over Malaysia, having seen significant delays in both the Rimbunan Kaseh & Sentuhan Kasih developments in FY 2014.

Far left
Participants of the Rimbunan Kaseh programme in Kuala Lipis, Pahang

Top left
Jade perch

Top right
Free-range ayam kampung

Bottom
Layout of a typical greenhouse with SMART TRAY DOUBLE

OPERATIONS REVIEW
CONTINUED

IRIS® Environment & Renewable Energy

Southeast Asia as a region will see almost double its energy consumption in the next two decades, according to the International Energy Agency. The 10 members of ASEAN, have their energy demand growing at more than twice the global average.

China, which recently became the world's largest energy consumer, is projected to consume more than twice as much energy as the United States in 2040. China and India together accounted for 10% of total world energy in 1990. This has now more than doubled to 24 percent in 2010. It is therefore imperative that renewable energy sources start to account for a higher percentage of the global energy demand to maintain sustainability.

Asia Pacific's adoption of waste-to-energy is forecasted to gain momentum as more countries seek a more sustainable solution to not only energy needs, but the dwindling availability of landfills as well. The commissioning of our breakthrough Phuket Municipal Solid Waste-to-Energy Incineration Power Plant has taken advantage of Thailand's policy of incentives for the generation of electricity from renewable sources. This high-technology plant contributed RM32.6 million of revenue to the Division in the FY 2014.

As for landfills, IRIS also provides a state of the art landfill solution incorporating lined disposal cells, "3R building" (to facilitate recovery of recyclables) and a new Leachate Collection and Treatment System. The system facilitates rehabilitation and permanent stabilization of legacy wastes previously deposited in landfills. Our model project, the RM16 million, 33 acres Padang sertik IRIS landfill in Pahang is expected to be completed by November 2014.

In China, IRIS' presence has been well established by our very own Food Waste-to-Fertiliser Plant in Weinan. This plant is converting 450 tonnes of food waste a day into bio-fertilizers that do not contain any chemicals. Bio-fertilizers are more cost effective than chemical fertilizers and are prerequisite for farm produce to be labelled as organic.

According to Food and Agriculture Organization (FAO), 1.3 billion tonnes of food waste is thrown away every year while 70% of China's waste is comprised of food waste. The increasing market demand and success of this venture has opened up a multitude of opportunities in China as well as collaborations with major Chinese firms to procure more projects.

Overall the division contributed RM38 million to the revenue of the group in FY 2014. EPOCH, a subsidiary which have been making losses since 2011, has been sold. The industry landscape is rapidly evolving and over the past year, IRIS has further positioned itself to take advantage of the plethora of opportunities availing itself.
We are confident that the division will continue to deliver positive results in the coming year.

Top left
Phuket plant's air pollution control system

Top right
Waste crane operations at Phuket Waste-to-Energy Incineration Power Plant

Left
Sertik sanitary municipal waste disposal landfill: lined disposal cells

Bottom
Weinan waste-to-fertilizer plant

OPERATIONS REVIEW
CONTINUED

IRIS KOTO Industrialised Building Systems (IBS) division encompasses the design, manufacture and distribution of IRIS KOTO IBS building materials.

Construction Industry Development Board of Malaysia (CIDB) reports that the need for Industrial Building System (IBS) in the country was growing in sync with growing demand in the construction industry. CIDB targets that by end-2015, the take-up rate of such systems in the private sector would increase to 50 per cent from the current 30 per cent.

Utilisation of IBS is increasing in private sector projects across Malaysia as the cost of labour increases. Apart from being less labour-intensive, IRIS KOTO IBS also ensures quality, prompt completion and is competitively priced for the industry. Our unique system has contributed significantly towards the building of projects related to affordable housing and rural development.

Both at home and abroad, IRIS KOTO IBS is poised to capture greater market share and continues to be a testament to building faster, smarter, safer and simpler. Structures that utilise IRIS KOTO IBS also consistently demonstrate unparalleled energy efficiency.

In FY 2014, manufacturing operations for both West and East Malaysia were significantly streamlined to produce further cost savings while increasing overall productivity and profitability. Our Kuching, Sarawak manufacturing facility was relocated to Kota Kinabalu, Sabah. This caused some interruption in manufacturing operations and together with delays in IRIS Sustainable Development division projects (Rimbunan Kaseh and Sentuhan Kasih) have resulted in revenue attrition.

The division is currently ramping up production to supply not only IRIS Sustainable Development projects but also to independent contractors and builders around the world due to high demand for affordable housing.

The UN Centre for Human Settlements has stated that the demand for affordable housing is reaching critical levels worldwide, with five million new units required per year, or 4,000 new housing needed every hour by a growing population.

Far left
Panoramic view of Taman Rimbunan Kaseh Serkam, Melaka - IRIS KOTO IBS 1 storey affordable homes

Top left
IRIS KOTO IBS 4 storey walk-up apartment blocks

Top right
IRIS KOTO IBS 2 storey villa "dry-construction"

Bottom
IRIS KOTO IBS 2 storey bungalow

OPERATIONS REVIEW
CONTINUED

IRIS Sustainable Development division oversees both international and Malaysian property turnkey and development projects.

On the local front, the division continues to roll out Rimbunan Kaseh developments in partnership with the Federal Government and respective State Governments, and Sentuhan Kasih developments in partnership with FELDA. Both Rimbunan Kaseh and Sentuhan Kasih are integrated socio-economic programmes aimed at improving standards of living, balancing growth and development between urban and rural areas, as well as accelerating the development of rural economy through the implementation of various agricultural and agro-based industries.

Current projects in progress include:-

1. Kompleks Perumahan Kakitangan FELDA (KPKF) Chini, Pahang
2. Sentuhan Kasih Palong 21, Negeri Sembilan
3. Sentuhan Kasih Chini, Pahang
4. Rimbunan Kaseh Rembau, Negeri Sembilan
5. Rimbunan Kaseh Rantau Abang, Terengganu
6. Rimbunan Kaseh Bandar Baharu, Kedah

Abroad, the division held a soft launch for Gerehu Heights in Port Moresby, Papua New Guinea (PNG), with a gross development value (GDV) of RM250 million. This high-end residential project consisting 260 units of landed villas marks our group's maiden venture into property development. PNG is an exciting new market because the recent oil and gas boom in the island nation has fuelled demand for housing.

Moving forward, the division expects to finalise a JV with a partner company for a mixed development project in the Solomon Islands. The project is to be developed on prime beachfront land a mere 8KM from the capital city of Honaira is expected to have a GDV of RM1 billion.

For FY 2014, IRIS Sustainable Development division recorded a revenue of RM75 million, falling short of its target due to unforeseen delays arising from complications such as project site suitability, earthworks and issuance of Letters of Award, all important pre-requisites for project roll outs. This division will continue on its positive growth trajectory as it strengthens its market position and undertakes initiatives to secure new projects in the African continent.

Left
Gerehu Heights' overall site plan

Top right
Sentuhan Kasih Chini, Pahang

Bottom
Gerehu Heights'
Double storey villa, Gerbera

OPERATIONS REVIEW
CONTINUED

IRIS Education division was formalised with the completion of the purchase of Stamford College (PJ) Sdn Bhd and Stamford College (Malacca) Sdn Bhd.

Since its establishment in 1950, Stamford College has been providing quality education to Malaysians and the international community. Stamford College has built on a heritage of educating and training people who desire and seek knowledge and success in their lives. Over 250,000 students have graduated from Stamford campuses and armed with certificates, diplomas and degrees, these individuals are contributing positively and creating change in government and industry not only in Malaysia but also in many parts of the world.

IRIS Education division is committed to continue the legacy of providing superior tertiary education and relevant skills training, as well as producing employable graduates who meet the demands of job markets across all industries.

Stamford College is a 2012/2013 6-STAR rated Malaysian Quality Evaluation System for Private Colleges (MyQUEST) institution. The Ministry of Education Malaysia recognised outstanding quality in Stamford's General Programmes (A-Levels), School of Engineering and School of Computing and IT.

In March 2014, three leading institutions, IRIS Corporation Berhad, Stamford College and Federation University Australia, banded together to bring quality education to Malaysians. Higher Education 1Malaysia (HE1M) will make it possible for students to study a programme of their choice by paying only RM1 during the first year of their education. The breakthrough programme aims to bring education to every Malaysian so as to improve the quality of skills of the country's workforce, a necessity to make Malaysia a first world economy.

Stamford College (PJ) will move to the two new campuses by August 2014 - the new Kuala Lumpur main campus will be located at Plaza Menjalara, Kepong and the new Petaling Jaya city campus located at Quattro West, Petaling Jaya. The division has forged new and stronger partnerships with many international institutions of higher learning to bring more course offerings to students across the affordability spectrum.

Far left
New campus at Plaza Menjalara in Bandar Menjalara, Kuala Lumpur

Top
Class of 2013 Graduation Ceremony

Bottom
IRIS, Stamford and Federation University Australia collaboration agreement

OPERATIONS REVIEW
CONTINUED

Our newest division was acquired on 25 November 2013. The Printing & Packaging Division is one of the leaders in dairy products packaging in Malaysia with diverse clientele ranging from Fast Moving Consumer Goods (FMCG) companies to luxury carmakers. This division already has presence in United Kingdom, United States, Australia, New Zealand, Cambodia, Thailand, Indonesia and Singapore markets.

The synergy expected from the acquisition will see customized and safe packaging for the Food and Agro Technology Division's agricultural products.

With our very own patent of the Eco-Pallet, the division is very much in tune with the group's direction of creating innovative and sustainable solutions to enrich lives globally for a better tomorrow. The Eco-Pallet is 100% recyclable, costs less and weighs less, allowing savings in transportation. Aligned with our sustainability mission, we have also recently achieved our Forest Stewardship Certification (FSC).

In addition to the invention of Eco-Pallet, our dedicated R&D team created the thermal insulated foil based ice cream boxes which were launched in March 2014. These ice-cream boxes are cheaper to manufacture compared to laminated ones and allows ice-cream to melt at a slower rate.

Continuing our tradition of being at the forefront of industry, we have continued to invest in state of the art technology by concluding the purchase of new colour press equipment and injection moulding machines. With these new acquisitions, we will improve capacity, productivity, margin and quality of products.

The four months within the IRIS Group has seen the division contribute a revenue of RM17.5 million. This division will gain further momentum in their revenue growth with the contract to supply yogurt tubs to Brownes, Australia. With the Malaysian GDP forecasted to grow between 5% to 6%, consumer spending is forecasted to grow around 7%. Globally, the yogurt market alone is expected to hit USD67 billion by 2015 and this bodes extremely well for one of our core products, the yogurt tub.

The division will continue its growth momentum as they undertake initiatives to secure new contracts and strengthen their market positions globally.

Top left
Quality control and testing machine

Top right
Factory building in Pandan Indah

Left
Security boxes formed after the folder gluer process

Bottom
In mould labelling machine

OUR GLOBAL FOOTPRINT
CUSTOMER SATISFACTION IN 34 COUNTRIES WORLDWIDE

21 nations
Provided Trusted IDentity solutions to 21 countries across various continents

79.5 million
As of March 2014, we have delivered more than 79.5 Million pieces of eID and/or Card-based driving licenses

68.5 million
As at March 2014, we have delivered more than 68.5 Million pieces of ePassport and/or Inlay to 13 countries

188 thousand
As at March 2014, more than 188 thousand of contact/contactless card readers and devices sold to 28 countries

Afghanistan
Bangladesh
Bhutan
Cambodia
China

Indonesia
Kazakhstan
Malaysia
Maldives
Myanmar
Saudi Arabia
South Korea

Italy
Netherlands
Norway
United Kingdom

Thailand
Turkey
Turkmenistan
United Arab Emirates
Uzbekistan

Egypt
Guinea Conakry
Nigeria
Senegal
Somalia
Tanzania

EUROPE

ASIA

AFRICA

CORPORATE PROFILE

Established in 1994, headquartered in Kuala Lumpur, Malaysia, listed on Bursa Malaysia (ACE market) since 2002 and MSC-status technology innovator, system integrator and manufacturer, IRIS envisions a sustainable future for all. To fulfil our vision of a sustainable future, we embarked on a journey to discover, develop and deploy a portfolio of products and solutions that will enrich lives and change the world for the better. One of our greatest assets is our dedicated team that has made its mark for being both experienced as well as very agile, adapting our products and solutions to suit the needs of our customers globally.

IRIS is a technology integrator and innovator with sustainable, comprehensive solutions for trusted identity, secure payments, transportation, waste management, renewable energy, building solutions, food security, agriculture, sustainable development, education, printing and packaging.

Our core values of Passion, Assertion, Genuineness, Innovation and Compassion are what drive our 8 business divisions to continually work towards providing viable, innovative and sustainable solutions to everyday problems.

TRUSTED IDENTIFICATION, PAYMENT AND TRANSPORTATION DIVISIONS

100% IRIS TECHNOLOGIES (M) SDN BHD

100% IRIS INFORMATION TECHNOLOGY SYSTEMS SDN BHD

100% DIGITAL IDENTITY SOLUTIONS LIMITED

100% IRIS CORPORATION NORTH AMERICA LTD

25% GMPC CORPORATION SDN BHD

44.4% MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD

30% PAYSYS (M) SDN BHD

20% NEURALOGY SDN BHD

ENVIRONMENT AND RENEWABLE ENERGY DIVISION

100% IRIS ECO POWER SDN BHD

51% PJT TECHNOLOGY CO. LTD

100% REGAL ENERGY LIMITED (HK)

65% WEINAN IRIS ENVIROWERKS ZHOUJI RENEWABLE RESOURCES CO., LTD

100% IRIS ECOPOWER (S) PTE LTD

49% IRIS ECO POWER CO., LTD (IN THAILAND)

CORPORATE STRUCTURE

FOOD AND AGRO TECHNOLOGY DIVISION

- **100%** IRIS AGROTECH SDN BHD
  - **60%** ENDAH FARM SDN BHD
  - **50%** UBUD TOWER SDN BHD
- **49%** WARISAN ATLET (M) SDN BHD
- **66.67%** RB BIOTECH SDN BHD
- **100%** IRIS RIMBUNAN KASEH SDN BHD
- **100%** IRIS CAFE KASEH SDN BHD

KOTO INDUSTRIALISED BUILDING SYSTEMS DIVISION

- **51%** IRIS KOTO (M) SDN BHD
  - **90%** IPE INSULATION (M) SDN BHD
- **20%** IRIS KOTO DESIGNS SDN BHD

SUSTAINABLE DEVELOPMENT DIVISION

- **60%** IRIS LAND SDN BHD
  - **100%** IRIS LAND (PNG) LIMITED

EDUCATION DIVISION

- **51%** STAMFORD COLLEGE (PJ) SDN BHD
- **51%** STAMFORD COLLEGE (MALACCA) SDN BHD
- **100%** PLATINUM ENCODED SDN BHD
- **51%** FORMULA IRIS RACING SDN BHD (FKA. XTRA POPULAR SDN BHD)

PRINTING AND PACKAGING DIVISION

- **100%** IRIS HEALTHCARE SDN BHD
  - **64.6%** VERSATILE CREATIVE BERHAD
    - **100%** FAIRPOINT PACKAGING SDN BHD
    - **100%** VERSATILE PAPER BOXES SDN BHD
      - **100%** IMAGESCAN CREATIVE SDN BHD
      - **100%** FAIRPOINT PLASTIC INDUSTRIES SDN BHD
      - **100%** VERSATILE SMART PROPERTIES SDN BHD

Subsidiaries of IRIS Group
Associate companies of IRIS Group

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

IN FINANCIAL YEAR 2014 ("FY 2014"), THE IRIS GROUP ONCE AGAIN DELIVERED REMARKABLE GROWTH IN TERMS OF REVENUE AND ASSETS WHILE MAKING SOLID PROGRESS IN POSITIONING OUR BUSINESSES FOR THE FUTURE. AMONG OUR MANY ASSETS, WE WILL CONTINUE TO INVEST INTO THE THREE KEY PILLARS: REPUTABLE BRAND, INNOVATIVE TECHNOLOGIES AND GLOBAL PRESENCE.

By leveraging current skillsets, technologies and solutions, we strategically diversified our businesses from six divisions to eight divisions in this financial year. The latest divisions acquired by the Group include Printing and Packaging Division and Education Division through the completions of acquisition for Versatile Creative Bhd and Stamford College (Stamford College (PJ) Sdn Bhd & Stamford College (Malacca) Sdn Bhd) respectively.

Each business division in the Group has in place proprietary innovation, high caliber personnel and exponential growth potential. Notwithstanding, each business division in the Group strives to improve their efficiency and productivity to withstand the pressures of competition and an uncertain global economy. At the same time, they must embrace new advancements and ideas that will open up new horizons of opportunity. These are not only to drive improvements in performance in the coming financial year, but also to prepare for the next phase of market driven and innovation led growth.

GROUP RESULTS

In FY 2014, IRIS Group revenue increased by 6.7% to RM573.2 million, compared to RM537.1 million last year whilst profit before taxation improved by 1.1% to RM18.6 million from RM18.4 million a year ago.
The steady performance was mainly attributed to an enlarged order book and steady income streams from our traditional core business divisions of Trusted Identification and Payment & Transportation.

Geographical diversification was also achieved with most of our order book constituting overseas contracts. In FY 2014, the Group recorded RM303.8 million revenue from international projects, as compared to RM304.06 million in FY 2013. Internationally derived revenue will continue to be strong in the coming year with recurring income from existing contracts such as the Tanzanian eID project, Nigerian ePassport project, Senegal ePassport project, Republic of Guinea ePassport project, Afghanistan eID project, Thai ePassport project, Egyptian ID project, Canadian driving license project, Bangladeshi MRP passport project and assembly of card personalization machines for a US based company. In addition, the Environment & Renewable Energy Division is expected to contribute positive income to the Group from its Waste-to-Energy Incinerator plant in Phuket, Thailand and Food Waste-to-Fertilizer plant in Weinan, China.

On the domestic front, the Group performed exceedingly well with steady income from the Malaysia ePassport project and new projects secured in FY 2014, which includes the KLIA2 eGate project as well as the Facial Live Capture system enhancement for eGate.

Recognised revenue from the domestic market stands at RM167.73 million in FY 2014 as compared to RM166.97 million last year. The increase was mainly attributed to higher delivery for Malaysia ePassports as well as higher revenue recognition from the Automated Fare Collection ("AFC") project.

Whilst the Group achieved new benchmarks in revenue this year, newer business divisions were continue to face challenges in terms of incurring higher operating costs and various expenses such as ongoing R&D, set-up costs for the new project sites, and operational and administration expenditure for the new expansion.

As a direct result of higher operating costs in other business divisions that affected the whole group's profit level, the Group recorded a profit before taxation of RM35.0 million and profit after taxation of RM18.6 million in this financial year, representing an increase of 3.1% and 1.1% respectively as compared to the previous financial year. Consequently, profit after taxation attributable to shareholders contracted to RM23.2 million.

Our expanding portfolio of business divisions, while diverse, is moving the Group forward, in unison, towards the common goal of not only meeting but exceeding the expectations of our customers who drive our business growth and profitability.
The additions of Printing & Packaging and Education divisions further enhance our ability to increase prospects in technologies and markets that complement our strategy and increase our geographic reach. As we evaluate fresh prospects, we will focus on opportunities that leverage our global experience, and enable cross-sales and pull-through of additional products and services.

CHAIRMAN'S STATEMENT
CONTINUED

CORPORATE DEVELOPMENTS

Corporate proposals reported during the financial year under review were:-

(a) Acquisition of issued and paid-up share capital of Platinum Encoded Sdn Bhd

The Company had on 11th April 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest in Platinum Encoded Sdn Bhd for a total cash consideration of RM2.00.

Platinum Encoded is currently dormant and its intended business activity is to be an investment holding company for all education related businesses undertaken by ICB's subsidiaries.

(b) Acquisition of issued and paid-up share capital of IRIS Eco Power Co., Ltd.

The Company had on 4th October 2013 completed the acquisition of 4,900 ordinary shares of RM1.00 each representing a 49% equity interest in IRIS Eco Power Co., Ltd, a company incorporated in Thailand, for a total cash consideration of Thai Baht 122,450 (equivalent to RM12,245). IRIS Eco Power Co., Ltd has now become an associated company of IRIS Corporation Berhad.

(c) Acquisition of issued and paid-up share capital of Versatile Creative Berhad

IRIS Healthcare Sdn Bhd, a wholly-owned subsidiary of the Company, had on 25th November 2013 acquired approximately 52.01% equity interest in Versatile Creative Berhad ("VCB"), a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, through a voluntary take-over offer exercise ("the Offer").

Subsequently after the final closing date of the Offer on 13th December 2013, the equity interest of VCB held by IRIS Healthcare Sdn Bhd was then increased to 64.60%, being marked as the completion of the Offer. VCB and its subsidiaries have now become subsidiaries of the Company.

(d) Acquisition of issued and paid-up share capital of Formula IRIS Racing Sdn Bhd

The Company had on 11th February 2014 acquired 2 ordinary shares of RM1.00 each of Formula IRIS Racing Sdn Bhd (formerly known as Xtra Popular Sdn Bhd) ("FIR"), which represents 100% of the equity interest of FIR for a total cash consideration of RM2.00. FIR has become a wholly-owned subsidiary of the Company.

The Company had on 21st May 2014, diluted its equity shareholding to 51% after the completion of issuance of new 99,998 Ordinary Shares.

AWARDS AND RECOGNITION

IRIS and its subsidiaries received several awards and recognition for its performance in FY 2014 with four recognized bench-marking awards and recognition at the corporate and operational level as highlighted below:-

a) Malaysia Ministry of Human Resources' 1Malaysia Employer Award – Large Company Category

b) Malaysia Ministry of Human Resources' Globally Competitive Employer Award

c) Integraf Certification for High Security Management System for Secure Printing

d) Forest Stewardship Council (FSC) Certification for Printing and Packaging Division

THE BOARD

On 28 February 2014, Datuk Faizoull bin Ahmad and Encik Muhammad Sufi bin Mahbub have been appointed as Non-Independent Non-Executive Directors.

On behalf of the Board of Directors, I am pleased to welcome Datuk Faizoull bin Ahmad and Encik Muhammad Sufi bin Mahbub to the Board of IRIS Corporation Berhad.

Datuk Faizoull bin Ahmad graduated with a Master in Public Administration, Virginia Commonwealth University, United States of America and has extensive experience in management and strategic skills.

He is currently a Chairman of Koperasi Permodalan FELDA Malaysia Berhad. He is also a Director in Power Root Berhad, MSM Malaysia Holdings Berhad, KFC-AYAMAS Sdn Bhd, Malaysia Palm Oil Council, Malaysia Palm Oil Board, FELDA Global Ventures Holdings Berhad and several private limited companies of FELDA.

Encik Muhammad Sufi bin Mahbub graduated with a Bachelor of Business Accountancy, Queensland University of Technology, Brisbane, Queensland, Australia and has vast experience in management and global corporate strategies and has also participated in medical bio technology Research and Development activities and drug development.

He is currently the Deputy Director General (Strategic Resources) in FELDA and was involved in transforming FELDA into a Global Wellness Operator.

SPECIAL THANKS

In summary, 2014 was another year of achievement for the Group, thanks to consistent strategy, a dedicated management team, supportive customers, suppliers, steadfast partners, shareholders, all other stakeholders, and, above all, the expertise and commitment of IRIS employees stationed both at home and abroad. The Board remains confident of outstanding performance for the year ahead.

On behalf of the Board, I would like to convey my heartfelt gratitude and appreciation to all stakeholders for their continued support and confidence in IRIS.

TAN SRI RAZALI BIN ISMAIL
Chairman

AWARDS & RECOGNITION

IRIS cares about our employees' safety and health and providing an excellent working environment. On 22 June 2013, IRIS was awarded two Labour Day Awards by the Ministry of Human Resources, Malaysia, for outstanding achievements in promoting 1Malaysia values and marketing Malaysia's image globally in the Large Company category. The Anugerah Majikan Berdaya Saing Glokal reflects our having established IRIS Corporation as an employer of choice that is making a mark in the global arena. The Anugerah Majikan 1Malaysia, meanwhile, recognises the emphasis we place on attracting a diverse workforce that reflects the cultural diversity of Malaysia.

In December 2013, Stamford College was recognized as a 6-STAR rated Malaysian Quality Evaluation System for Private Colleges (MyQUEST) institution. MyQuest measures the quality of higher education services by colleges, the quality of programmes delivered at colleges (cluster based) and the readiness of the colleges to recruit international students. The Ministry of Education Malaysia recognised outstanding quality in Stamford's General Programmes (A-Levels), School of Engineering and School of Computing and IT.

In January 2014, IRIS Corporation Berhad obtained the Integraf Certification for High Security Management System for Secure Printing from the European Federation for Print and Digital Communication after being successfully audited for CWA 14641:2009 guidelines / standards. Integraf certifies IRIS complies with the requirements for "Security Management system for secure printing" with scope of design, development, manufacturing, including personalization, of secure identity products, including ID cards, driving licenses, health service cards, debit cards, passport inlay and datapage.

Our Printing and Packaging Division received the Forest Stewardship Council (FSC) Certification in 2014. The division is certified to use any FSC trademarks, including the FSC logo, initials "FSC", or phrase "Forest Stewardship Council" on a printed piece. The Forest Stewardship Council (FSC) certification system provides internationally-recognized standards in responsible forestry. In order to obtain certification, a product's entire supply chain must meet the FSC-certification process which serves the best interests of people, wildlife, and the environment.


KEMENTERIAN PENDIDIKAN MALAYSIA
Sijil Pengiktirafan
Dengan sukacitanya Kementerian Pendidikan Malaysia menganugerahkan
6
kepada
KOLEJ STAMFORD PETALING JAYA
kerana telah menunjukkan pencapaian
TERBILANG
dalam
MyQUEST 2012/2013
kategori
Penarafan Berasaskan Kluster (Sains, Matematik & Komputer)

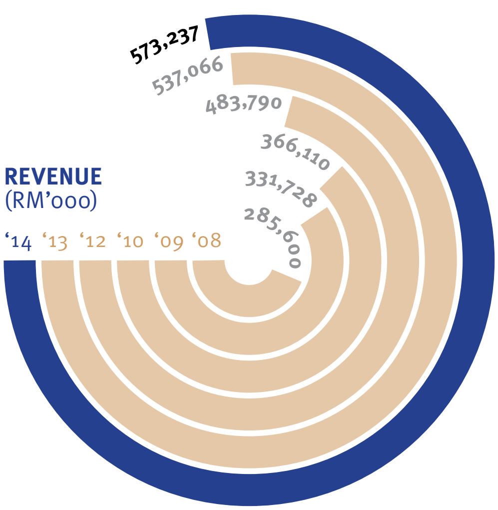

INTERGRAF
INTERGRAF Certificate for High Security Management System for Secure Printing
Security Printer
IRIS Corporation Berhad
Kuala Lumpur, Malaysia

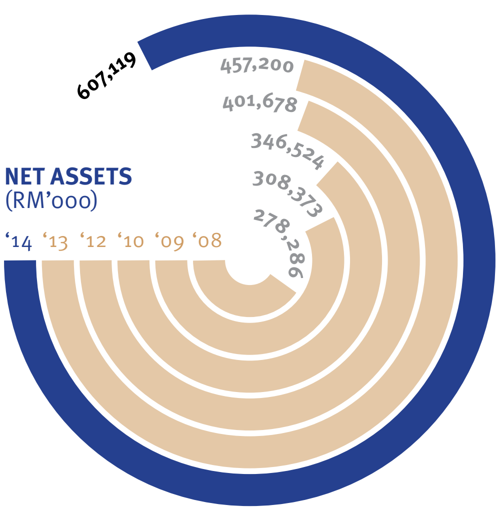

BMTRADA
CERTIFICATE OF REGISTRATION
This is to certify that
Versatile Paper Boxes Sdn. Bhd.
Scope of certification
Manufacturers of paper and cardboard packaging products
Products:
Packaging and wrappings of paper
Stationery of paper (printed and unprinted)
Printed materials

GROUP FINANCIAL SUMMARY

SUMMARY OF FINANCIAL INFORMATION	2014 RM'000	2013 RM'000	2012 RM'000	2010 RM'000	2009 RM'000	2008 RM'000
REVENUE	573,237	537,066	483,790	366,110	331,728	285,600
Profit before taxation	35,085	34,029	58,077	42,587	30,421	15,838
Profit after taxation	18,635	18,436	40,844	28,031	15,581	10,632
Total Equity attributable to owners of the company	550,141	416,059	402,678	346,524	308,373	278,286
Non-current assets	586,373	505,519	313,330	315,257	275,236	286,166
Current assets	720,202	586,441	473,235	370,327	274,750	274,921
Total assets	1,306,575	1,091,960	786,565	685,584	549,986	561,087
Current liabilities	606,594	518,009	295,934	216,896	197,072	165,877
Non-current liabilities	92,862	116,751	88,953	122,164	44,541	116,924
Total liabilities	699,456	634,760	384,887	339,060	241,613	282,801
Net assets	607,119	457,200	401,678	346,524	308,373	278,286

KEY RATIO	BASIS	2014	2013	2012	2010	2009	2008
Pre-tax profit margin	(%)	6.12%	6.34%	12.00%	11.63%	9.17%	5.55%
Post-tax profit margin	(%)	3.25%	3.43%	8.44%	7.66%	4.70%	3.72%
Basic earnings per share	(sen)	1.38	1.34	2.91	1.98	1.11	0.78
Net assets per share	(sen)	28.75	26.39	25.56	24.45	21.79	19.81
Total borrowings to equity ratio	(%)	69.68	65.67	37.34	57.47	44.59	65.76





CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

DATUK TAN SAY JIM
Group Managing Director & Chief Executive Officer

DATO' HAMDAN BIN MOHD HASSAN
Deputy Managing Director

DATO' EOW KWAN HOONG
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

DATUK FAIZOULL BIN AHMAD
Non-Independent Non-Executive Director

MUHAMMAD SUFI BIN MAHBUB
Non-Independent Non-Executive Director

AUDIT COMMITTEE

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN
Chairman

SYED ABDULLAH BIN SYED ABD KADIR

DATUK KAMARUDDIN BIN TAIB

CHAN FEOI CHUN

COMPANY SECRETARIES

DATO' EOW KWAN HOONG (MIA 3184)

JOANNE TOH JOO ANN (LS 0008574)

YAP SIT LEE (MAICSA 7028098)

AUDITORS

Crowe Horwath
Level 16, Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel: +603 2788 9999
Fax: +603 2788 9998

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

Standard Chartered Bank Malaysia Berhad
HSBC Bank Malaysia Berhad
Hong Leong Bank Berhad
OCBC Bank (Malaysia) Berhad
MIDF Amanah Investment Bank Berhad

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Code: 0010
Stock name: IRIS

PROFILE OF DIRECTORS

TAN SRI RAZALI BIN ISMAIL
CHAIRMAN,
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 75, was appointed to the Board on 2 May 2002.
He graduated with a Bachelor of Arts Degree from the University of Malaya in 1962. He has extensive experience gained in the Malaysian Diplomatic Services with which he served over 35 years until his retirement in 1998.
He held various posts: Ambassador to Poland with concurrent accreditation to the 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 (1996-1997).
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, Penang, was Chairman of the National Peace Volunteer Corp (Yayasan Salam), and was Chairman of a grant organization on Natural Disaster, Force of Nature (FON). He heads an NGO project, Yayasan Chow Kit, supported by government on street and displaced children; sits on the Board of the Razak School of Government, and promotes the protection and replanting of mangroves. He was appointed as Chairman of the Global Movement of Moderates Foundation (GMMF) since late 2012.

He currently serves as director in 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 79, was appointed to the Board on 11 February 1998. He graduated with a Bachelor of Science (Economics) from Queens University of Belfast.

He began his career with Esso Malaysia Limited as an economic analyst and moved into the finance industry as a Manager within Malayan Banking Group. Currently, he is the Executive Chairman and co-founder of Strateq Group which is a leading technology provider offering scalable integrated solutions. He has been instrumental in localising the company and expanding it to countries in the Asia Pacific region.

Amongst the many accolades bestowed on Tunku are the Darjah Kerabat Terengganu Yang Amat Mulia Darjah Yang Pertama (D.K), the Darjah Seri Paduka Tuanku Ja'afar Yang Amat Terpuji Negeri Sembilan (S.P.T.J), Honorary Officer (AO) in the General Division of the Order of Australia (for his service to Australian-Malaysian relations) and Austrade's International Award 2000 for "outstanding contribution to Australia's international trade" by a foreign individual based outside Australia.

He is the Honorary Life Chairman of the Malaysian Australian Business Council and is the immediate past Chairman of the Selangor Turf Club.

Tunku is also the Chairman of Axis REIT Managers Berhad, Berjaya Assets Bhd, DHL Worldwide Express (M) Sdn Bhd, Jotun (M) Sdn Bhd, Rotol Group Sdn Bhd and Vision Four Sdn Bhd.

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

DATUK TAN SAY JIM
GROUP MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

A Malaysian aged 56, was appointed to the Board on 30 June 1996. He is the co-founder, Group Managing Director and Chief Executive Officer 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 the Lion Group of Companies as the Group Treasurer, a post he held till 1997.

In December 2010, Datuk Tan was recognised as Ernst & Young Technopreneur of the Year, the prestigious business award pays tribute to exemplary business-building by an entrepreneur within the technology industry.

PROFILE OF DIRECTORS
CONTINUED

DATO' EOW KWAN HOONG
EXECUTIVE DIRECTOR

Dato' Eow Kwan Hooong aged 61, a Malaysian was appointed to the Board on 2 May 2002. He is also a member of the Remuneration Committee.

Dato' Eow is a member of the Malaysian Institute of Accountants and a Fellow member of the Chartered Institute of Management Accountants (CIMA), United Kingdom. In 2013, he was elected by CIMA members in South East Asia to serve as a Council member of CIMA UK for a three year term.

He joined the Lion Group as an Accounts Manager in 1982. After serving the Group for 17 years and holding the post of Group Chief Accountant, he left in April 1998 to join IRIS Corporation Berhad as the Chief Operating Officer. Currently, he sits on the Board of Delloyd Ventures Berhad and Versatile Creative Berhad. In addition, he also sits on the Boards of Lion Forest Industries Berhad, Lion AMB Resources Berhad and several Malaysian private limited companies.

SYED ABDULLAH BIN SYED ABD KADIR
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 60, was appointed to the Board in 7 May 1998. He graduated with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree from University of Birmingham, United Kingdom in 1977.

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

He 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 56, 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 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 Chairman at GHL Systems Berhad, Independent Non-Executive Chairman of Alkhair International Islamic Bank Berhad, Independent Non-Executive Director of Great Eastern Life Assurance (Malaysia) Berhad, Independent Non-Executive Chairman of Great Eastern Takaful Berhad and is also a Director of several private limited companies. Recently he was appointed as an Executive Committee Member of the Malaysian Oil & Gas Services Council.

Datuk Kamaruddin currently serves as a member of the Audit Committee and Nomination Committee.

CHAN FEOI CHUN
INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 61, 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 of the Institute of Chartered Secretaries and Administrators, UK.

He is a fellow member of Chartered Institute of Management Accountants (CIMA), UK and a Chartered Global Management Accountant. He is currently the Chairman of the CIMA South East Asia Regional Board. He is also a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He has gained extensive experience of 35 years from the international working experience in Britain and Thailand; 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 member of Versatile Creative Berhad and a Non-Independant Non-Executive Director and Audit Committee member of Perisai Petroleum Teknologi Berhad.

Mr. Chan currently serves as member of Audit Committee.

PROFILE OF DIRECTORS
CONTINUED

DATO' HAMDAN BIN MOHD HASSAN
DEPUTY MANAGING DIRECTOR

A Malaysian aged 55, 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 subsidiary of IRIS Corporation Berhad and is also a Director for several private limited companies involved in sand dredging and reclamation works.

DATUK FAIZOUL BIN AHMAD
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 54, was appointed to the Board on 28 February 2014. He graduated with a Master in Public Administration, Virginia Commonwealth University, United States of America.

He is a member of research Advisory Council of Universiti Teknologi Petronas, a member council of the National Anti-Drug Extinguisher and a member of Roundtable & Sustainable Palm Oil.

He started his career as a Geography & Economy teacher before becoming an Administration Officer. He joined Felda Land Development Authority (FELDA) in 1986 and held various positions, including administration officer, Regional General Manager, Director-Department of Innovation and New Generation and Deputy Director General before being ascended from Administrative Officer to Director General of FELDA in 2012.

He is currently a Chairman of Koperasi Permodalan FELDA Malaysia Berhad. He is also a Director in Power Root Berhad, MSM Malaysia Holdings Berhad, KFC-AYAMAS Sdn Bhd, Malaysia Palm Oil Council, Malaysia Palm Oil Board, FELDA Global Ventures Holdings Berhad and several private limited companies of FELDA.

MUHAMMAD SUFI BIN MAHBUB
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

A Malaysian aged 50, was appointed to the Board on 28 February 2014. He graduated with a Bachelor of Business Accountancy, Queensland University of Technology, Brisbane Queensland, Australia.

He joined Felda Land Development Authority (FELDA) in 1986 and held position as Management Accountant. He later joined Malaysia Mining Corporation Berhad as Management/ Treasury Consultant in 1989. In 1991, he joined Migra Crescent Sdn Bhd as Financial Controller. He then left in 1992 and joined Growth & Expansion Management as Principal Consultant. He joined Bio Neutraceutical (M) Sdn Bhd in 2003 as Financial Controller. He then left and joined Genomelife Sdn Bhd as Chief Executive Office and held the position until 2012. In 2013, he rejoined FELDA as Deputy Director General (Strategic Resources). He has vast experience in management and global corporate strategies, medical bio technology Research and Development activities and drug development.

He is currently the Deputy Director General (Strategic Resources) in FELDA and was involved in transforming FELDA into Global Wellness Operator.

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 have 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.

KEY MANAGEMENT TEAM

1
DATUK TAN SAY JIM
GROUP MANAGING DIRECTOR & CEO

2
DATO' HAMDAN BIN MOHD HASSAN
DEPUTY MANAGING DIRECTOR
TRUSTED IDENTIFICATION AND PAYMENT & TRANSPORTATION

3
DATO' LEE KWEE HIANG
EXECUTIVE DIRECTOR
MANUFACTURING TECHNOLOGY

4
YAP HOCK ENG
EXECUTIVE DIRECTOR
SOFTWARE TECHNOLOGY

5
DATO' EOW KWAN HOONG
EXECUTIVE DIRECTOR
FINANCE

MANAGING DIRECTOR
PRINTING & PACKAGING

6
SU THAI PING
MANAGING DIRECTOR
ENVIRONMENT & RENEWABLE ENERGY

1


2


3


4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6


7


8


9


10


11


12


7
DATO' MOHAMAD SUPARADI BIN MD NOOR
EXECUTIVE DIRECTOR
BUSINESS DEVELOPMENT

8
DATO' CHEAH TENG LIM
CHIEF EXECUTIVE OFFICER
SUSTAINABLE DEVELOPMENT

9
LAWRENCE SIAW SENG CHEE
CHIEF EXECUTIVE OFFICER
PROPERTY DEVELOPMENT

10
BERNARD PEE KEE CHEN
CHIEF OPERATING OFFICER
FOOD AND AGRO TECHNOLOGY

11
CHOONG CHOO HOCK
CHIEF OPERATING OFFICER
IRIS KOTO INDUSTRIALISED BUILDING SYSTEMS

12
DATO' VINCENT LEONG JEE WAI
MANAGING DIRECTOR
EDUCATION

CALENDAR OF EVENTS
VISITORS
2013 - 2014


27 August 2013

2013

MAY

15 May
Hon. Mr. Mohamoud Ahmed Nur – Mayor of Mogadishu and Governor of Baanadir Region Federal Republic of Somalia

16 May
Hon. Mr. Edward Nipake Natapei – Deputy Prime Minister of Foreign Affairs, Republic of Vanuatu

20 May
Y.Bhg. Dato' Ibrahim Bin Muhamad – Ketua Setiausaha, Kementerian Kemajuan Luar Bandar dan Wilayah

27 May
Mr. Mohamad Moustafa – Chairman of the Board of Directors, Go Card Egypt

JUNE

11 June
The Right Honorable Mr. Rick Houenipwela – Minister of Finance, Government of Solomon Islands

14 June
Hon. Mr. Ronny Knight – Vice Minister of Trade, Commerce and Industry, Independent State of Papua New Guinea

21 June
Investment Development Bank (IDB) Group, Jeddah, Saudi Arabia

JULY

3 July
His Majesty King Mswati III – Head of State of the Kingdom of Swaziland

31 July
Y.Bhg. Dato' Sri Ismail bin Ahmad – Director General and delegation of *Jabatan Pengankutan Jalan (JPJ), Malaysia*

AUGUST

26 August
H.E. Dr. Barnabas Sibusiso Dlamini – Prime Minister of the Kingdom of Swaziland

27 August
H.E. Mr. Jacob Gedleyihlekisa Zuma – President of the Republic of South Africa

29 August
Department of Immigration and Ministry of Home Affairs, Bangladesh

SEPTEMBER

24 September
World Vision International

NOVEMBER

21 November
Members of Tanzania Parliament Committee on Community Development


26 August 2013


17 March 2014


17 March 2014


21 November 2013


14 January 2014

2014

JANUARY

14 January
The Honorable Gen. Aronda Nyakairima, cgsc (MP), Minister of Internal Affairs, The Republic of Uganda

20 January
Handan Cultural & Creative Co. Ltd. (HDCC)

FEBRUARY

7 February
YAB Datuk Seri Utama Mohd Najib Bin Tun Hj. Abdul Razak – Prime Minister of Malaysia to Rimbunan Kaseh, Serkam, Melaka, Malaysia

22 February
IRIS Shareholders visit to Rimbunan Kaseh Farm, Serkam, Melaka

28 February
Mr. Hui Jian – The Mayor of Handan and Delegates of the Handan Municipal People's Goverment

MARCH

17 March
Tuan Yang Terutama Tun Datuk Seri Utama Mohd Khalil Bin Yaakob – Yang Di-Pertua Negeri Melaka to Rimbunan Kaseh, Serkam, Melaka, Malaysia

CALENDAR OF EVENTS
EVENTS 2013 - 2014

16 August 2013

14-15 May 2013

26-29 September 2013

10-13 October 2013

22-24 October 2013

2013

APRIL

24-25 April
Cards & Payments Asia
- Singapore

MAY

14-15 May
Cards & Payments Middle East
- Dubai

21-23 May
Security Document World Exhibition & Conference & Interop Test 2013
- London, UK

30 May
Networking Session with African Community in Malaysia 2013
- Menara MATRADE, Kuala Lumpur, Malaysia

JUNE

4-6 June
Malaysia Services Exhibition (MSE 2013)
- International Convention Center KORME, Astana, Kazakhstan

AUGUST

16 August
"Sambutan Hari Peneroka Felda & Majlis Hari Raya"
- FELDA Sungai Tiang, Kedah, Malaysia

SEPTEMBER

26-29 September
"Karnival Usahawan Desa"
- Putrajaya, Malaysia

OCTOBER

10-13 October
International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM 2013)
- Kuala Lumpur Convention Center (KLCC), Malaysia

22-24 October
Ninth Symposium and Exhibition on ICAO MRTDs, Biometrics and Security Standards 2013
- ICAO Headquarters, Montreal, Canada


10 December 2013


11-12 December 2013


7 February 2014


6 March 2014

NOVEMBER

- 19-21 November
Cartes & Identification 2013
- Paris-Nord Villepinte Exhibition Centre, Paris, France

- 26-28 November
Intrade Malaysia 2013
- MATRADE Exhibition and Convention Centre, Kuala Lumpur, Malaysia

DECEMBER

- 10 December
Immigration Day 2013
- Immigration Department Malaysia, Putrajaya , Malaysia

- 11-12 December
10th Government Discussion Forum on Electronic Identity, Sofitel Phnom Penh
- Phokeethra, Phnom Penh, Cambodia

2014

JANUARY

- 18 January
Signing of Memorandum of Understanding Between Stamford College and Strategic Partners
- Kuala Lumpur, Malaysia

FEBRUARY

- 7 February
Official Launch of “Taman Rimbunan Kaseh” Serkam
- Melaka, Malaysia

- 24 February
Guinea ePassport Launch
- Republic of Guinea Conakry

MARCH

- 6 March
Launch of Higher Education 1 Malaysia (HE1M) by Stamford

- 27 March
“Majlis Pelancaran Projek Sentuhan Kasih FELDA & Perumahan Generasi Baru”, FELDA Laka Selatan, Changlun
- Kedah, Malaysia


27 March 2014

CORPORATE SOCIAL RESPONSIBILITY

01 MAJLIS KEMPEN TABUNG PAHLAWAN 2013
4 SEPTEMBER 2013

Penyerahan Sumbangan Tanaman Melon Seri Perdana kepada Tabung Pahlawan sebanyak RM515,000 di PWTC, Kuala Lumpur

02 KUNJUNGAN KASEH IRIS
14 SEPTEMBER 2013

Rumah Orang-orang Tua (Pusat Jagaan Siti Noraini Kajang)
Total donations: RM28,500 (Cash & house renovations)

03 TABUNG KASEH MANGSA BANJIR (COLLOBORATION WITH BOMBA MALAYSIA)
13 DECEMBER 2013

Collections: Cash – RM950 + items
Total Boxes – 42 boxes for 42 families in Terengganu

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") 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 with the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

The following are the statements explaining how the Group has applied the principles and complied with the best practices provisions laid out in the Code throughout the financial year ended 31 March 2014.

01 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 PRINCIPAL RESPONSIBILITIES OF THE BOARD

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

The Board performs the below responsibilities:-

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

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
	To review potential investments and business and internal audit functions.	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
		Datuk Kamaruddin Bin Taib	Independent Non-Executive
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
		Dato' Eow Kwan Hoong	Executive Director

STATEMENT ON CORPORATE GOVERNANCE
CONTINUED

01 ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 CLEAR ROLES AND RESPONSIBILITIES
Where appropriate, the Board has delegated certain responsibilities to the various Board Committees with clearly defined terms of reference. This enables the Board to achieve operational efficiency by empowering these Committees to decide on matters within their respective written terms of reference and yet allow the Board to maintain control over major policies and decisions.

1.3 PROMOTING ETHICAL STANDARDS
The Group has adopted a Code of Conduct to govern the conduct of the Directors and employees of the Group, which is available in the Employees' Handbook.

1.4 PROMOTING SUSTAINABILITY
The Company envisions a sustainable future for all. To fulfil a vision of a sustainable future, the Company embarked on a journey to discover, develop and deploy a portfolio of products and solutions that will enrich lives and change the world for the better.

The Company is a technology integrator and innovator with sustainable, comprehensive solutions for trusted identity, secure payments, transportation, waste management, renewable energy, energy efficiency, food security, agriculture, and sustainable development.

1.5 ACCESS TO INFORMATION AND ADVICE
The Board has rights to the relevant information pertaining to the Group's businesses and affairs, to enable them to make decisions on an informed basis and to discharge the Board's responsibilities.

The Board meets at least every quarter and on other occasions, as and when necessary, to review the Group's performance, approve financial statements, annual reports, and business plans. Each director is circulated with the meeting agenda and minutes of previous meeting and business updates.

The Board are authorised to obtain information from the management or employees, and have access to external parties such as auditors, external legal, company secretary or other professional consultants at the Group's expense.

The above transparent dissemination of information allows the Board to substantively assess the subject matter on hand and facilitate eventual decision making.

1.6 QUALIFIED AND COMPETENT COMPANY SECRETARY
The Company Secretary attended all Board meetings and ensured that all Board procedures are adhered. The Company Secretary also ensured that the Company complies with all applicable statutory and regulatory rules. On an ongoing basis, the Directors have separate and independent access to the Company Secretary.

1.7 BOARD CHARTER
The Board's Charter sets out the roles and responsibilities of the Board and Board Committee. It is available at the Group's website.

02 STRENGTHENING THE COMPOSITION OF THE BOARD

The Board has ten (10) directors, comprising of three Executive Directors, five Independent Non-Executive Directors and two Non-Independent Non-Executive Director.

2.1 NOMINATION COMMITTEE

The Nomination Committee consists of all three (3) Independent Non-executive Directors. 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.

2.2 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.

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 (if any) 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.

2.3 REMUNERATION COMMITTEE AND POLICY

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 year ended 31 March 2014 is set out as follows:-

Aggregate Remuneration

	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM
Basic salaries, bonus and allowance	1,422,500	–
Defined contribution plan	170,700	–
Benefits-in-kind	49,342	–
Fees	60,000	592,400
Total	**1,702,542**	**592,400**

02 STRENGTHENING THE COMPOSITION OF THE BOARD (CONT'D)

2.3 REMUNERATION COMMITTEE AND POLICY (CONT'D)

Remuneration package (Cont'd)
The Company has complied with the Listing Requirement of Bursa Securities on the disclosure of remuneration of Directors on Group basis for the financial year ended 31 March 2014 is set out as follows:- (Cont'd)

Analysis of Remuneration

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	–	2
RM50,001 – RM100,000	–	4
RM100,001 – RM200,000	–	–
RM200,001 – RM300,000	–	–
RM300,001 – RM400,000	–	1
RM400,001 – RM500,000	2	–
RM700,001 – RM800,000	1	–

03 REINFORCE INDEPENDENCE

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

3.2 TENURE OF INDEPENDENT DIRECTORS
The Board takes the Code's recommendation that the tenure of an Independent Director should not exceed a cumulative term of nine years, and in the event which the term was exceeded, had justified on reasons on why such appointments are retained.

3.3 SEPARATION OF POSITIONS OF THE CHAIRMAN AND EXECUTIVE DIRECTORS
The roles of the Chairman and the Group 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 from various professions have brought to the Board a wide range of experience, skills and knowledge that are necessary to direct and manage successfully the business and affairs of the Group towards enhancing business prosperity and corporate accountability. Information relating to the directors are set out in the 'Profiles of Directors' in this Annual Report.

3.4 COMPOSITION OF THE BOARD
The Board has ten (10) directors, comprising of three Executive Directors, five Independent Non-Executive Directors and two Non-Independent Non-Executive Director. 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.

04 FOSTER COMMITMENTS

4.1 TIME COMMITMENTS

The directors dedicated sufficient time to carry out their responsibilities in Board representations, such as Board meetings, Annual and Extraordinary General Meetings and regular meetings with the Management throughout the financial year.

During the financial year ended 31 March 2014, the Board met nine (9) times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business plan and the direction of the Group. Management and performance of the Group and any other strategic issues that may affect the Group's businesses are also deliberated.

Details of attendance of each Director who was in office during the financial year ended 31 March 2014 are as follows:-

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTOR
Tan Sri Razali Bin Ismail	7/9
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	8/9
Datuk Tan Say Jim	9/9
Syed Abdullah Bin Syed Abd Kadir	9/9
Dato' Hamdan Bin Mohd Hassan	8/9
Dato' Eow Kwan Hoong	9/9
Datuk Kamaruddin Bin Taib	9/9
Chan Feoi Chun	9/9
Datuk Faizoull Bin Ahmad (Appointed on 28.02.2014)	–/–
Muhammad Sufi Bin Mahbub (Appointed on 28.02.2014)	–/–

4.2 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.

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 the directors were as follows:-

- Common Breaches of the Listing Requirements with Case Study
- Nominating Committee Program
- Corporate Disclosure for Directors of Listed Issuers
- Governance in Groups
- Board Chairman Session
- Advocacy Sessions on Corporate Disclosure
- Cultivating a Risk Governance Culture
- Risk Management and Internal Control Workshops for Audit Committee Member
- Advances Risk Governance and Risk Management
- Managing Sustainable Business Transformation – from Good to Great
- Briefing Session on Bank Negara Malaysia's Annual Report 2012/Financial Stability and Payment Systems Report 2012
- Board Chairman Series: The Role of the Board Chairman
- Advocacy Sessions on Corporate Disclosure for Directors

05 UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 ROLE OF AUDIT COMMITTEE

The Audit Committee is responsible to ensure that adequate processes and controls are in place for an effective and efficient financial statements, appropriate accounting policies have been adopted consistently and that the financial statements are properly drawn up in compliance with the provisions of the Companies Act, 1965, Malaysian Financial Reporting Standards, International Financial Reporting Standards.

The Board is responsible to present a comprehensive assessment of the Group's position and prospects when it releases the financial statements to the shareholders, as well as ensuring the financial statements give a true and fair view of the operation results and finance state of affairs of the Group.

5.2 ASSESSMENT OF EXTERNAL AUDITORS

The Audit Committee reviews the independence and objectivity of the external auditors and the services provided, and is satisfied that the external auditors is competent and with audit independence. Shareholders' approval will be sought at this Annual General Meeting for the auditors' re-appointment.

06 RECOGNISE AND MANAGE RISK

6.1 SOUND FRAMEWORK TO MANAGE RISKS

The Board has overall responsibility for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets 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 Board acknowledges the importance of such controls which the overview is set out in the 'Statement on Risk Management and Internal Control'.

6.2 INTERNAL AUDIT FUNCTION

The Group has outsourced the internal audit function to an independent professional firm, who performs regular reviews with impartiality and due professional care, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors. Audit findings with recommendations are presented to the Management, who will then present the internal audit reports with subsequent remedial action plans to the Audit Committee.

07 TIMELY AND HIGH QUALITY DISCLOSURE

7.1 CORPORATE DISCLOSURE POLICIES AND PROCEDURES AND LEVERAGE ON INFORMATION TECHNOLOGY

The Board recognises the importance of efficient and effective communication and dissemination of material information to the shareholders and public.

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

08 STRENGTHENING THE RELATIONSHIP BETWEEN THE GROUP AND SHAREHOLDERS

8.1 ENCOURAGE SHAREHOLDERS' PARTICIPATION

The Annual General Meeting ("the AGM") is the principal forum for dialogue allowing the shareholders to review the Group's performance via the Annual Report. 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.

The Notice of AGM was circulated at least 21 days before the AGM to allow sufficient time to the shareholders to review the Annual Report and the papers supporting the resolutions proposed.

8.2 COMMUNICATION AND ENGAGEMENT WITH SHAREHOLDERS

The Company is aware the importance 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, the Annual General Meeting and Extraordinary General Meetings and the Group's website.

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

COMPOSITION OF AUDIT COMMITTEE (CONT'D)

The Board of Directors shall appoint the members of the Audit Committee from amongst themselves, which fulfills the following requirements:- (Cont'd)

5. At least one member of the Audit Committee shall fulfill the following:- (Cont'd)
   - 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;
    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.

DUTIES AND RESPONSIBILITIES (CONT'D)

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:- (Cont'd)

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

AUDIT COMMITTEE REPORT
CONTINUED

MEMBERSHIP AND ATTENDANCE AT MEETING (CONT'D)

The details of attendance as at 31 March 2014 as set out below:-

NAME OF AUDIT COMMITTEE	TOTAL MEETINGS ATTENDED BY MEMBERS
YAM Tunku Dato' Seri Shahabuddin bin Tunku Besar Burhanuddin	5/6
Syed Abdullah bin Syed Abd Kadir	6/6
Datuk Kamaruddin bin Taib	6/6
Chan Feoi Chun	6/6

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 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 Auditor 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 RISK MANAGEMENT AND 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 year ended 31 March 2014.

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, key business issues and annual financial statements.
- 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 an ongoing 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 with necessary actions to remedy any significant weaknesses identified.

The group's system of internal control does not apply to associated companies where the Group does not have full management control over them.

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 prevention 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.

INTERNAL AUDIT FRAMEWORK (CONT'D)

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

OTHER RISK AND CONTROL PROCESS

Apart 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 Auditor 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 year ended 31 March 2014 was RM52,000.

CONCLUSION

The Board is pleased to report that there were no material losses incurred during the financial year under review and up to the date of issuance of the financial statements 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.

The Board has received assurance from the following persons that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group:-

i) Datuk Tan Say Jim, the Managing Director of the Company and the highest ranking executive at the Company who is responsible for carrying out corporate policy established by the Board; and

ii) Dato' Eow Kwan Hoong, an Executive Director of the Company who is primarily responsible for the management of the financial affairs of the Company.

This statement was approved by the Board of Directors on 31 July 2014.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The Directors have considered that all Malaysian Financial Reporting Standards, International Financial Reporting Standards have been followed in preparing the financial statements for the financial year ended from 1 April 2013 to 31 March 2014. 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 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 year ended from 1 April 2013 to 31 March 2014 except as below:-

a) Private placement of new ordinary shares of RM0.15 in the Company representing up to seventeen point sixty nine percent (17.69%) of the enlarged issued and paid-up share capital ("Private Placement I")

On 6 November 2013, 394,098,381 New Ordinary Shares were issued pursuant to the Private Placement I and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 11 August 2013.

The details of the utilization of the proceeds from the Private Placement I up to 31 March 2014 were as follows:-

DESCRIPTION	PROPOSED UTILIZATION (RM'000)	ACTUAL UTILISATION (RM'000)	BALANCE TO BE UTILIZED (RM'000)
Partial repayment of short term borrowings	30,000	30,000	–
Capital expenditure of Group	25,000	10,091	14,909
Working capital of Group	47,000	47,000	–
Estimated expenses in relation to the Private Placement I	8,348	8,348	–
Total	**110,348**	**95,439**	**14,909**

b) Private placement of new ordinary shares of RM0.15 in the Company representing up to ten percent (10%) of the enlarged issued and paid-up share capital ("Private Placement II")

On 31 March 2014, 69,350,000 New Ordinary Shares were issued pursuant to the Private Placement II and were subsequently listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad on 2 April 2014.

2 SHARE BUY-BACK

The Company did not make any proposal for share buy-back during the financial year.

3 OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended from 1 April 2013 to 31 March 2014, certain Warrants have been exercised as below:-

(a) Exercise of 2006/2016 free detachable warrants ("Warrants A")

For the financial year ended from 1st April 2013 to 31st March 2014, a total of 600 units of Warrants A have been exercised and converted into ordinary shares of RM0.15 each.

(b) Exercise of 2010/2016 warrants ("Warrants B")

For the financial year ended from 1st April 2013 to 31st March 2014, a total of 323,000 units of Warrants B have been exercised and converted into ordinary shares of RM0.15 each.

Save as disclosed above, the Company did not issue any other Option, Warrants or Convertible securities for the financial year ended from 1 April 2013 to 31 March 2014 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 year ended from 1 April 2013 to 31 March 2014.

5 IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended from 1 April 2013 to 31 March 2014.

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 year ended from 1 April 2013 to 31 March 2014 under review.

7 VARIATION IN RESULTS

There is no materials variance between the audited results for the financial period from 1 April 2013 to 31 March 2014 and the unaudited results previously announced.

8 PROFIT GUARANTEE

During the financial year ended from 1 April 2013 to 31 March 2014, the Group and the Company did not give any profit guarantee.

9 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS'

For the financial year ended from 1 April 2013 to 31 March 2014, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

10 REVALUATION POLICY

On 31 March 2014, the property of the Company was revalued by the directors using the open market valued basis on the valuation carried out by independent firm of professional valuers on 8 January 2014.

ADDITIONAL COMPLIANCE INFORMATION

CONTINUED

11 LIST OF PROPERTIES

For the financial year ended from 1 April 2013 to 31 March 2014, the list of the property as set out below:-

LOCATION	DESCRIPTION OF LAND	LAND AREA (SQ.FT.)	BUILT-UP AREA (SQ. FT.)	EXISTING USE	TENURE/ LEASE PERIOD	AGE OF BUILDING	DATE OF ACQUISITION	NET CARRYING VALUE (RM'000)
H.S (D) 116023 & 116028 P.T. No. 13810 & 13811 Mukim Petaling Daerah Kuala Lumpur	Land with a 4 and half storey building and car park facilities	188,179	328,459	Factory, warehouse and office	Sub-Lease (Term of 60 years, expiring on 16 July 2055)	19	17 July 1995	96,000
Lot 30745 Jalan Pandan Indah Pandan Indah 55100 Kuala Lumpur	Land with a single storey detached factory with an annexed double storey office building	130,680	94,961	Factory, warehouse and office	Term of 60 years, expiring on 26 June 2063	20	9 Dec 1993	18,543
No. 5 & 12 Jalan Teras 4 Kawasan Industrial Teras Tmn Industrial Selesa Jaya 43300 Balakong Selangor	Land with 2 single storey detached factories each with an annexed double storey office building	40,946	25,265 & 28,750	Factory, warehouse and office	Freehold	17 - 18	31 Dec 1995 & 19 Aug 2003	8,210

12 RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed on pages 151 to 153.

IRIS CORPORATION BERHAD
(INCORPORATED IN MALAYSIA)
COMPANY NO : 302232 - X

FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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 year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of technology consulting, and the implementation of trusted identification, payment and transportation and sustainable development. 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 year.

RESULTS

	THE GROUP RM'000	THE COMPANY RM'000
Profit after taxation	18,635	24,517
Attributable to:-		
Owners of the Company	23,286	24,517
Non-controlling interests	(4,651)	–
	18,635	24,517

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 RM8,867,254 in respect of the financial year ended 31 March 2013.

The Board of Directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year,

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

(b) the Company increased its issued and paid up share capital by way of:-

i) private placements of 394,098,381 new ordinary shares of RM0.15 each at an issue price of RM0.28;
ii) private placements of 69,350,000 new ordinary shares of RM0.15 each at an issue price of RM0.51;
iii) exercise of Warrants A. A total of 600 units of Warrants A have been exercised and converted into ordinary shares at an issue price RM0.15 each; and
iv) exercise of Warrants B. A total of 323,000 units of Warrants B have been exercised and converted into ordinary shares of RM0.15 each.

ISSUES OF SHARES AND DEBENTURES (CONT'D)

(b) the Company increased its issued and paid up share capital by way of:- (cont'd)

The new ordinary shares were issued for cash consideration. The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

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

TREASURY SHARES

Details of the treasury shares are as disclosed in Note 25 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 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 23 to the financial statements.

As at the end of the financial year, 45,317,473 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 23 to the financial statements.

As at the end of the financial year, 211,955,987 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 there are no known bad debts 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 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 49 to the financial statements. At the date of this report, there does not exist:-

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS

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

TAN SRI RAZALI BIN ISMAIL
YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN
DATUK TAN SAY JIM
DATO' HAMDAN BIN MOHD HASSAN
DATO' EOW KWAN HOONG
DATUK KAMARUDDIN BIN TAIB
SYED ABDULLAH BIN SYED ABD KADIR
CHAN FEOI CHUN
DATUK FAIZOULL BIN AHMAD (APPOINTED ON 28 FEBRUARY 2014)
MUHAMMAD SUFI BIN MAHBUB (APPOINTED ON 28 FEBRUARY 2014)

DIRECTORS' INTERESTS

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

	NUMBER OF ORDINARY SHARES OF RM0.15 EACH			
THE COMPANY	**AT 1.4.2013**	**BOUGHT**	**SOLD**	**AT 31.3.2014**
DIRECT INTERESTS:				
Tan Sri Razali Bin Ismail	39,551,733	–	(1,000,000)	38,551,733
Datuk Tan Say Jim	46,492,233	–	–	46,492,233
Dato' Eow Kwan Hoong	1,593,333	–	–	1,593,333
Syed Abdullah Bin Syed Abd Kadir	466,666	–	–	466,666
Chan Feoi Chun	100,000	–	–	100,000
INDIRECT INTERESTS:				
Datuk Tan Say Jim #	126,424,033	–	–	126,424,033
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin ##	7,466,333	3,069,000	–	10,535,333
IRIS LAND SDN BHD				
DIRECT INTERESTS:				
Dato' Hamdan Bin Mohd Hassan	40,000	–	–	40,000

Deemed interest by virtue of his substantial shareholding in Versatile Paper Boxes Sdn. Bhd.
Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife.

DIRECTORS' REPORT
CONTINUED

DIRECTORS' INTERESTS (CONT'D)

	NUMBER OF WARRANTS A			
THE COMPANY	**AT 1.4.2013**	**ALLOTMENT**	**SOLD**	**AT 31.3.2014**
DIRECT INTERESTS:				
Datuk 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:				
Datuk Tan Say Jim #	40	–	–	40
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin ##	280,000	–	–	280,000

	NUMBER OF WARRANTS B			
THE COMPANY	**AT 1.4.2013**	**ALLOTMENT**	**SOLD**	**AT 31.3.2014**
DIRECT INTERESTS:				
Tan Sri Razali Bin Ismail	1,000,000	–	–	1,000,000
Datuk Tan Say Jim	6,973,834	–	–	6,973,834
Dato' Eow Kwan Hoong	250,000	–	–	250,000
Syed Abdullah Bin Syed Abd Kadir	49,999	–	–	49,999
INDIRECT INTEREST:				
Datuk Tan Say Jim #	104	–	–	104

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

Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife and daughter.

By virtue of their interests in shares in the Company, Datuk Tan Say Jim is deemed to have interests in the shares in its related corporations during the financial year 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, Datuk Faizoull Bin Ahmad and Muhammad Sufi Bin Mahbub have no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the 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 YEAR

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

SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 53 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 31 JULY 2014

Datuk Tan Say Jim

Dato' Eow Kwan Hoong

STATEMENT BY DIRECTORS

We, Datuk Tan Say Jim and Dato' 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 71 to 184 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 at 31 March 2014 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 56, 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 31 JULY 2014

Datuk Tan Say Jim | **Dato' Eow Kwan Hoong**

STATUTORY DECLARATION

I, Datuk 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 71 to 184 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
Datuk Tan Say Jim, I/C No. 571109-08-6215,
at Kuala Lumpur in the Federal Territory
on this 31 July 2014

Before me
Datin Hajah Raihela Wanchik
(No. W - 275)

Datuk Tan Say Jim

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 2014 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 71 to 184.

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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible 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 entity'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 entity'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 give a true and fair view of the financial position of the Group and of the Company as of 31 March 2014 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 17(v) and Note 52(a)(v) to the financial statements. A subsidiary of the Company has initiated legal action for an alleged breach of agreement by a foreign supplier in relation to the sale and purchase of two gas turbines and ancillary equipment. The ultimate outcome of the matter cannot be presently determined and accordingly, no liability nor impairment loss on the receivable has been recognised in the financial statements in respect of this action.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRIS CORPORATION BERHAD

(INCORPORATED IN MALAYSIA)
COMPANY NO : 302232 - X
CONTINUED

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.

(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 56 on page 184 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

Ooi Song Wan
Approval No: 2901/10/14
Chartered Accountant

31 July 2014

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

		THE GROUP		THE COMPANY	
					RESTATED
		2014	2013	2014	2013
	NOTE	RM'000	RM'000	RM'000	RM'000
ASSETS					
NON-CURRENT ASSETS					
Investment in subsidiaries	5	–	–	209,285	204,852
Investment in associates	6	7,598	7,728	5,650	5,638
Property, plant and equipment	7	229,902	162,354	117,950	100,915
Concession assets	8	178,746	185,892	11,031	10,617
Development costs	9	3,942	–	3,942	–
Intellectual properties	10	17,468	7,628	17,468	7,628
Available-for-sales financial assets	11	7,906	406	406	406
Deferred tax assets	12	129	–	–	–
Goodwill on consolidation	13	140,682	141,511	–	–
		586,373	505,519	365,732	330,056
CURRENT ASSETS					
Inventories	14	101,929	94,616	78,856	79,022
Trade receivables	15	280,236	224,790	188,442	170,689
Amount owing by contract customers	16	81,249	87,576	66,768	61,967
Other receivables, deposits and prepayments	17	149,922	109,094	85,407	48,631
Amount owing by subsidiaries	18	–	–	291,748	284,192
Amount owing by associates	19	8	2,089	8	2,089
Amount owing by related parties	20	70	215	70	215
Property development expenditure	21	1,310	–	–	–
Tax refundable		26	9,211	–	9,211
Deposits with licensed banks	22	23,782	21,687	21,531	20,876
Cash and bank balances		81,670	37,163	66,025	27,816
		720,202	586,441	798,855	704,708
TOTAL ASSETS		1,306,575	1,091,960	1,164,587	1,034,764

The annexed notes form an integral part of these financial statements

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014
CONTINUED

		THE GROUP		THE COMPANY	
					RESTATED
		2014	2013	2014	2013
	NOTE	RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	23	306,025	236,459	306,025	236,459
Share premium	24	103,860	35,211	103,860	35,211
Treasury shares	25	(32,238)	–	–	–
Warrants reserve	26	10,598	10,609	10,598	10,609
Foreign exchange translation reserve	27	146	(1,199)	–	–
Revaluation reserve	28	38,783	26,904	12,360	–
Retained earnings	29	122,967	108,075	44,547	28,905
SHAREHOLDERS' FUND		550,141	416,059	477,390	311,184
Non-controlling interests		56,978	41,141	–	–
TOTAL EQUITY		607,119	457,200	477,390	311,184
NON-CURRENT LIABILITIES					
Hire purchase payables	30	8,555	4,309	1,261	1,847
Lease payables	31	–	242	–	242
Term loans	32	67,487	98,498	38,000	53,498
Deferred tax liabilities	33	16,791	13,534	13,807	13,525
Other payables	35	29	168	–	–
		92,862	116,751	53,068	69,112

The annexed notes form an integral part of these financial statements

		THE GROUP		THE COMPANY	
					RESTATED
		2014	2013	2014	2013
	NOTE	RM'000	RM'000	RM'000	RM'000
CURRENT LIABILITIES					
Trade payables	34	39,553	42,163	24,566	20,789
Other payables and accruals	35	250,212	293,574	209,594	268,091
Amount owing to subsidiaries	18	–	–	182,070	203,340
Amount owing to associates	19	422	418	418	418
Amount owing to related parties	20	–	5	–	–
Provision for taxation		9,127	11,676	7,029	10,738
Hire purchase payables	30	3,930	2,096	744	686
Lease payables	31	242	240	242	240
Short-term borrowings	36	279,315	167,837	189,344	150,166
Bank overdrafts	37	23,793	–	20,122	–
		606,594	518,009	634,129	654,468
TOTAL LIABILITIES		699,456	634,760	687,197	723,580
TOTAL EQUITY AND LIABILITIES		1,306,575	1,091,960	1,164,587	1,034,764
NET ASSETS PER ORDINARY SHARE (sen)	38	28.75	26.39		

The annexed notes form an integral part of these financial statements

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		THE GROUP		THE COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
REVENUE	39	573,237	537,066	472,896	435,224
COST OF SALES	40	(441,093)	(430,723)	(350,307)	(341,622)
GROSS PROFIT		132,144	106,343	122,589	93,602
OTHER INCOME		7,444	3,727	3,214	3,384
		139,588	110,070	125,803	96,986
ADMINISTRATIVE EXPENSES		(71,409)	(55,267)	(48,635)	(41,104)
FINANCE COSTS		(21,641)	(13,262)	(15,729)	(9,855)
OTHER OPERATING EXPENSES		(11,482)	(6,860)	(22,279)	(26,475)
		35,056	34,681	39,160	19,552
SHARE OF PROFIT/(LOSS) IN ASSOCIATES		29	(652)	–	–
PROFIT BEFORE TAXATION	41	35,085	34,029	39,160	19,552
INCOME TAX EXPENSE	42	(16,450)	(15,593)	(14,643)	(13,676)
PROFIT AFTER TAXATION		18,635	18,436	24,517	5,876
OTHER COMPREHENSIVE INCOME, NET OF TAX FOR THE FINANCIAL YEAR					
Items that are not reclassifiable subsequently to profit or loss					
- Revaluation of property, net of tax		12,360	–	12,360	–
Items that are or may be reclassified subsequently to profit or loss					
- Foreign currency translation for foreign operations		2,000	(1,076)	–	–
		14,360	(1,076)	12,360	–
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		32,995	17,360	36,877	5,876

The annexed notes form an integral part of these financial statements

		THE GROUP		THE COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		23,286	21,060	24,517	5,876
Non-controlling interests		(4,651)	(2,624)	–	–
		18,635	18,436	24,517	5,876
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		36,991	20,273	36,877	5,876
Non-controlling interests		(3,996)	(2,913)	–	–
		32,995	17,360	36,877	5,876
Earnings Per Ordinary Share					
- Basic	43	1.38sen	1.34sen		
- Diluted	43	1.25sen	1.31sen		

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

THE GROUP	ORDINARY SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	NON-DISTRIBUTABLE WARRANTS RESERVE RM'000	NON-DISTRIBUTABLE FOREIGN EXCHANGE TRANSLATION RESERVE RM'000	NON-DISTRIBUTABLE REVALUATION RESERVE RM'000	DISTRIBUTABLE RETAINED EARNINGS RM'000	ATTRIBUTABLE TO OWNERS OF THE COMPANY RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
Balance at 1.4.2012	236,257	35,211	10,616	(412)	27,233	93,773	402,678	(1,000)	401,678
Contributions by and distributions to owners of the Company:									
- Warrants exercised	202	–	(7)	–	–	7	202	–	202
- Dividend paid (Note 45)	–	–	–	–	–	(7,094)	(7,094)	–	(7,094)
Total transactions with owners	202	–	(7)	–	–	(7,087)	(6,892)	–	(6,892)
Realisation on usage of property	–	–	–	–	(329)	329	–	–	–
Balance carried forward	236,459	35,211	10,609	(412)	26,904	87,015	395,786	(1,000)	394,786

The annexed notes form an integral part of these financial statements

	NON-DISTRIBUTABLE					DISTRIBUTABLE			
THE GROUP	ORDINARY SHARE CAPITAL 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 brought forward	236,459	35,211	10,609	(412)	26,904	87,015	395,786	(1,000)	394,786
Transactions with non-controlling interests:									
- Acquisition/Issue of shares in subsidiaries	–	–	–	–	–	–	–	33,476	33,476
- Shares subscribed by non-controlling interests	–	–	–	–	–	–	–	11,578	11,578
Total transactions with non-controlling interests	–	–	–	–	–	–	–	45,054	45,054
Profit after taxation for the financial year	–	–	–	–	–	21,060	21,060	(2,624)	18,436
Other comprehensive income for the financial year, net of tax:									
- Foreign currency translation	–	–	–	(787)	–	–	(787)	(289)	(1,076)
Total comprehensive income for the financial year	–	–	–	(787)	–	21,060	20,273	(2,913)	17,360
Balance at 31.3.2013	236,459	35,211	10,609	(1,199)	26,904	108,075	416,059	41,141	457,200

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014
CONTINUED

	NON-DISTRIBUTABLE						DISTRIBUTABLE			
THE GROUP	ORDINARY SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES 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 31.3.2013/ 1.4.2013	236,459	35,211	–	10,609	(1,199)	26,904	108,075	416,059	41,141	457,200
Contributions by and distributions to owners of the Company:										
- Issuance of new shares	69,517	76,199	–	–	–	–	–	145,716	–	145,716
- Share issuance expenses	–	(7,569)	–	–	–	–	–	(7,569)	–	(7,569)
- Warrants exercised	49	19	–	(11)	–	–	(8)	49	–	49
- Dividend paid (Note 45)	–	–	–	–	–	–	(8,867)	(8,867)	–	(8,867)
- Effect of acquisition of a subsidiary	–	–	(32,238)	–	–	–	–	(32,238)	–	(32,238)
Total transactions with owners	69,566	68,649	(32,238)	(11)	–	–	(8,875)	97,091	–	97,091
Realisation on usage of property	–	–	–	–	–	(481)	481	–	–	–
Balance carried forward	306,025	103,860	(32,238)	10,598	(1,199)	26,423	99,681	513,150	41,141	554,291

The annexed notes form an integral part of these financial statements

	NON-DISTRIBUTABLE						DISTRIBUTABLE			
THE GROUP	**ORDINARY SHARE CAPITAL RM'000**	**SHARE PREMIUM RM'000**	**TREASURY SHARES 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 brought forward	306,025	103,860	(32,238)	10,598	(1,199)	26,423	99,681	513,150	41,141	554,291
Transactions with non-controlling interests:										
- Acquisition/Issue of shares in subsidiaries	–	–	–	–	–	–	–	–	19,573	19,573
- Shares subscribed by non-controlling interests	–	–	–	–	–	–	–	–	260	260
Total transactions with non-controlling interests	–	–	–	–	–	–	–	–	19,833	19,833
Profit after taxation for the financial year	–	–	–	–	–	–	23,286	23,286	(4,651)	18,635
Other comprehensive income for the financial year, net of tax										
- revaluation of property	–	–	–	–	–	12,360	–	12,360	–	12,360
- foreign currency translation	–	–	–	–	1,345	–	–	1,345	655	2,000
Total comprehensive income for the financial year	–	–	–	–	1,345	12,360	23,286	36,991	(3,996)	32,995
Balance at 31.3.2014	306,025	103,860	(32,238)	10,598	146	38,783	122,967	550,141	56,978	607,119

The annexed notes form an integral part of these financial statements

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014
CONTINUED

	NON – DISTRIBUTABLE				DISTRIBUTABLE	
THE COMPANY	**ORDINARY SHARE CAPITAL RM'000**	**SHARE PREMIUM RM'000**	**WARRANTS RESERVE RM'000**	**REVALUATION RESERVE RM'000**	**RETAINED EARNINGS RM'000**	**TOTAL EQUITY RM'000**
Balance at 1.4.2012	236,257	35,211	10,616	–	30,116	312,200
Contributions by and distributions to owners of the Company:						
- Warrant exercised	202	–	(7)	–	7	202
- Dividend paid (Note 45)	–	–	–	–	(7,094)	(7,094)
Total transactions with owners	202	–	(7)	–	(7,087)	(6,892)
Profit after taxation/ Total comprehensive income for the financial year	–	–	–	–	5,876	5,876
Balance at 31.3.2013/1.4.2013	236,459	35,211	10,609	–	28,905	311,184
Contributions by and distributions to owners of the Company:						
Issuance of new shares	69,517	68,630	–	–	–	138,147
Warrant exercised	49	19	(11)	–	(8)	49
Dividend paid (Note 45)	–	–	–	–	(8,867)	(8,867)
Total transactions with owners	69,566	68,649	(11)	–	(8,875)	129,329
Profit after taxation/ Total comprehensive income for the financial year	–	–	–	–	24,517	24,517
Other comprehensive income for the financial year, net of tax						
- revaluation of property	–	–	–	12,360	–	12,360
	–	–	–	12,360	24,517	36,877
Balance at 31.3.2014	306,025	103,860	10,598	12,360	44,547	477,390

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

		THE GROUP		THE COMPANY	
		2014	2013	2014	2013
	NOTE	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit before taxation		35,085	34,029	39,160	19,552
Adjustments for:-					
Allowance for impairment loss on investment in subsidiaries		–	–	15,957	20,647
Allowance/(Write back) for impairment loss on related parties		(89)	40	(89)	40
Allowance for impairment loss on receivables		1,674	1,031	389	1,075
Amortisation of concession assets		6,772	4,996	501	161
Amortisation of intellectual properties		2,400	1,380	2,400	1,380
Amortisation of development cost		–	336	–	336
Depreciation of property, plant and equipment		22,429	15,181	9,168	11,820
Finance costs		21,641	13,262	15,729	9,855
Impairment loss on goodwill		829	–	–	–
Impairment loss on plant and equipment		2,776	–	–	–
Inventories written down		4,677	3,292	2,122	1,292
Share of (profit)/loss in associates		(29)	652	–	–
Property, plant and equipment written off		859	3	–	–
Provision for foreseeable losses		1,851	–	1,851	–
Gain on disposal of plant and equipment		(18)	(61)	(78)	(61)
Gain on remeasurement on acquisition		–	(723)	–	–
Interest income		(825)	(2,162)	(596)	(2,133)
Dividend income		–	–	(171)	–
Negative goodwill		(215)	–	–	–
Unrealised (gain)/loss on foreign exchange		(4,040)	3,131	(3,125)	3,066
Writeback of allowance for impairment loss on associates		–	(1)	–	(1)
Operating profit before working capital changes/Balance carried forward		95,777	74,386	83,216	67,029

The annexed notes form an integral part of these financial statements

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

CONTINUED

		THE GROUP		THE COMPANY	
	NOTE	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating profit before working capital changes/ Balance brought forward		95,777	74,386	83,216	67,029
Change in inventories		(3,901)	(40,494)	(1,956)	(31,947)
Change in trade and other receivables		(79,657)	(19,813)	(56,066)	(29,457)
Change in trade and other payables		(56,277)	72,476	(50,620)	84,890
Change in property development expenditure		(1,310)	–	–	–
Net change in amount owing by/to contract customers		4,475	(56,726)	(6,652)	(40,616)
Net change in amount owing by/to subsidiaries		–	–	(28,827)	(88,759)
Net change in amount owing by/to associates		2,081	15,310	2,081	7,776
Net change in amount owing by/to related parties		234	(79)	234	(79)
CASH FROM/(FOR) OPERATIONS		(38,578)	45,060	(58,590)	(31,163)
Interest paid		(21,641)	(13,262)	(15,729)	(9,855)
Interest received		825	2,162	596	2,133
Net tax paid		(13,941)	(16,529)	(12,978)	(9,431)
NET CASH (FOR)/FROM OPERATING ACTIVITIES		(73,335)	17,431	(86,701)	(48,316)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Acquisition of available-for-sales Investment		(7,500)	–	–	–
Acquisition of concession assets		(2,623)	(88,657)	(915)	(549)
Acquisition of development expenditure		(3,942)	–	(3,942)	–
Acquisition of intellectual properties		(12,240)	–	(12,240)	–
Acquisition of subsidiaries, net of cash acquired	44	(31,073)	8,847	–	(6,400)
Dividend received from an associate		171	–	171	–
Net cash flow on additional investment in subsidiaries		(6,964)	11,578	(20,390)	(30,992)
Net paid on acquisition of investment in associates		(12)	(500)	(12)	(500)
Purchase of property, plant and equipment	46	(30,859)	(31,222)	(9,927)	(3,373)
Proceeds from disposal of plant and equipment		892	256	465	97
Proceeds from shares subscribed by Non-controlling interests		260	–	–	–
NET CASH FOR INVESTING ACTIVITIES		(93,890)	(99,698)	(46,790)	(41,717)

The annexed notes form an integral part of these financial statements

	NOTE	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES					
Dividend paid	45	(8,867)	(7,094)	(8,867)	(7,094)
Drawdown of trade and term loans		335,078	204,300	269,069	191,016
Net proceeds from/(repayment of) bankers' acceptances		42,658	11,846	42,983	11,846
Proceeds from issuance of new shares		138,196	202	138,196	202
Net repayment of hire purchase and lease obligations		(2,610)	(3,319)	(953)	(2,073)
Repayment of trade and term loans		(317,116)	(153,642)	(288,195)	(133,328)
(Placement)/Withdrawal of pledged fixed deposits		(1,353)	(2,041)	(608)	(2,040)
NET CASH FROM FINANCING ACTIVITIES		185,986	50,252	151,625	58,529
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		18,761	(32,015)	18,134	(31,504)
FOREIGN EXCHANGE DIFFERENCE		2,000	–	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		50,398	82,413	41,052	72,556
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	47	71,159	50,398	59,186	41,052

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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 31 July 2014.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of technology consulting, and the implementation of trusted identification, payment and transportation and sustainable development. 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 year.

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 sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and IC Interpretations (Including The Consequential Amendments)
MFRS 10 Consolidated Financial Statements
MFRS 11 Joint Arrangements
MFRS 12 Disclosure of Interests in Other Entities
MFRS 13 Fair Value Measurement
MFRS 119 (2011) Employee Benefits
MFRS 127 (2011) Separate Financial Statements
MFRS 128 (2011) Investments in Associates and Joint Ventures
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements to MFRSs 2009 – 2011 Cycle

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 except as follows:-

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and requires extensive disclosures of which the additional disclosures are disclosed in Notes 5 and 6 to the financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.1 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 except as follows:- (Cont'd)

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments have no material impact on the financial statements of the Group upon their initial application.

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

MFRSS AND IC INTERPRETATIONS (INCLUDING THE CONSEQUENTIAL AMENDMENTS)	EFFECTIVE DATE
MFRS 9 (2009) Financial Instruments	)
MFRS 9 (2010) Financial Instruments	) To be
MFRS 9 Financial Instruments (Hedge Accounting and Amendments to MFRS 7,	) announced
MFRS 9 and MFRS 139)	) by MASB
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and	)
Transition Disclosures)	)
MFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 127 (2011): Investment Entities	1 January 2014
Amendment to MFRS 11 : Accounting for Acquisition of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions	1 July 2014
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 July 2014

3. BASIS OF PREPARATION (CONT'D)

3.2 The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

(i) MFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Subsequently, this MFRS 9 was amended in year 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition (known as MFRS 9 (2010)). Generally, MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. Accordingly, there will be no financial impact on the financial statements of the Company upon its initial applications.

(ii) The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impacts on the financial statements of the Company upon its initial application.

(iii) The amendments to MFRS 136 remove the requirement to disclose the recoverable amount when a cash-generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives but there has been no impairment. Therefore, there will be no financial impact on the financial statements of the Company upon its initial application but may impact its future disclosures.

(iv) The annual Improvements to MFRSs 2010 – 2012 Cycle contain amendments to MFRS 2, MFRS 3, MFRS 8, MFRS 13, MFRS 116, MFRS 124 and MFRS 138. There will be no impact on the financial statements for the amendments to MFRs 116 which will only affect the amount of accumulated depreciation of future revaluations.

(v) The Annual Improvements to MFRSs 2011 – 2013 Cycle contain amendments to MFRS 1, MFRS 3, MFRS 13 and MFRS 140. There will be no impact on the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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:-

(a) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates And Judgements (Cont'd)

(a) Depreciation of Property, Plant and Equipment (Cont'd)

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

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.

(b) 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 year in which such determination is made.

(c) 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.

(d) 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.

(e) 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates And Judgements (Cont'd)

(f) *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.

(g) *Impairment of Trade and Other 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.

(h) *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.

(i) *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.

(j) *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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates And Judgements (Cont'd)

(k) 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.

(l) 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.

(m) 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.

4.2 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Basis of Consolidation (Cont'd)

(a) *Business Combinations*

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.

(b) *Non-controlling interest*

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. 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.

(c) *Changes in Ownership Interests in Subsidiaries Without Change of Control*

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 of the Group and attributed to owners of the parent.

(d) *Loss of Control*

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which 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)

4.2 Basis of Consolidation (Cont'd)

(d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). 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 MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 Goodwill

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.

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.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognized as a gain in profit or loss.

4.4 Functional and Foreign Currencies

(a) 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 Company's functional and presentation currency.

(b) 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 in profit or loss except for differences arising from the translation of available-for-sale equity instruments which are recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations

Assets and liabilities of foreign operations are translated to RM at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated at exchange rates ruling at the the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity under translation reserve. On the disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to profit or loss.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and the liabilities of the foreign operations and translated at the closing rate at the end of the reporting period except for those business combinations that occurred before the date of transition, 1 January 2011, which are treated as assets and liabilities of the Company and are not retranslated.

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 year were as follows:-

	31.3.2014 RM	31.3.2013 RM
Canadian Dollar	2.95	3.02
Euro	4.49	3.94
Egyptian Pound	0.47	0.45
Pound Sterling	5.44	4.67
Thai Baht	0.10	0.10
United States Dollar	3.27	3.07
Indian Rupee	0.05	0.06
Bangladeshi Taka ("Bangla Taka")	0.04	0.04

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 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. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

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

(a) 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.

(i) 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 profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

(ii) 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 interest income recognised in profit or loss on an effective yield basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

(iii) 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.

(iv) 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.

(b) Financial Liabilities

All financial liabilities are initially measured 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Financial Instruments (Cont'd)

(c) Equity Instruments

Instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary 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.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where such shares are subsequently sold or reissued, any consideration received, net of any direct costs, is included in equity.

(d) Warrants

Proceeds, net of issue costs, from the issuance of warrants are allocated in accordance with FRSIC Consensus 9 – Accounting for Rights Issue with Free Warrants are credited to the warrant reserve which is non-distributable. The warrant reserve is transferred to the share premium account upon the exercise of the warrants and the warrant reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to the retained earnings.

(e) 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)

4.6 Intangible Assets

(a) 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 year 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.

(b) Concession Assets

Concession assets comprised the Phuket Waste-To-Energy Incineration Plant ("WTE") and Electronic Passport System ("EPS").

Phuket Waste-To-Energy Incineration Plant

WTE comprises of Municipal Solid Waste (MSW)'s receiving, storing and incineration system, boiler system, flue gas treatment system, raw water treatment system, slag and ash handling system, automatic control system and electrical generation system.

WTE is stated at cost less accumulated amortisation and impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 4.10(b) to the financial statements.

The amortisation is calculated by reference to the costs on a straight-line basis over the concession period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 Intangible Assets (Cont'd)

(b) Concession Assets (Cont'd)

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 4.10(b) 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 year is as follows:

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

(c) 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 range from 10 years to 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.

4.7 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 the carrying values may not be recoverable. The cost of the investments includes transaction costs.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Investment in Associates

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

The investment in an associate is accounted for in the consolidated statement of financial position using the equity method, based on the financial statements of the associate made up to the end of the reporting period. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

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

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method if the dilution does not result in a loss of significant influence or when an investment in a joint venture becomes an investment in an associate. Under such changes in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the associate will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in associates are recognised in profit or loss.

4.9 Property, Plant and Equipment

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Property, Plant and Equipment (Cont'd)

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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 year to ensure that the amounts, methods and periods 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.

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. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset. In addition, the Group also makes an annual transfer of the revaluation reserve to retained profits as the asset is used. In such a case, the amount of the revaluation reserve transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

During the financial year, the Group changed the depreciation rates for the following assets:-

<u>Plant and machinery</u>	
Waste-to-energy incineration machine	From 15 years to 7 years

The change in the depreciation rate arose from a review of the useful lives of the assets concerned. The change in the depreciation rates has the effect of decreasing the profit before taxation of the Group by approximately RM3,256,000 for the current financial year.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment

(a) *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 year 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 financial asset 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.

(b) *Impairment of Non-Financial Assets*

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting year 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)

4.10 Impairment (Cont'd)

(b) 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, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.11 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 year 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.

4.12 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 year. 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 year in which termination takes place.

4.13 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)

4.14 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.

4.15 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, production or conversion costs 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.

4.16 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.

4.17 Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Land is stated at cost. Development expenditure comprises construction and other related development costs and administrative overheads relating to the property development. Interest costs on borrowings taken to finance the relevant development projects are included in the development expenditure from commencement to the completion of the development projects.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenues and expenses recognised in the income statement are determined by reference to the stage of completion of development activity at the balance sheet date. Recognition of income starts when work accomplishment reaches a material level.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 Property Development Costs (Cont'd)

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that are probable will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense immediately, including costs to be incurred over the defects liability period.

4.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, 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 with original maturity period of three months or less.

4.19 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 reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

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.

4.20 Income Taxes

Income taxes for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 Income Taxes (Cont'd)

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 year 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 year.

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.

4.21 Employee Benefits

(a) *Short-term Benefits*

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss and included in the development costs, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) *Defined Contribution Plans*

The Group's contributions to defined contribution plans are recognised in profit or loss and included in the development costs, where appropriate, 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.

(c) *Share-based Payment Transactions*

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Related Parties

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a) above.
- (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

4.23 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market's participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.24 Revenue and Other Income

(a) *Sale of Goods*

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of returns and trade discounts.

(b) *Services*

Revenue is recognised upon the 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.

(c) *Royalty Income*

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

(d) *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.

(e) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method.

(f) *Dividend Income*

Dividend income from investment is recognised when the right to receive dividend payment is established.

(g) *Rental Income*

Rental income is recognised on an accrual basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 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 year in which they incurred.

4.26 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	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost:-		
At 1 April	235,385	159,517
Addition during the financial year	390	37,392
Addition of preference share during the financial year	20,000	–
Reclassification from investment in associates (Note 6)	–	38,476
	255,775	235,385
Accumulated impairment losses:-		
At 1 April	(30,533)	(9,886)
Addition during the financial year	(15,957)	(20,647)
	(46,490)	(30,533)
At 31 March	209,285	204,852

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows:-

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2014 %	EFFECTIVE EQUITY INTEREST 2013 %	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 Information Technology Systems Sdn Bhd	Malaysia	100	100	Maintaining and servicing autogate, image retrieval identification system (I.R.I.S) and marketing of contact and contactless smart technology based products.
IRIS Eco Power Sdn Bhd	Malaysia	100	100	Provision of waste management and power and energy related systems.
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 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.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2014 %	2013 %	PRINCIPAL ACTIVITIES
Direct Subsidiaries (Cont'd)				
IRIS Koto (M) Sdn Bhd ("IRIS Koto")	Malaysia	51	51	Manufacture and supply of Integrated building system ("IBS") and building material.
Epoch Energy Technology Sdn Bhd	Malaysia	70	70	Provision of products, services, maintenance and solutions for carbon cleaning system.
IRIS Land Sdn Bhd	Malaysia	60	60	Housing development and construction activities.
IRIS Healthcare Sdn Bhd ("IRIS Healthcare")	Malaysia	100	60	Investment holding.
Warisan Atlet (M) Sdn Bhd ^	Malaysia	49	49	Dormant.
IRIS Rimbunan Kaseh Sdn Bhd	Malaysia	100	100	Farm management and farm operations.
Digital Identity Solutions Limited	Bangladesh	100	100	Dormant.
PJT Technology Co. Ltd.*	Thailand	51	51	Operation and maintenance of waste-to-energy incinerator plant.
Regal Energy Limited ("Regal Energy")*	Hong Kong	100	100	Investment holding company.
IRIS Ecopower (S) Pte Ltd*	Singapore	100	100	Dormant.
RB Biotech Sdn Bhd	Malaysia	66.67	66.67	Research, develop and produce hybrid rice seeds.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST		PRINCIPAL ACTIVITIES
		2014 %	2013 %	
Direct Subsidiaries (Cont'd)				
IRIS Cafe Kaseh Sdn Bhd	Malaysia	100	100	Operate and manage cafes, cafe outlets and restaurants.
Platinum Encoded Sdn Bhd	Malaysia	100	–	Dormant.
Formula IRIS Racing Sdn Bhd (formerly known as Xtra Popular Sdn Bhd)	Malaysia	100	–	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	90	Manufacture, supply and trading of Styrofoam products and consumable parts.
Subsidiary of IRIS Healthcare				
Versatile Creative Berhad*	Malaysia	64.60	–	Investment holding company and its subsidiaries are principally involved in manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset laminated cartons, manufacturing and sale of plastic products, provision of colour separation and lithography services and printed materials.

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

NAME OF COMPANY	COUNTRY OF INCORPORATION	EFFECTIVE EQUITY INTEREST 2014 %	2013 %	PRINCIPAL ACTIVITIES
Subsidiary of Versatile Creative Berhad				
Versatile Paper Boxes Sdn Bhd ("Versatile Paper Boxes")*	Malaysia	64.60	–	Manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset laminated cartons.
Fairpoint Packaging Sdn Bhd*	Malaysia	64.60	–	Dormant.
Subsidiary of Versatile Paper Boxes				
Fairpoint Plastic Industries Sdn Bhd*	Malaysia	64.60	–	Manufacturing and sale of plastic products.
Versatile Smart Properties Sdn Bhd*	Malaysia	64.60	–	Dormant.
Imagescan Creative Sdn Bhd*	Malaysia	64.60	–	Provision of colour separation and lithography services and commercial printing.
Subsidiary of Regal Energy				
Weinan IRIS Envirowerks Zhouji Renewable Resources Co., Ltd.*	China	65	65	Operation and maintenance of food waste-to-fertilizer plant.
Subsidiary of IRIS Land Sdn Bhd				
IRIS Land (PNG) Limited*	Papua New Guinea	60	60	Dormant.

* *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.*

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

The Company assessed the recoverable amount of investment in a subsidiary and determined that an impairment loss should be recognised as the recoverable amount is lower than the carrying amount. The recoverable amount of the cash-generating unit is determined using the fair value less costs to sell approach, and this is derived from the net assets position of the subsidiary as at the end of the reporting period.

The net assets position of the subsidiary as at the end of the current reporting period has declined in the current financial year which was attributed to the continuing losses incurred.

(a) The non-controlling interests at the end of the reporting period comprise the following:-

	THE GROUP	
	2014	**2013**
	RM'000	**RM'000**
PJT Technology Co. Ltd.	38,457	34,419
Versatile Creative Berhad	18,193	–
Weinan IRIS Regal Energy Group	6,813	6,352
IRIS Koto Group	(5,601)	(1,291)
Other individually immaterial subsidiaries	(884)	1,661
	56,978	41,141

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:-

	PJT TECHNOLOGY CO. LTD.	
	2014	**2013**
	RM	**RM**
At 31 March		
Non-current assets	181,343	120,937
Current assets	38,773	32,972
Non-current liabilities	(28,029)	(45,252)
Current liabilities	(114,835)	(35,597)
Net assets	77,252	73,060
Financial year ended 31 March		
Revenue	32,634	31,493
Profit for the financial year	8,243	2,622
Total comprehensive income	8,243	2,622
Total comprehensive income attributable to non-controlling interests	4,038	1,285
Net cash flows from operating activities	19,003	7,264
Net cash flows from investing activities	(2,041)	(19,081)
Net cash flows from financing activities	(16,330)	11,261

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	VERSATILE CREATIVE BERHAD 2014 RM
At 31 March	
Non-current assets	41,921
Current assets	61,706
Non-current liabilities	(8,896)
Current liabilities	(39,086)
Net assets	55,645
Financial year ended 31 March	
Revenue	17,896
(Loss)/Profit for the financial year	(521)
Total comprehensive (expenses)/income	(286)
Total comprehensive (expenses)/income attributable to non-controlling interests	(184)
Net cash flows from operating activities	2,430
Net cash flows from investing activities	(483)
Net cash flows from financing activities	(1,134)

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	WEINAN IRIS REGAL ENERGY GROUP	
	2014 RM	**2013 RM**
At 31 March		
Non-current assets	33,338	22,024
Current assets	8,494	6,057
Current liabilities	(22,368)	(10,032)
Net assets	19,464	18,049
Financial year ended 31 March		
Revenue	239	–
Profit for the financial year	(554)	(254)
Total comprehensive income/(expenses)	1,317	(1,077)
Total comprehensive income/(expenses) attributable to non-controlling interests	461	(375)
Net cash flows from operating activities	5,223	1,108
Net cash flows from investing activities	4,805	(470)
Net cash flows from financing activities	–	–

5. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for each subsidiary that has non-controlling interests that are material to the Group is as follows:- (Cont'd)

	IRIS KOTO GROUP	
	2014	**2013**
	RM	**RM**
At 31 March		
Non-current assets	9,023	7,548
Current assets	33,380	13,659
Non-current liabilities	(1,466)	(1,427)
Current liabilities	(32,419)	(22,467)
Net assets/(liabilities)	8,518	(2,687)
Financial year ended 31 March		
Revenue	17,205	21,489
Loss for the financial year	(8,796)	(4,165)
Total comprehensive expenses	(8,796)	(4,165)
Total comprehensive expenses attributable to non-controlling interests	(193)	(118)
Net cash flows from operating activities	(22,171)	(8,931)
Net cash flows from investing activities	(1,946)	(3,556)
Net cash flows from financing activities	25,746	12,381

6. INVESTMENT IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares, at cost:-				
At 1 April	7,314	45,290	7,314	45,290
Addition during the financial year	12	500	12	500
Transfer to investment in subsidiaries (Note 5)	–	(38,476)	–	(38,476)
	7,326	7,314	7,326	7,314
Accumulated impairment losses:-				
At 1 April 2013 and at 31 March	(1,000)	(1,000)	(1,676)	(1,676)
Share of post acquisition reserves, net of dividend received	(823)	(652)	–	–
Share of post acquisition reserves realised	2,095	2,066	–	–
At 31 March	7,598	7,728	5,650	5,638

(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 2014 %	EFFECTIVE EQUITY INTEREST 2013 %	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.
GMPC Corporation Sdn Bhd*	Malaysia	25.0	25.0	Provision of multi-purpose Smart Cards to the Malaysian Government.

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 2014 %	2013 %	PRINCIPAL ACTIVITIES
Direct associates (Cont'd)				
Neuralogy Sdn Bhd*	Malaysia	20.0	20.0	Research and development in Electronics and IT.
IRIS Koto Designs Sdn Bhd*	Malaysia	20.0	20.0	Dormant.
IRIS Eco Power Co, Ltd.*	Thailand	49.0	–	Dormant.
Associates of Agrotech				
Ubud Tower Sdn Bhd	Malaysia	50.0	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 associate's revenue, expenses, assets and liabilities are as follows:-

	THE GROUP 2014 RM'000	2013 RM'000
Assets and Liabilities		
Total assets	8,936	9,928
Total liabilities	2,032	2,200
Results		
Revenue	5,089	5,652
Profit for the year	29	(659)

6. INVESTMENT IN ASSOCIATES (CONT'D)

(c) The summarised unaudited financial information for each associate that is material to the Group is as follows:-

	MULTIMEDIA DISPLAY TECHNOLOGIES SDN. BHD.	
	2014 RM'000	2013 RM'000
At 31 March		
Non-current assets	9,784	10,020
Current assets	506	489
Current liabilities	(540)	(570)
Net assets	9,750	9,939
12-month period ended 31 March		
Revenue	278	50
Loss for the financial year	(193)	(194)
Total comprehensive expenses	(193)	(194)
Group's share of losses for the financial year	(88)	(86)
Group's share of other comprehensive expenses	(88)	(86)
Carrying amount of the Group's interests in this associate	4,387	4,475

	OTHER INDIVIDUALLY IMMATERIAL ASSOCIATES	
	2014 RM'000	2013 RM'000
Financial year ended 31 December		
Group's share of profit/(loss) for the financial year	117	(566)
Group's share of other comprehensive income	117	(566)
Group's share of total comprehensive income	117	(566)
Dividend received	(171)	–
Aggregate carrying amount of the Group's interests in these associates	3,211	3,253

7. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	AT 1.4.2013 RM'000	ACQUISITION OF SUBSIDIARIES RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITTEN OFF RM'000	REVALUATION SURPLUS RM'000	FOREIGN CURRENCY ADJUSTMENT RM'000	IMPAIRMENT LOSS RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2014 RM'000
NET BOOK VALUE										
Building	76,016	12,359	5,635	–	(368)	–	–	–	(2,106)	91,536
Freehold land	1,777	4,000	–	–	–	–	–	–	–	5,777
Leasehold land	11,967	10,806	–	–	–	16,480	–	–	(406)	38,847
Office equipment, furniture and fittings	6,861	253	4,107	(69)	(6)	–	–	–	(2,890)	8,256
Motor vehicles	5,776	222	4,117	(423)	–	–	–	–	(2,197)	7,495
Plant and machinery	37,933	14,763	10,593	(386)	(485)	–	–	(2,776)	(14,830)	44,812
Construction in-progress	22,024	–	8,862	–	–	–	2,293	–	–	33,179
	162,354	42,403	33,314	(878)	(859)	16,480	2,293	(2,776)	(22,429)	229,902

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

THE GROUP	AT 1.4.2012 RM'000	ACQUISITION OF SUBSIDIARIES RM'000	ADDITIONS RM'000	DISPOSALS RM'000	WRITTEN OFF RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2013 RM'000
NET BOOK VALUE							
Building	72,936	4,449	938	–	–	(2,307)	76,016
Freehold land	–	1,777	–	–	–	–	1,777
Leasehold land	12,302	–	–	–	–	(335)	11,967
Office equipment, furniture and fittings	6,185	178	2,914	(2)	(3)	(2,411)	6,861
Motor vehicles	3,497	944	3,246	(192)	–	(1,719)	5,776
Plant and machinery	22,226	17,057	7,060	(1)	–	(8,409)	37,933
Construction in-progress	–	–	22,024	–	–	–	22,024
	117,146	24,405	36,182	(195)	(3)	(15,181)	162,354

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

THE GROUP	COST RM'000	AT VALUATION RM'000	ACCUMULATED IMPAIRMENT RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.3.2014					
Building	14,588	87,075	–	(10,127)	91,536
Freehold land	5,777	–	–	–	5,777
Leasehold land	11,448	28,112	–	(713)	38,847
Office equipment, furniture and fittings	31,830	–	–	(23,574)	8,256
Motor vehicles	15,272	–	–	(7,777)	7,495
Plant and machinery	197,399	–	(2,776)	(149,811)	44,812
Construction in-progress	33,179	–	–	–	33,179
	309,493	115,187	(2,776)	(192,002)	229,902
AT 31.3.2013					
Building	50,737	37,446	–	(12,167)	76,016
Freehold land	1,777	–	–	–	1,777
Leasehold land	14,572	–	–	(2,605)	11,967
Office equipment, furniture and fittings	24,468	–	–	(17,607)	6,861
Motor vehicles	10,371	–	–	(4,595)	5,776
Plant and machinery	133,535	–	–	(95,602)	37,933
Construction in-progress	22,024	–	–	–	22,024
	257,484	37,446	–	(132,576)	162,354

THE COMPANY	AT 1.4.2013 RM'000	ADDITIONS RM'000	REVALUATION SURPLUS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2014 RM'000
NET BOOK VALUE						
Land and building	82,988	4,800	16,480	–	(2,059)	102,209
Office equipment, furniture and fittings	5,316	1,667	–	(69)	(2,222)	4,692
Motor vehicles	3,056	248	–	–	(1,101)	2,203
Plant and machinery	9,555	3,397	–	(320)	(3,786)	8,846
	100,915	10,112	16,480	(389)	(9,168)	117,950

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

THE COMPANY	AT 1.4.2012 RM'000	ADDITIONS RM'000	DISPOSALS RM'000	DEPRECIATION CHARGE RM'000	AT 31.3.2013 RM'000
NET BOOK VALUE					
Land and building	85,047	–	–	(2,059)	82,988
Office equipment, furniture and fittings	5,677	1,711	(1)	(2,071)	5,316
Motor vehicles	2,628	1,461	(35)	(998)	3,056
Plant and machinery	14,833	1,414	–	(6,692)	9,555
	108,185	4,586	(36)	(11,820)	100,915

THE COMPANY	COST RM'000	AT VALUATION RM'000	ACCUMULATED DEPRECIATION RM'000	NET BOOK VALUE RM'000
AT 31.3.2014				
Land and building	6,600	96,000	(391)	102,209
Office equipment, furniture and fittings	23,571	–	(18,879)	4,692
Motor vehicles	6,283	–	(4,080)	2,203
Plant and machinery	92,222	–	(83,376)	8,846
	128,676	96,000	(106,726)	117,950
AT 31.3.2013				
Land and building	96,412	–	(13,424)	82,988
Office equipment, furniture and fittings	21,987	–	(16,671)	5,316
Motor vehicles	6,041	–	(2,985)	3,056
Plant and machinery	89,208	–	(79,653)	9,555
	213,648	–	(112,733)	100,915

Security

All assets have been pledged to financial institutions as security for banking facilities of the Company as disclosed in Note 32 and Note 36 to the financial statements.

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

Revaluation

During the financial year, the property was revalued by the directors based on the valuation carried out by an independent firm of professional valuer on 8 January 2014.

The fair value of the land and buildings of the Group are categorised as Level 2. The fair values of the land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and building in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Had the revalued property been carried at cost less accumulated depreciation, the net book value of the property would have been RM35,154,872 (2013 - RM36,491,680) as at the end of the reporting year.

At the end of the reporting year, 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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Motor vehicles	13,565	4,788	1,572	2,501
Plant and machinery	2,822	2,824	525	615

8. CONCESSION ASSETS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At carrying amounts:-				
Electronic Passport System	11,031	10,617	11,031	10,617
Phuket Waste-To-Energy Incineration Plant	167,715	175,275	–	–
	178,746	185,892	11,031	10,617

8. CONCESSION ASSETS (CONT'D)

Details of the Concession Assets are as follows:-

	THE GROUP	
	PHUKET WASTE-TO-ENERGY INCINERATION PLANT RM'000	ELECTRONIC PASSPORT SYSTEM RM'000
AT COST:-		
At 31 March 2013/1 April 2013	181,765	11,833
Addition during the financial year	1,708	915
Foreign translation difference	(3,378)	–
At 31 March 2014	180,095	12,748
ACCUMULATED AMORTISATION:-		
At 31 March 2013/1 April 2013	(6,490)	(1,216)
Amortisation charge for the financial year	(6,271)	(501)
Foreign translation difference	381	–
At 31 March 2014	(12,380)	(1,717)
CARRYING AMOUNTS:-		
At 31 March 2014	167,715	11,031
At 31 March 2013	175,275	10,617

9. DEVELOPMENT COSTS

	THE GROUP/ THE COMPANY 2014 RM'000	2013 RM'000
AT COST:-		
At 1 April	16,223	16,223
Addition during the financial year	3,942	–
	20,165	16,223
AMORTISATION OF DEVELOPMENT COSTS:-		
At 1 April	(16,223)	(15,887)
Amortisation charge for the financial year	–	(336)
	(16,223)	(16,223)
At 31 March	3,942	–

10. INTELLECTUAL PROPERTIES

	THE GROUP/ THE COMPANY 2014 RM'000	2013 RM'000
At cost		
At 1 April	28,151	28,151
Acquisition during the financial year	12,240	–
	40,391	28,151
Accumulated amortisation		
At 1 April	(20,523)	(19,143)
Charge during the financial year	(2,400)	(1,380)
	(22,923)	(20,523)
At 31 March	17,468	7,628

11. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Unquoted shares				
- in Malaysia	7,500	–	–	–
- in Singapore	2,378	2,378	2,378	2,378
- in Hong Kong	981	981	981	981
Golf club membership	406	406	406	406
	11,265	3,765	3,765	3,765
Less: Impairment loss in value	(3,359)	(3,359)	(3,359)	(3,359)
	7,906	406	406	406
Impairment loss in value:-				
At 1 April	(3,359)	(3,632)	(3,359)	(3,359)
Disposal during the financial year	–	273	–	–
	(3,359)	(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. The fair values of the unquoted shares cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

12. DEFERRED TAX ASSETS

	THE GROUP	
	2014 RM'000	2013 RM'000
At 1 April	–	–
Recognised in profit or loss	129	–
At 31 March	129	–

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.

13. GOODWILL ON CONSOLIDATION

	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000
At 1 April	141,511	135,403
Acquisition of new subsidiaries	–	6,108
Impairment during the financial year	(829)	–
At 31 March	140,682	141,511

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

	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000
Trusted identification	128,268	128,268
Other segments – Phuket plant	5,279	5,279
Other segments – Food and Agro Technology	5,714	6,543
Other segments – Koto Industrial Building Systems ('Koto IBS')	1,421	1,421
	140,682	141,511

(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 or the concession period of the project.

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

	GROSS MARGIN		REVENUE GROWTH RATE		DISCOUNT RATE	
	2014	2013	2014	2013	2014	2013
Trusted Identification	28%	23%	6%	7%	7.4%	6.3%
Phuket Plant	49%	46%	–	–	7.4%	6.3%
Food and Agro Technology	30%	25%	10%	–	7.4%	6.3%
Koto IBS	16%	14%	56%	22%	7.4%	6.3%

13. GOODWILL ON CONSOLIDATION (CONT'D)

(b) Key assumptions for value-in-use calculations (Cont'd)

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) Revenue growth rate	The growth rates used are based on the most recent financial budgets approved by the management covering a five years period or the concession period of the project based on the expected projection of revenue.
(c) Discount rate	The discount rate used is based on the weighted average cost of capital.

(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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
AT COST:-				
Raw materials	20,360	13,803	14,572	13,673
Work-in-progress	30,880	31,940	29,635	31,005
Finished goods	48,327	44,449	34,649	34,344
	99,567	90,192	78,856	79,022
AT NET REALISABLE VALUE:-				
Raw Materials	212	–	–	–
Finished goods	2,150	4,424	–	–
	2,362	4,424	–	–
TOTAL	101,929	94,616	78,856	79,022

15. TRADE RECEIVABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	289,228	229,204	191,758	173,616
Allowance for impairment losses	(8,992)	(4,414)	(3,316)	(2,927)
	280,236	224,790	188,442	170,689
Allowance for impairment losses				
At 1 April	(4,414)	(3,379)	(2,927)	(1,954)
Addition arising from acquisition of a subsidiary	(2,925)	–	–	–
Addition for the financial year	(1,653)	(1,035)	(389)	(973)
At 31 March	(8,992)	(4,414)	(3,316)	(2,927)

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 owing by contract customers:

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Aggregate costs incurred to date	1,004,358	862,895	887,117	770,070
Attributable profit	338,410	258,030	302,297	237,961
Less: Provision for foreseeable losses	(1,852)	–	(1,852)	–
	1,340,916	1,120,925	1,187,562	1,008,031
Progress billings	(1,259,667)	(1,033,349)	(1,120,794)	(946,064)
	81,249	87,576	66,768	61,967

16. AMOUNTS OWING BY CONTRACT CUSTOMERS (CONT'D)

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount of contract revenue recognised as revenue during the financial year (Note 39)	342,040	377,036	287,213	320,509
Amount of contract costs recognised as expenses during the financial year (Note 40)	233,275	285,506	203,549	251,694

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Other receivables	94,748	76,867	50,436	33,177
Allowance for impairment losses	(709)	(696)	(406)	(406)
	94,039	76,171	50,030	32,771
Deposits	39,629	27,889	22,012	15,396
Prepayments	16,254	5,034	13,365	464
	149,922	109,094	85,407	48,631
Allowance for impairment losses:				
At 1 April	(696)	(700)	(406)	(304)
Reversal/(Addition) for the financial year period/year	(13)	4	–	(102)
At 31 March	(709)	(696)	(406)	(406)

Included in other receivables, deposits and prepayments of the Group are the following items:-

(i) advance payments made to trade payables of approximately RM33.6 million (2013 –RM31.7 million);

(ii) short-term loan of approximately RM24 million (2013 – RM24 million) granted to a shareholder of a subsidiary, due at call with interest rate charged at 0.25% per annum;

(iii) advances of approximately RM10.3 million (2013 – RM3.6 million) made to Stamford Educational Group ("SEG") for settlement of some of its liabilities in accordance with the terms of the agreement with SEG;

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

Included in other receivables, deposits and prepayments of the Group are the following items:- (Cont'd)

(iv) earnest deposits of RM1.6 million (2013 – RM1.6 million) paid for the acquisition of 51% of the equity interests in a foreign company. This transactions is currently under litigation as disclosed in Note 52(a)(iv) to the financial statements;

(v) payment of 10% deposits to IPSA Group PLC of approximately RM9.6 million (2013 – RM9.6 million) for the purchase of equipment. This transaction is currently under litigation as disclosed in Note 52(a)(v) to the financial statements;

(vi) monies held-in-trust by a solicitors of approximately RM14 million (2013 – Nil) to be utilised for the purpose of bidding for a foreign investment;

(vii) downpayment of approximately RM6.8 million (2013 – RM6.8 million) for the acquisition of a foreign company. This transaction is pending completion as at the end of the reporting period; and

(viii) downpayment of approximately RM6.0 million (2013 – RM6.0 million) for the acquisition of a water filtration equipment. This transaction is pending completion and is secured by a piece of leasehold land located in Tanjung Bungah, Pulau Pinang.

18. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	THE COMPANY	
	2014 RM'000	2013 RM'000
Amount owing by:		
- trade balances	128,955	95,958
- non-trade balances	163,227	188,668
Allowance for impairment losses	(434)	(434)
	162,793	188,234
	291,748	284,192
Amount owing to:		
- trade balances	(174,784)	(203,340)
- non-trade balances	(7,286)	–
	(182,070)	(203,340)

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.

NOTES TO THE FINANCIAL STATEMENTS
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CONTINUED

19. AMOUNTS OWING BY/(TO) ASSOCIATES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount owing by:				
- trade balances	1,271	3,352	8	2,089
Allowance for impairment losses	(1,263)	(1,263)	–	–
	8	2,089	8	2,089
Allowance for impairment losses:-				
At 1 April	(1,263)	(1,264)	–	(1)
Writeback during the financial year	–	1	–	1
At 31 March	(1,263)	(1,263)	–	–
Amount owing to:				
- non-trade	(422)	(418)	(418)	(418)

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 in cash.

20. AMOUNTS OWING BY/(TO) RELATED PARTIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Amount owing by:				
- non-trade balances	70	305	70	305
Allowance for impairment losses	–	(90)	–	(90)
	70	215	70	215
Allowance for impairment losses:-				
At 1 April	(90)	(50)	(90)	(50)
Addition for the financial year	–	(40)	–	(40)
Write back for the financial year	90	–	90	–
At 31 March	–	(90)	–	(90)
Amount owing to:				
- non-trade balances	–	(5)	–	–
	–	(5)	–	–

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 purchases.

21. PROPERTY DEVELOPMENT EXPENDITURE

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At cost:-				
Housing development expenditure	1,310	–	–	–

22. DEPOSITS WITH LICENSED BANKS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Fixed deposits with licensed banks	10,500	8,452	8,249	7,640
Short term funds	13,282	13,235	13,282	13,236
	23,782	21,687	21,531	20,876

Fixed deposits with licensed banks of the Group and the Company amounting to RM10,499,717 (2013 - RM8,451,727) and RM8,248,471 (2013 - RM7,640,402) respectively have been pledged to the bank for credit facilities granted to the Group and the Company.

Short term funds amounting to RM13,282,321 (2013 - RM13,235,264) represent investments in a highly liquid market. This investment is convertible into cash in the short term period and has insignificant risk of changes in value.

The weighted average effective interest rates of the fixed deposits at the end of the reporting year ranged from 2.61% to 3.31% (2013 - 2.60% to 2.76%) per annum. The fixed deposits have maturity periods ranging from 30 to 365 (2013 - 30 to 365) days.

23. SHARE CAPITAL

	THE GROUP		THE COMPANY	
	2014	2013	2014	2013
	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 April	1,576,394	1,575,046	236,459	236,257
Issuance of new shares pursuant to the exercise of warrant	324	1,348	49	202
Issuance of shares pursuant to private placement	463,448	–	69,517	–
At 31 March	2,040,166	1,576,394	306,025	236,459

All the new shares were issued for cash consideration. The new shares issued rank pari passu in all respects with the existing shares of the Company.

23. SHARE CAPITAL (CONT'D)

Warrants

The movement in the warrants is as follows:-

	NUMBER OF WARRANTS			
	At 1.4.2013	Addition	Exercised	At 31.3.2014
	'000	'000	'000	'000
Warrants A (2006/2016)	45,318	–	(1)	45,317
Warrants B (2010/2016)	212,279	–	(323)	211,956

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 Berhad.

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;

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 have 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 CAPITAL (CONT'D)

Warrants B

On 27 April 2010, the Company issued 212,326,987 units of new six-year warrants (2012/2016) ("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 (2012/2016) from the date of issue of the warrants on 27 April 2012. 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 have 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.

24. 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.

25. TREASURY SHARES

On 30 November 2013, the Company has 126,424,033 of its own shares as a result of acquiring a new subsidiary, VCB. These shares were purchased by VCB prior to it becoming a Subsidiary to the Company.

As at the end of the reporting period, the outstanding number of such treasure shares in issue and fully paid is 126,424,033 of RM0.15 each. None of the treasury shares was resold or cancelled during the financial year.

Pursuant to Section 17 of the Companies Act 1965 in Malaysia, a corporation cannot be a member of a company which is its holding company. In compliance with this provision, VCB would be required to dispose of its entire investment in the Company within 12 months of the date of acquisition.

26. 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.

27. FOREIGN EXCHANGE TRANSLATION RESERVE

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

28. REVALUATION RESERVE

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

29. RETAINED EARNINGS

Under the single tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends to the shareholders are not subject to tax.

30. HIRE PURCHASE PAYABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum hire purchase payments:				
- not later than one year	4,646	2,459	840	818
- later than one year and not later than five years	9,479	4,619	1,338	1,986
- later than five years	197	120	–	11
	14,322	7,198	2,178	2,815
Less:				
Future finance charges	(1,837)	(793)	(173)	(282)
Present value of hire purchase payables	12,485	6,405	2,005	2,533
The net hire purchase payables are repayable as follows:-				
Current:				
- not later than one year	3,930	2,096	744	686
Non-current:				
- later than one year and not later than five years	8,374	4,207	1,261	1,837
- later than five years	181	102	–	10
	8,555	4,309	1,261	1,847
	12,485	6,405	2,005	2,533

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 2.36% to 7.42% (2013 - 4.27% to 7.96%) and 4.27% to 7.42% (2013 - 4.27% to 7.96%) respectively per annum at the end of the reporting year.

31. LEASE PAYABLES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Minimum lease payments:				
- not later than one year	257	81	257	281
- later than one year and not later than five years	–	257	–	257
	257	538	257	538
Less: Future finance charges	(15)	(56)	(15)	(56)
Present value of lease payables	242	482	242	482
The net lease payables are repayable as follows:				
Current:				
- not later than one year	242	240	242	240
Non-current:				
- later than one year and ot later than five years	–	242	–	242
Present value of lease payables	242	482	242	482

The lease payables of the Group and of the Company bore an effective interest rate of 5.81% (2013 - 5.81%) per annum at the end of the reporting year.

32. TERM LOANS

	THE GROUP 2014 RM'000	THE GROUP 2013 RM'000	THE COMPANY 2014 RM'000	THE COMPANY 2013 RM'000
Current portion:				
- repayable within one year (Note 36)	93,456	41,647	25,413	29,647
Non-current portion:				
- repayable between one and two years	25,327	27,498	13,000	15,498
- repayable between two and five years	42,090	71,000	25,000	38,000
- repayable later than five years	70	–	–	–
	67,487	98,498	38,000	53,498
Present value of hire purchase payables	160,943	140,145	63,413	83,145

Details of the repayment terms are as follows:-

NO.	NUMBER OF MONTHLY INSTALMENT	MONTHLY INSTALMENT AMOUNTS RM'000	COMMENCE-MENT DATE OF REPAYMENT	AMOUNT OUTSTANDING 2014 RM'000	AMOUNT OUTSTANDING 2013 RM'000
1	60	350	November 2009	–	2,130
2	60	333	January 2010	2,413	6,165
3	6	*	April 2013	–	10,850
4	#	#	June 2011	51,000	64,000
5	1	Full	Upon maturity	10,000	–
The Company				63,413	83,145
6	55	1,000	January 2013	40,000	57,000
7	120	34	January 2010	1,798	–
8	1	Full	Upon maturity	19,927	–
9	1	Full	Upon maturity	35,805	
The Group				160,943	140,145

* *Repayable in 6 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.

32. TERM LOANS (CONT'D)

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

The loans 3 and 4 are secured by the fixed and floating charges over all the present and future assets of the Group.

The loans 6, 7, 8, 9 is secured by the fixed and floating charges over the present and future assets of respective subsidiaries.

The term loans of the Group and of the Company bore effective interest rates ranging from 5.13% to 7.60% (2013 - 7.0 to 7.6%) per annum at the end of the reporting year.

33. DEFERRED TAX LIABILITIES

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
At 1 April	13,534	12,580	13,525	12,571
Acquisition of a subsidiary	2,916	–	–	–
Recognised in other comprehensive income:				
- surpluses arising from the revaluation of land and building	4,120	–	4,120	–
Recognised in profit or loss (Note 42)	(3,779)	954	(3,838)	954
At 31 March	16,791	13,534	13,807	13,525
The deferred tax liabilities are attributable to the followings:-				
Deferred tax assets:				
Provision	(2,174)	(1,650)	(2,365)	(1,650)
Other items	(997)	(318)	(795)	(318)
	(3,171)	(1,968)	(3,160)	(1,968)
Deferred tax liabilities:				
Accelerated capital allowances	4,874	6,476	3,883	6,467
Revaluation reserve	15,088	9,026	13,084	9,026
	19,962	15,502	16,967	15,493
At 31 March	16,791	13,534	13,807	13,525

34. TRADE PAYABLES

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

35. OTHER PAYABLES AND ACCRUALS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current:				
Other payables	141,449	141,516	114,807	135,257
Accruals	108,763	152,058	94,787	132,834
	250,212	293,574	209,594	268,091
Non-Current				
Other payables	29	168	–	–

Included in the other payables and accruals of the Group and the Company at the end of the reporting year was an amount of approximately RM55 million (2013 - RM71 million) being advance received from contract customer.

36. SHORT-TERM BORROWINGS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bankers' acceptances	94,261	33,319	76,462	33,319
Trade loans	91,598	92,871	87,469	87,200
Term loans (Note 32)	93,456	41,647	25,413	29,647
	279,315	167,837	189,344	150,166

The bankers' acceptances and trade loans bore effective interest rates ranging from 2.40% to 8.10% (2013 – 3.65% to 5.20%) and 2.76% to 5.51% (2013 – 2.55% to 5.38%) per annum respectively at the end of the reporting year.

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 facility agreement executed between the customers and the bank; and

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

36. SHORT-TERM BORROWINGS (CONT'D)

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.

37. BANK OVERDRAFTS

The effective interest rates as the reporting date range from 6.60% to 8.10% per annum.

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Bank overdrafts:				
- secured	3,671	–	–	–
- unsecured	20,122	–	20,122	–
	23,793	–	20,122	–

A bank overdraft of the Group is secured and granted on the undertaking that a subsidiary will not pledge or execute any charges on its assets, other than those assets under hire purchase.

38. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the total equity attributable to owners of the Company at the end of the reporting period divided by the number of ordinary shares in issue, net of treasury shares at the end of the reporting period and is calculated as follows:-

	2014	2013
Net assets (RM'000)	550,141	416,059
Number of ordinary shares of RM0.15 each, issued and fully paid-up ('000)	2,040,166	1,576,394
Number of treasury shares held by a subsidiary ('000)	(126,424)	–
	1,913,742	1,576,394
Net assets per ordinary share (sen)	28.75	26.39

39. REVENUE

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sale of goods	231,197	160,030	185,683	114,715
Contract revenue (Note 16)	342,040	377,036	287,213	320,509
	573,237	537,066	472,896	435,224

40. COST OF SALES

Details of the cost of sales are as follows:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of inventories sold	207,818	145,217	146,758	89,928
Contract costs (Note 16)	233,275	285,506	203,549	251,694
	441,093	430,723	350,307	341,622

41. PROFIT BEFORE TAXATION

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Allowance for impairment loss on investment in a subsidiary	–	–	15,957	20,647
(Write back)/Allowance for impairment loss on related parties	(89)	40	(89)	40
Allowance for impairment loss on receivables	1,674	1,031	389	1,075
Allowance for impairment of goodwill	829	–	–	–
Allowance for impairment of property, plant and equipment	2,776	–	–	–
Amortisation of concession ssets	6,772	4,996	501	161
Amortisation of intellectual properties	2,400	1,380	2,400	1,380
Amortisation of development costs	–	336	–	336
Audit fee				
- for the current financial year	232	272	110	110
- over-provision in previous financial year	(3)	–	–	–
Depreciation of property, plant and equipment	22,429	15,181	9,168	11,820
Directors' remuneration				
- salaries and other remuneration	1,423	1,374	1,423	1,374
- defined contribution plans	171	170	171	170
Directors' fee	652	671	652	671
Interest expense:				
- bank overdraft	1,065	–	723	–
- bankers' acceptances	5,587	999	5,270	998
- hire purchase and lease	446	549	184	369
- loans	14,543	11,714	9,552	8,488
Inventories written down	4,677	3,292	2,122	1,292
Lease rentals	–	759	–	759
Property, plant and equipment written off	859	3	–	–
Provision for foreseeable losses	1,851	–	1,851	–
Rental expenses	4,118	2,530	495	531
Research and development expenses	555	373	555	366
Staff costs				
- salaries and other remuneration	75,897	52,210	48,493	38,261
- defined contribution plans	6,110	4,792	3,579	3,335
Dividend income	–	–	(171)	–
Gain on remeasurement on acquisition	–	(723)	–	–
Gain on disposal of plant and equipment	(18)	(61)	(78)	(61)
(Gain)/Loss on foreign exchange:				
- realised	3,481	(801)	(3,488)	(810)
- unrealised	(4,040)	3,131	(3,125)	3,066
Interest income	(825)	(2,162)	(596)	(2,133)
Negative goodwill	(215)	–	–	–
Rental income	(652)	(639)	(2,357)	(1,189)
Writeback of allowance for impairment loss on associates	–	(1)	–	(1)

42. INCOME TAX EXPENSE

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current tax				
- for the financial year	19,060	13,652	16,739	10,690
- under/(over)provision in the previous financial year	1,298	987	1,742	2,032
	20,358	14,639	18,481	12,722
Deferred tax (Note 12 and Note 33)				
- for the financial year	(3,908)	954	(3,838)	954
	16,450	15,593	14,643	13,676

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	35,085	34,029	39,160	19,552
Tax at the statutory tax rate	8,771	8,507	9,790	4,888
Non-taxable income	(383)	(165)	(279)	(15)
Non-deductible expenses	6,977	6,502	7,140	10,838
Under/(Over) provision in the previous financial year				
- current tax	1,298	987	1,742	2,032
Deferred tax assets not recognised during the financial year	5,778	4,996	–	–
Tax incentive	(5,991)	(5,234)	(3,750)	(4,067)
Tax expense for the financial year	16,450	15,593	14,643	13,676

43. EARNINGS PER ORDINARY SHARE

The basic earnings per ordinary share is arrived at by dividing the Group's profit attributable to the owners of the Company of RM23,285,687 (2013 - RM21,060,270) by the weighted average number of ordinary shares in issue, computed as follows:-

	THE GROUP	
	2014 RM'000	2013 RM'000
Profit attributable to owners of the Company (RM'000)	23,286	21,060
Weighted average number of ordinary shares:-		
Issued ordinary shares at 1 April 2013/2012 ('000)	1,576,393	1,575,046
Effect of shares issued under Warrants exercised ('000)	13	623
Effect of shares issued under private placement ('000)	156,990	–
Effect of treasury shares ('000)	(42,141)	–
Weighted average number of ordinary share at 31 March ('000)	1,691,255	1,575,669
Basic earnings per share (sen)	1.38	1.34

The diluted earnings per ordinary share is computed as follows:-

	2014 RM'000	2013 RM'000
Profit attributable to owners of the Company (RM'000)	23,286	21,060
Weighted average number of ordinary shares ('000)	1,733,397	1,575,669
Adjustment for assumed exercise of Warrants A ('000)	31,156	5,332
Adjustment for assumed exercise of Warrants B ('000)	145,936	24,974
Effect of treasury shares ('000)	(42,141)	–
Weighted average number of ordinary share at 31 March ('000)	1,868,348	1,605,975
Diluted earnings per share (sen)	1.25	1.31

44. ACQUISITION OF SUBSIDIARIES AND ASSOCIATES

(a) Acquisition of issued and paid-up share capital of Platinum Encoded Sdn Bhd

The Company had on 11th April 2013 acquired 2 ordinary shares of RM1.00 each representing a 100% equity interest in Platinum Encoded Sdn Bhd for a total cash consideration of RM2.00.

Platinum Encoded is currently dormant and its intended business activity is to be an investment holding company for all educational business undertaken by ICB's subsidiaries.

(b) Acquisition of issued and paid-up share capital of IRIS Eco Power Co., Ltd.

The Company had on 4th October 2013 completed the acquisition of 4,900 ordinary shares of RM1.00 each representing a 49% equity interest in IRIS Eco Power Co., Ltd, a company incorporated in Thailand, for a total cash consideration of Thai Baht 122,450 (equivalent to RM12,245). IRIS Eco Power Co., Ltd has now become an associated company of IRIS Corporation Berhad.

(c) Acquisition of issued and paid-up share capital of Versatile Creative Berhad

IRIS Healthcare Sdn Bhd, a wholly-owned subsidiary of the Company, had on 25th November 2013 acquired of approximately 52.01% equity interest in Versatile Creative Berhad ("VCB"), a public limited liability company incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, through a voluntary take-over offer exercise ("the Offer").

Subsequently after the final closing date of the Offer on 13th December 2013, the equity interest of VCB held by IRIS Healthcare Sdn Bhd was then increased to 64.60%, being marked as the completion of the Offer. VCB and its subsidiaries have now become the subsidiaries of the Company.

(d) Acquisition of issued and paid-up share capital of Formula IRIS Racing Sdn Bhd

The Company had on 11th February 2014 acquired 2 ordinary shares of RM1.00 each of Formula IRIS Racing Sdn Bhd (formerly known as Xtra Popular Sdn Bhd) ("FIR"), which represents 100% of the equity interest of FIR for a total cash consideration of RM2.00. FIR has become a wholly-owned subsidiary of the Company.

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

The acquisition of VCB had the following effect on the Group's assets and liabilities on the acquisition date:-

	ACQUIREES' CARRYING AMOUNT RM'000	FAIR VALUE RECOGNISED ON ACQUISITION RM'000
Total assets	117,339	103,703
Total liabilities	(48,166)	(48,166)
Non-controlling interests	–	(26,550)
Net assets acquired	69,173	28,987
Negative Goodwill on acquisition		(215)
Consideration paid, satisfied in cash		28,772
Add : Cash and cash equivalents acquired		2,302
Net cash inflow to the Group		31,074

45. DIVIDEND

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

	THE GROUP/ THE COMPANY 2014 RM'000	2013 RM'000
Paid:-		
First and final tax-exempt dividend in respect of the financial year ended 31 March 2012 of 0.45 sen per ordinary share, paid on 28 November 2012	–	7,094
First and final tax-exempt dividend in respect of the financial year ended 31 March 2013 of 0.45 sen per ordinary share, paid on 28 November 2013	8,867	–

46. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cost of property, plant and equipment purchased	33,314	36,182	10,112	81,922
Amount financed through hire purchase and lease	(2,455)	(4,960)	(185)	(1,213)
Cash disbursed for purchase of property, plant and equipment	30,859	31,222	9,927	80,709

47. CASH AND CASH EQUIVALENTS

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

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks (Note 22)	23,782	21,687	21,531	20,876
Cash and ban balances	81,670	37,163	66,025	27,816
Less: Deposits pledged as security (Note 22)	(10,500)	(8,452)	(8,248)	(7,640)
Less: Bank overdrafts (Note 37)	(23,793)	–	(20,122)	–
	71,159	50,398	59,186	41,052

48. CAPITAL COMMITMENTS

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Approved and contracted for:				
- plant and equipment	29,497	1,439	5,670	–
Approved and not contracted for:				
- plant and equipment	1,719	–	–	–

49. CONTINGENT LIABILITIES

(i) The counter guarantees given to local and foreign banks for Performance Bond issued on behalf of the Company amounted to RM99,936,000 (2013 - RM115,057,551).

(ii) The Company entered into a Guarantee Agreement with PJT as the guarantor of PJT in favour 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.

50. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) the Company has related party relationships with its subsidiaries and associates as disclosed in Notes 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	
		2014	2013
	NOTE	RM'000	RM'000
(i) Subsidiaries			
IRIS Information Technology Systems Sdn. Bhd.			
- Sales		101,031	69,683
- Management fee		240	240
- Rental income		299	299
IRIS Agrotech Sdn. Bhd.			
- Sales		1,244	540
- Purchases		22,108	3,093
- Rental income		1,281	79
IRIS Eco Power Sdn. Bhd.			
- Rental income		71	172
IRIS Koto (M) Sdn. Bhd.			
- Purchases		9,968	8,657
IRIS Cafe Kaseh Sdn. Bhd.			
- Purchases		1,829	–
Imagescan Creative Sdn. Bhd.			
- Purchases	(a)	379	66

50. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(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:- (Cont'd)

		THE GROUP		THE COMPANY	
		2014	2013	2014	2013
	NOTE	RM'000	RM'000	RM'000	RM'000
(ii) Associates					
GMPC Corporation Sdn. Bhd.					
- Sales		–	3,696	–	3,696
- Rental received		5	6	5	6
PJT Technology Co. Ltd					
- Sales		–	3,002	–	3,002
(iii) Other Related Parties					
The Federal Land Development Authority ("FELDA")	(b)				
- Purchases		26,979	–	26,979	–
Abadi Dredging Sdn. Bhd. ("Abadi")	(c)				
- Purchases		–	302	–	302
MCS Microsystems Sdn. Bhd. ("MCS")	(d)				
- Purchases		12,240	–	12,240	–
- Rental income		71	78	71	78
(iv) Key Management Personnel					
- Short term employee benefits		6,447	5,715	4,653	4,627
- Defined contribution plans		773	677	558	547

50. SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(a) Imagescan become a subsidiary of IRIS Corporation Berhad during this financial year (refer to Note 44(c) on acquisition of Versatile Creative Berhad). In financial year 2013, Datuk Tan Say Jim is a director and major shareholder of IRIS Corporation Berhad and has a substantial shareholding in VPB and Imagescan.

(b) Felda is a major shareholder of IRIS Corporation Berhad.

(c) Dato' Hamdan bin Mohd Hassan is the deputy managing director of IRIS Corporation Berhad and has a substantial shareholding in Abadi.

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

51. 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) Trusted Identification & Payment and Transportation
(b) Sustainable Development, Food and Agro Technology & Koto Industrialised Building Systems.
(c) Environment and Renewable Energy
(d) 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.

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.

51. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

31.3.2014	TRUSTED IDENTIFICATION & PAYMENT AND TRANSPORTATION RM'000	SUSTAINABLE DEVELOPMENT, FOOD AND AGRO TECHNOLOGY & KOTO INDUSTRIALISED BUILDING SYSTEMS RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	PAPER AND PLASTIC PRODUCTS, COLOUR SEPARATION & PRINTING RM'000	GROUP RM'000
REVENUE					
External sales	433,991	84,187	37,614	17,445	573,237
RESULTS					
Segment results	104,514	(28,715)	(2,722)	(1,844)	71,233
Unallocated corporate expenses					(21,980)
Operating profit					49,253
Other income					7,444
Finance costs					(21,641)
					35,056
Share of loss in associates					29
Profit before taxation					35,085
Income tax expense					(16,450)
Profit after taxation					18,635

51. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

31.3.2014	TRUSTED IDENTI-FICATION & PAYMENT AND TRAN-SPORTATION RM'000	SUSTAINABLE DEVELOPMENT, FOOD AND AGRO TECHNOLOGY & KOTO INDUS-TRIALISED BUILDING SYSTEMS RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	PAPER AND PLASTIC PRODUCTS, COLOUR SEPARATION & PRINTING RM'000	OTHERS RM'000	INTER-SEGMENT ELIMINATION RM'000	GROUP RM'000
OTHER INFORMATION							
Segmental assets #	718,985	121,077	318,052	147,354	955	–	1,306,423
Segment liabilities *	237,536	127,033	226,127	80,307	2,536	–	673,539
Capital expenditure	11,482	11,718	11,924	813	–	–	35,937
Depreciation and amortisation	9,168	4,823	13,226	1,293	190	–	28,700

- *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.*

51. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

31.3.2013	TRUSTED IDEN-TIFICATION & PAYMENT AND TRANS-PORTATION RM'000	SUSTAINABLE DEVELOPMENT, FOOD AND AGRO TECHNOLOGY & KOTO INDUSTRIALISED BUILDING SYSTEMS RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	INTER-SEGMENT ELIMINATION RM'000	GROUP RM'000
REVENUE					
External sales	425,689	83,720	27,657	–	537,066
RESULTS					
Segment results	103,709	(28,322)	10	–	75,397
Unallocated corporate expenses					(31,181)
Operating profit					44,216
Other income					3,727
Finance costs					(13,262)
					34,681
Share of loss in associates					(652)
Profit before taxation					34,029
Income tax expense					(15,593)
Profit after taxation					18,436

51. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

31.3.2013	TRUSTED IDEN-TIFICATION & PAYMENT AND TRANS-PORTATION RM'000	SUSTAINABLE DEVELOPMENT, FOOD AND AGRO TECHNOLOGY & KOTO INDUSTRIALISED BUILDING SYSTEMS RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	OTHERS RM'000	INTER-SEGMENT ELIMINATION RM'000	GROUP RM'000
OTHER INFORMATION						
Segmental assets #	706,956	74,633	295,720	5,440	–	1,082,749
Segment liabilities *	403,412	70,641	129,423	6,074	–	609,550
Capital expenditure	5,125	8,261	110,235	1,179	–	124,800
Depreciation and amortisation	13,744	2,721	5,428	–	–	21,893

- *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.*

51. OPERATING SEGMENTS (CONT'D)

BY GEOGRAPHICAL LOCATION

31.3.2014	MALAYSIA RM'000	OTHERS RM'000	GROUP RM'000
Revenue from external customers	269,363	303,874	573,237
Segment assets	953,063	353,360	1,306,423
Capital expenditure	24,288	11,649	35,937

BY GEOGRAPHICAL LOCATION

31.3.2013	MALAYSIA RM'000	OTHERS RM'000	GROUP RM'000
Revenue from external customers	233,004	304,062	537,066
Segment assets	807,322	175,427	1,082,749
Capital expenditure	14,072	110,767	124,839

MAJOR CUSTOMERS

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

	REVENUE		SEGMENT
	2014 RM'000	2013 RM'000	
Customer A	94,963	68,713	Trusted identification
Customer B	92,489	96,789	Trusted identification
Customer C	67,244	31,581	Sustainable development

52. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

(a) Material Litigations

(i) ICB v. Japan Airlines International Co. Ltd (United States)

IRIS Corporation Berhad ("IRIS") filed a lawsuit on 28th November 2006 against Japan Airlines International Co., Ltd ("JAL") in the U.S. District Court, Eastern District of New York alleging direct infringement of IRIS's US Patent No: 6,111,506 entitled "Method of making an Improved Security Identification Document Including Contactless Communication Insert Unit" ("506 Patent"). The 506 Patent contains claims directed to a process for manufacturing a secure electronic passport consisting of computer chip embedded in a multi-layered document which contains biographical or biometric data about the passport holder.

IRIS alleged that passports containing these secured electronic computer chips were manufactured outside United States using IRIS' patented process. Use of these passports would therefore constitute direct clear violation of 35 U.S.C. 271(g) which states:-

"Whosoever without authority imports into the United States or offers to sell, sells, or uses within the United States a product which is made by a process patented in the United States shall be liable as an infringer, if the importation, offer to sell, or use of the product occurs during the term of such process patent."

IRIS alleges that 506 Patent infringement by JAL stems from JAL's examination of passenger passports at its terminal in New York's John F Kennedy International Airport ("JFK") an other check-in locations within the USA and IRIS alleged that the passports of JAL passengers were made "Using" their 506 Patent process, that they constitute "Products" as defined by patent laws, and that JAL's inspection of the passports at their terminal constitutes an infringement.

At the time IRIS filed the litigation there was no basis for an action against the US Government, also the "User" of these electronic passports. The Federal Tort Claims Act -28 U.S.C. 1498 (a) states that whenever a person or company manufactures a product or uses a product for the US Government that entity may not be sued but instead a law suit may be brought against the US Government in a special court, ie. US Court of Federal Claims.

However the governing case law at that time of the commencement of the suit held that patent infringement suits against the US Government did not cover U.S.C. 271(g) type infringement. Hence IRIS could not sue the US Government and further it would be impractical to sue the individual passport holder, hence, IRIS targeted JAL.

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(i) ICB v. Japan Airlines International Co. Ltd (United States) (Cont'd)

JAL on 1st June 2007 filed a motion to dismiss the action. The District Court agreeing with JAL that there is a conflict of law between the Enhanced Border Security Act 8U.S.C. 1221 which requires all airlines examine passports at check-in facilities in US and Patent laws (35 U.S.C. 271(g) granted the motion to dismiss IRIS' suit. The District Court however concluded that:

1. A passport is a "product" under patent laws of USA;
2. Reading a passport is a "use";
3. 28U.S.C 1948 cannot be used as a "shield" by JAL; and
4. Declined to opine on JAL's argument that the Doctrine of Foreign Sovereign Compulsion shields JAL from patent infringement relating to electronic passports.

The Solicitors filed a notice to appeal to the United States Court of Appeals for the Federal Circuit in Washington (2010-1051) but the matter was stayed by virtue of Chapter 15 of the US Bankruptcy Code and also due to the corporate reorganization and outcome of the bankruptcy proceedings in Japan. The JAL bankruptcy proceedings have been terminated and an order was made by the US Bankruptcy Court for the Southern District of New York (SDNY) to close the Chapter 15 case.

On 30th December 2013 the Federal Circuit vacated the stay in response to JAL's discharge from the bankruptcy and issued a briefing schedule for the Courts argument. All briefs in this case will be filed on or before 25th April 2014.

Once argued the court can issue its decision anytime, If IRIS wins the suit the litigation will return to the United States District Court in New York where IRIS can pursue damages being reasonable royalty an amount determined by expert evaluation and testimony. In the event IRIS is successful in its suit against JAL it can proceed to commence a suit against the US Government for reasonable royalty.

(ii) IRIS Technologies (M) Sdn Bhd & Kunt Electronic Sanayii ve Ticaret A.S v. Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (Turkey)

A tender [Tender Registration No 2007/8270]("the "Tender") dated 26th March 2007 was administered by the General Directorate of Ministry of Interior ("Ministry of Interior"/EGM") for the procurement, installation and operation of 98 units of Passport Issuing Systems. ("the Project").

IRIS Technologies (M) Sdn Bhd, ("ITSB"), a wholly owned subsidiary of IRIS Corporation Berhad, and its Turkish partner Kunt Electronik san. Ve Tic. A.S ("Kunt") entered into a joint venture agreement to partake in the said Tender. (hereinafter referred to as "JVCO").

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(ii) IRIS Technologies (M) Sdn Bhd & Kunt Electronic Sanayii ve Ticaret A.S v. Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (Turkey) (Cont'd)

The Tender was awarded to the JVCO headed by ITSB, and the "Contract For the Tender of Provision of 98 Units of Passport Issuing Systems" (hereinafter referred to as "the Contract") with Tender was signed with Journal Number 29691 at Ankara 56th Notary on 11th July 2007 between Security General and the JVCO.

According to Article 10 of the Contract, the JVCO agreed to undertake the Project for a lump sum payment of 10.500.000 TL (Article 10).

The Project required the JVCO undertake to prepare 1st, 2nd and 3rd phase of work (Article 11.4) and would make them ready for acceptance not later than [six (6) months-Phase 1], [twelve months (12)-Phase 2] and [sixteen months (16)- Phase 3] starting from the Work Commencement Date (Article 11.2) which is 11/07/2009 respectively and that each phase would be evaluated separately according to said specification (Technical Specifications) meaning each phase do not continue independently of each other but all phases simultaneously advance and integration of the Project and any potential penalty period that might be taken for any of the phases would not be added to the periods of other phases. The guarantee amount for the work is YTL630.000 pursuant to Clause 12.1 of the Contract.

The JVCO undertook to complete the Project and deliver to the Security General by including the penalty periods in 20 months period and completed the Phase 3 and made it ready for acceptance and delivered to the Security General not later than the 20 months period in compliance with the provisions of the Technical Specifications.

The EGM then requested from the JVCO to make some adjustments/revisions as the result of some material conditions that occurred and the JVCO tried to make the adjustments requested by the EGM.

ITSB of the JVCO developed a product for the Project in Turkey which has never been done in Turkey before and EGM set forth the provisions it believed was pertinent while the Technical Specifications was still being drafted. Due to the fact there was no existing "know-how" with regards to the Project, serious discrepancies arose between the Technical Specifications and the implementation of the Project.

When the subjective expectations of the EGM did not comply with the revisions made by the JVCO and in line with their request, EGM claimed that the terms of the Technical Specifications were not provided by the JVCO, whereas the fact was the revisions demanded by EGM were undertaken simultaneously by the JVCO with the Phase. The details of the alleged discrepancies and reasons are elucidated in the opinion of Messrs Sen & Arpaci.

Discussions ensued and were recorded between the EGM and the JVCO in order to reach a minimum agreement however EGM already decided to take contract nullification procedures to terminate the Contract without informing or consulting the JVCO.

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(ii) IRIS Technologies (M) Sdn Bhd & Kunt Electronic Sanayii ve Ticaret A.S v. Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (Turkey) (Cont'd)

Due to the contentious technical issues that could not be resolved amicably between the parties and the JVCO being accused of failing to comply with Phase 2 of the Project (specifically to the non compliance with (negative) qualifications specified in the Technical Specification and Contract), EGM terminated the Contract via letter of termination dated 11th September 2009 in accordance with Article 42.1 of the Contract and Article 20 of the Public Procurements Contract Law No 4735.

The EGM via Letter of Termination dated 11/09/2009 requested for the refund of YTL6.195,000 (RM14.6million) equivalent to the payment for the Phase 1 received by the JVCO and all hardware and equipment shall be returned to the JVCO. It was also stipulated that the Performance Bond and additional bonds if any would be posted as income in accordance with Article 20 of the Public Procurements Contract Law and Article 42.1 of the Contract.

The JVCo decided to take an interlocutory injunction from Ankara 20th Civil Court of First Instance (2009/45 DI) on 18th September 2009 to take a Precautionary Decree in order to prevent cashing of the two (2) final Guarantee Letters (630,000TL) issued by (1) ITSB [Garanti Bankasi celiktepe Branch dated 03/12/2007 No: 1867565 for 475.500TL] and (2) Kunt [Finansbank/Europe Branch dated 05/07/2007 No: 881-GT-2673 for 157.500TL]. Judgement was obtained on 24th September 2009.

The JVCO thereafter instructed their counsel Mr Dincer Sen of M/s Sen & Arpaci to institute a law suit against the EGM for unlawful termination of the Contract and claimed a total sum of 5.5 Million TL and the return of the Performance Bond ("Primary Case"). This suit was first heard on 22nd December 2009.

On 23rd March 2010, the EGM presented a Counter-Claim ("Secondary Case") claiming an approximate of 5.25 Million and from the JVCO and proposed the return of all hardware and equipment in exchange for a refund of 5.25 Million TL. This suit was heard first on 22nd December 2009.

Both cases were heard respectively and expert reports were requested by the Court on technical issues regarding both the Primary Case and Secondary Case.

The Technical Assessment Report for the Primary Case concluded that:
(1) The Security General was right in rejecting the processes relevant in Phase 2 and there was non-compliance on the part of the JVCO; and
(2) Non-completion of the processes in Phase 2 constitutes an obstacle to proceeding to Phase 3 in other words Phase 3 cannot be initiated unless the process of Phase 2 is completed.
(3) It was concluded that Security General had lawfully terminated the Contract.

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(ii) IRIS Technologies (M) Sdn Bhd & Kunt Electronic Sanayii ve Ticaret A.S v. Security General Directorate of Ministry of Interior or Emniyet Genel Mudurlugu (Turkey) (Cont'd)

The Solicitors are of the view that the opinion of the Counsel is that the suits filed by EGM are vexatious and frivolous under the Turkey jurisdiction. They opine that the expert reports which findings are unfavourable to the JVCo is not a court order but mere recommendations. The JVCo has been advised that with the present new government the cases that were consolidated will be recalled and the Courts will rehear the issues to derive an equitable decision.

The JVCo is currently in discussion with its representative and the solicitors if the above cases need to be litigated further.

(iii) Stamford College Berhad v. ICB (Kuala Lumpur High Court Case No. 22NCC-126-01/2013)

On 4th October 2012, IRIS Corporation Berhad ("IRIS") entered into a Sale and Purchase Agreement ("SPA") with Stamford College Berhad ("SCB") to acquire 382,500 ordinary shares in Stamford College (Malacca) Sdn Bhd ("SCM") and 1,389,990 ordinary shares in Stamford College (PJ) Sdn Bhd for a total purchase consideration of RM2,500,000.00. IRIS paid a deposit of RM250,000 being 10% of the purchase consideration. The payment of the balance purchase price is subject to the fulfilment of all conditions precedents. IRIS alleges that since SCB has not complied with the conditions precedent which has resulted in a breach, the balance purchase price shall not become due and owing to SCB.

On 30th January 2013, SCB brought a suit against ICB for the sum of RM2,250,000 being the balance sum of the purchase price under the SPA together with interest and costs. ICB had on 8th February 2013 filed a defence and counterclaim for the sum of RM250,000, which was the deposit paid, and the sum of RM3,380,086.00, which was an advance paid by ICB at the request of SCB.

On 18th September 2013, the application for summary judgment filed by SCB on 8th March 2013 and the application to strike out SCB's claim filed by ICB on 9th April 2013 were dismissed with costs of RM3,000 to be borne by the parties filing the applications respectively.

On 18th September 2013 as well, the court allowed ICB's application for security for costs filed by ICB on 9th April 2013 with costs of RM3,000 to be borne by SCB. The court directed that SCB deposit RM250,000 into court within 30 days ("Deposit"), that all proceedings are stayed pending the disposal of any appeals save for ICB's counterclaim, and that ICB is granted liberty to file another application to strike out SCB's claim in the event of SCB's non-compliance of the court orders. After the 30 day period, SCB failed to comply with the court's order regarding the Deposit. SCB however has filed a notice of appeal against the court's order and a notice of application for a stay of execution. Court has fixed a case management date on 10th February 2014 for SCB's application for a stay of proceeding and ICB's Counterclaim against SCB.

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(iii) Stamford College Berhad v. ICB (Kuala Lumpur High Court Case No. 22NCC-126-01/2013) (Cont'd)

On 12th May 2014, ICB and SCB had agreed to enter into a Consent Judgment on the following terms:

i) ICB to pay SCB RM2,250,000 in full and final settlement;

ii) The sum of RM2,250,000 shall be paid on or before fourteen (14) days from the date of the judgment;

iii) ICB counterclaim is withdrawn;

iv) No order for cost.

(iv) IRIS Eco Power Sdn Bhd v. Durairaj Raja (Kuala Lumpur High Court Case No. 24NCC 155-05/2013)

Pursuant to a Sale and Purchase of Shares Agreement ("SPA") entered into by Mr Durairaj Raja (an Indian citizen residing in Dubai, UAE) and IRIS Eco Power Sdn Bhd ("IEPSB"), a wholly-owned subsidiary of the Company, Durairaj agreed to sell to IEPSB and IEPSB agreed to purchase 51% of the issued and paid up capital of Oil Field Services Limited ("Company") equivalent to 2,550.000 ordinary shares for AED1 each for a total purchase consideration of USD3,500,000. As required under the SPA, IEPSB paid the Earnest Money of USD500,000 subject to the terms and conditions of the SPA. Durairaj was not able to fulfil the Conditions Precedent imposed under the SPA and hence the SPA failed to reach Completion.

On 14th May 2013, Management of ICB decided to file an originating summons against Durairaj via its solicitors Messrs Chellam & Wong (C&W) claiming for (i) a declaration that the SPA dated 20th July 2012 ("Agreement") between the parties is terminated under Clause 9 of the said SPA, (ii) for an order that the sum of USD 500,000 be refunded to IEPSB by Durairaj, (iii) for an order that the 2,550,000 shares in Oil Field Services Ltd to be transferred back to Durairaj, (iv) and for damages and costs ("Originating Summons").

As Durairaj is not a Malaysian citizen and is now residing in United Arab Emirates, C&W filed an application to serve the Originating Summons out of jurisdiction which was granted by the court and are attempting the said service. A case management for this matter is fixed to update the courts on the service of the Originating Summons.

On 10th March 2014, Messrs Chellam & Wong has informed the Court that the Court in Dubai which undertook to serve the Originating Summons to Durairaj has failed to perfect the service. The Court has struck out the expired Originating Summons with leave to file afresh.

ICB's solicitors are waiting for ICB's further instruction to file a new Originating Summons against Durairaj Raja.

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

The significant events during the financial year are as follows:- (Cont'd)

(a) Material Litigations (Cont'd)

(v) IRIS Eco Power Sdn Bhd v. IPSA Group PLC (Kuala Lumpur High Court Case No. 24NCC-510-0582013)

This suit is pursuant to the Equipment Sale Agreement ("ESA") dated 16th November 2012 ("Agreement") entered between IRIS Eco Power Sdn Bhd ("IEPSB") and IPSA GROUP PLC ("IPSA"), a company incorporated in the UK for the sale and purchase of 2 Gas Turbine Generating Sets with Ancillary Equipment for a total purchase price of USD31,000,000 exclusive of tax. The ESA required that a non-refundable sum of USD3,100,000 be paid as Deposit which IEPSB paid. The balance purchase price equivalent to USD27,900,000 was to be paid on the Completion date. Completion Date which definition under Clause 1.1 of the ESA has been amended and is the issue in dispute between the parties.

Upon non-payment of the balance purchase price IEPSB initiated a suit against IPSA for the sum of USD3,100,000 being the deposit paid to IPSA, USD500,000 being the purchase price of the shares in Oil Field Services Ltd (a subsidiary of IEPSB) and the sum of RM20,000,000 for loss and damages, together with interest and costs ("Claim"). The court subsequently granted an order in terms for IEPSB to serve the Claim out of jurisdiction as IPSA is based on the United Kingdom. IEPSB has managed to serve the Claim to IPSA.

IPSA filed an application under Order 12 Rule 10 to set aside the Writ or Service of the Writ on the ground that the High Court of Malaya has no jurisdiction to determine the dispute in this civil suit. On 25th March 2014, a Decision by Y.A. Lau Bee Lan were as follows:

i) a Declaration that the High Court of Malaya has no jurisdiction to determine the dispute in this civil suit;
ii) an Order setting aside the Writ of Summons dated 1st August 2013;
iii) an Order setting aside the ex-parte Order of Court dated 27th September 2013 granting leave to IEPSB to serve the Notice of Writ out of jurisdiction to IPSA; and
iv) IEPSB to pay cost of RM30,000 to IPSA.

IEPSB has then filed an appeal to the Court of Appeal on 23rd April 2014 against the decision of the High Court.

ICB's solicitors ("Solicitors") is of the view that the High Court can be empowered with jurisdiction to hear the dispute between the parties. They also advised that an appeal be made against the decision to the Court of Appeal.

(b) Private Placement

(i) On 13th September 2013, the Company served a Circular to shareholders in relation to a proposed private placement of up to 394,098,381 new ordinary shares of ICB to be issued to Federal Land Development Authority ("FELDA") or its wholly-owned subsidiary at an issue price of RM0.28 ("Private Placement") and subsequently on 30th September 2013, the proposed Private Placement was approved by the shareholders of the Company.

On 6th November 2013, the Private Placement funds amounting to RM110,347,547 has been raised by issuing of 394,098,381 new ordinary shares of ICB at an issue price of RM0.28 each to Capital Protocol Sdn Bhd, a wholly-owned subsidiary of Federal Land Development Authority ("FELDA").

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

The significant events during the financial year are as follows:- (Cont'd)

(b) Private Placement (Cont'd)

(ii) On 6th March 2014, the Company served an announcement in relation to a proposed private placement up to 197,050,150 new ordinary shares of ICB ("Private Placement (2014)").

On 31st March 2014, 1st tranche of the Private Placement (2014) funds amounting to RM35,368,500 has been raised by issuing of 69,350,000 new ordinary shares of ICB at an issue price of RM0.51 each and the funds is for the purpose of working capital or future investments.

(c) Acquisition of subsidiaries and associates

(i) Acquisition of the issued and paid-up share capital of Stamford College (PJ) Sdn Bhd and Stamford College (Malacca) Sdn Bhd

The Company had on 4th October 2013 entered into an agreement to acquire:

i) 1,389,846 ordinary shares of RM1.00 each in Stamford College (PJ) Sdn Bhd (SCPJ) representing a 51% equity interest in SCPJ; and
ii) 382,500 ordinary shares of RM1.00 each in Stamford College (Malacca) Sdn Bhd (SCM) representing a 51% equity interest in SCM.

The total cash consideration for both the above companies' acquisition amounted to RM2,500,000. However, the above acquisitions are in dispute and is currently under litigation as disclosed in Note 52(a)(iii).

53. SIGNIFICANT EVENT OCCURRING AFTER THE END OF THE REPORTING PERIOD

(a) The Company had on 2 June 2014 disposed of the entire equity interest Epoch Energy Technology Sdn Bhd ("Epoch") for a total cash consideration of RM3,000,000. Epoch has then ceased to become the subsidiary of the Company. The disposal does not have significant financial impact to the Group.

(b) In end May 2014, the Company had settled the remaining balance sum of investment cost of RM2,250,000 in relation to acquisition of 51% equity interest of Stamford College (PJ) Sdn Bhd and 51% equity interest of Stamford College (Malacca) Sdn Bhd. Accordingly, Stamford College (PJ) Sdn Bhd and Stamford College (Malacca) Sdn Bhd become the subsidiary of the Company.

54. PRIOR YEAR ADJUSTMENT

The prior year adjustment ("PYA") relates to restatement of a waste-to-energy ("WTE") incineration machine of approximately RM77,336,000 from the Company's property, plant and equipment to amount owing by a subsidiary. This WTE incineration machine was previously recognised as property, plant and equipment of the Company during the financial year ended 31 March 2013. The restatement was made after a reassessment was performed in relation to the rights and obligations of the WTE incineration machine. The PYA does not have any effect on the statement of financial position of the Group and the statements of profit or loss and other comprehensive income of the Group and of the Company.

			THE COMPANY
	AS PREVIOUSLY REPORTED RM'000	**PYA RM'000**	**AS RESTATED RM'000**
Statement of Financial Position (Extract)			
Property, plant and equipment	178,251	(77,336)	100,915
Amount owing by subsidiaries	206,856	77,336	284,192

55. 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 Thai Baht, United States Dollar, Euro, Chinese Renminbi, Egyptian Pound, Indian Rupee and Bangla Taka. 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.

55. 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 2014	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	CHINESE RENMINBI RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLA TAKA RM'000	OTHERS RM'000
Trade and other receivables	32,038	157,879	18,218	7,353	1,582	2,457	1,927	19,933
Trade and other payables	(4,486)	(87,056)	(1,087)	(14,061)	–	(4)	–	(419)
Trade and term loans	(40,000)	(57,940)	–	–	–	–	–	–
Cash and bank balances	5,209	25,202	1,565	1,142	5,648	–	–	–
Deposits with licensed banks	1,539	13,282	–	–	–	–	–	–
Currency exposure	(5,700)	51,367	18,696	(5,566)	7,230	2,453	1,927	19,514

55. 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:- (Cont'd)

The Group 2013	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	CHINESE RENMINBI RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLA TAKA RM'000	OTHERS RM'000
Trade and other receivables	30,104	143,839	13,928	5,541	4,706	3,825	1,790	–
Trade and other payables	(9,834)	(143,815)	(1,459)	(7,051)	–	–	–	(31)
Trade loan	(57,000)	(30,176)	(2,846)	–	–	–	–	–
Cash and bank balances	2,884	6,429	5,843	607	9,880	–	–	–
Deposits with licensed banks	–	13,153	–	–	–	–	–	–
Currency exposure	(33,846)	(10,570)	15,466	(903)	14,586	3,825	1,790	(31)

55. 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 2014	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLA TAKA RM'000	OTHERS RM'000
Amount owing by subsidiary	88,920	5,809	–	–	–	266	–
Trade and other receivables	–	148,221	18,218	1,582	2,457	1,927	16,738
Trade and other payables	–	(85,496)	(351)	–	–	–	(32)
Trade and term loan	–	(57,940)	–	–	–	–	–
Cash and bank balances	12	25,187	1,559	5,648	–	–	–
Deposits with licensed bank	–	13,282	–	–	–	–	–
Currency exposure	88,392	49,063	19,426	7,230	2,457	2,193	16,706

The Company 2013	THAI BAHT RM'000	UNITED STATES DOLLAR RM'000	EURO RM'000	EGYPTIAN POUND RM'000	INDIAN RUPEE RM'000	BANGLA TAKA RM'000	OTHERS RM'000
Amount owing by subsidiary	15,600	2,488	–	–	–	–	–
Trade and other receivables	–	134,244	13,928	4,706	3,384	1,790	–
Trade and other payables	–	(142,239)	(1,382)	–	–	–	(75)
Trade and term loan	–	(30,176)	(2,846)	–	–	–	–
Cash and bank balances	15	6,429	5,843	9,880	–	–	–
Deposits with licensed bank	–	13,153	–	–	–	–	–
Currency exposure	15,615	(16,101)	15,543	14,586	3,384	1,790	(75)

55. 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 year, with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2014 INCREASE/ (DECREASE) RM'000	2013 INCREASE/ (DECREASE) RM'000	2014 INCREASE/ (DECREASE) RM'000	2013 INCREASE/ (DECREASE) RM'000
Effects on profit after taxation/equity				
Strengthened by 10%				
- Thai Baht	(428)	(2,538)	6,629	1,171
- United States Dollar	3,853	(793)	3,680	(1,208)
- Euro	1,402	1,160	1,457	1,166
- Chinese Renminbi	(417)	(68)	–	–
- Egyptian Pound	542	1,094	542	1,094
- Indian Rupee	184	286	184	254
- Bangla Taka	145	134	164	134
Weakened by 10%				
- Thai Baht	428	2,538	(6,629)	(1,171)
- United States Dollar	(3,853)	793	(3,680)	1,208
- Euro	(1,402)	(1,160)	(1,457)	(1,166)
- Chinese Renminbi	417	68	–	–
- Egyptian Pound	(542)	(1,094)	(542)	(1,094)
- Indian Rupee	(184)	(286)	(184)	(254)
- Bangla Taka	(145)	(134)	(164)	(134)

55. 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 30, Note 31, Note 32, Note 36 and Note 37 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 year with all other variables held constant:-

	THE GROUP		THE COMPANY	
	2014 INCREASE/ (DECREASE) RM'000	2013 INCREASE/ (DECREASE) RM'000	2014 INCREASE/ (DECREASE) RM'000	2013 INCREASE/ (DECREASE) RM'000
Effects on profit after taxation				
Increase of 100 basis points (bp)	(2,470)	(1,448)	(1,894)	(1,077)
Decrease of 100 bp	2,470	1,448	1,894	1,077

(iii) Equity Price Risk

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

55. FINANCIAL INSTRUMENTS (CONT'D)

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

(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.

<u>Credit risk concentration profile</u>

The Group's major concentration of credit risk relates to the amounts owing by three (3) customers which constituted approximately 56% of its trade receivables as at the end of the reporting year.

<u>Exposure to credit risk</u>

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 year.

55. FINANCIAL INSTRUMENTS (CONT'D)

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

(iv) Credit Risk (Cont'd)

Exposure to credit risk (Cont'd)

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	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Domestic - Malaysia	101,124	66,925	17,196	18,242
African countries	120,780	91,099	120,780	91,099
Other Asian countries	47,855	55,992	39,989	50,574
North American countries	9,299	6,907	9,299	6,907
European countries	1,178	3,867	1,178	3,867
	280,236	224,790	188,442	170,689

Ageing analysis

The ageing analysis of the Group's trade receivables (including amount owing by associates) as at 31 March 2014 is as follows:-

	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
Not past due	57,207	–	–	57,207
Past due:-				
- less than 3 months	101,744	–	–	101,744
- 3 to 6 months	23,481	(734)	–	22,747
- over 6 months	108,059	(8,818)	(703)	98,538
	290,491	(9,552)	(703)	280,236

55. 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
31.3.2013				
Not past due	71,597	–	–	71,597
Past due:-				
- less than 3 months	57,000	–	–	57,000
- 3 to 6 months	20,473	–	–	20,473
- over 6 months	81,397	(4,823)	(854)	75,720
	230,467	(4,823)	(854)	224,790

At the end of the reporting year, 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.

55. 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 year 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 2014	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
Bank overdraft	23,793	23,793	23,793	–	–	–
Bankers' acceptances	94,261	94,261	94,261	–	–	–
Trade loan	91,598	91,934	91,934	–	–	–
Term loan	160,943	172,828	98,380	28,779	45,599	70
Hire purchase payables	12,485	14,323	4,646	4,327	5,152	198
Lease payables	242	257	257	–	–	–
Trade payables	39,553	39,553	39,553	–	–	–
Other payables	250,241	250,212	250,212	–	–	–
Amount owing to associates	422	422	422	–	–	–
	673,538	687,612	603,487	33,106	50,751	268

55. 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 year 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 2013	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
Bankers' acceptances	33,319	33,789	33,789	–	–	–
Trade loan	92,871	94,564	94,564	–	–	–
Term loan	140,145	157,453	48,645	32,604	76,204	–
Hire purchase payables	6,405	7,198	2,459	2,297	2,322	120
Lease payables	482	538	281	257	–	–
Trade payables	42,163	42,163	42,163	–	–	–
Other payables	293,742	293,742	293,742	–	–	–
Amount owing to associates	418	418	418	–	–	–
Amount owing to related parties	5	5	5	–	–	–
	609,550	629,870	516,066	35,158	78,526	120

55. 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 year 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 31.3.2014	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
Bank overdraft	20,122	20,122	20,122	–	–	–
Bankers' acceptances	76,462	76,302	76,302	–	–	–
Trade loan	87,469	87,805	87,805	–	–	–
Term loan	63,413	71,238	28,888	15,436	26,914	–
Hire purchases payables	2,005	2,179	841	697	641	–
Lease payables	242	257	257	–	–	–
Trade payables	24,566	24,566	24,566	–	–	–
Other payables	209,594	209,594	209,594	–	–	–
Amount owing to associates	418	418	418	–	–	–
Amount owing to subsidiaries	182,070	182,070	182,070	–	–	–
	666,361	674,551	630,863	16,133	27,555	–

55. 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 year 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 31.3.2013	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
Bankers' acceptances	33,319	33,789	33,789	–	–	–
Trade loan	87,200	88,788	88,788	–	–	–
Term loan	83,145	93,466	34,579	18,973	39,914	–
Hire purchases payables	2,533	2,815	818	796	1,190	11
Lease payables	482	538	281	257	–	–
Trade payables	20,789	20,789	20,789	–	–	–
Other payables	268,091	268,091	268,091	–	–	–
Amount owing to associates	418	418	418	–	–	–
Amount owing to subsidiaries	203,340	203,340	203,340	–	–	–
	699,317	712,034	650,893	20,026	41,104	11

(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 shareholders' 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 equity. Net debt is calculated as borrowings plus trade and other payables less deposits with licensed bank and bank balances.

55. FINANCIAL INSTRUMENTS (CONT'D)

(b) Capital Risk Management (Cont'd)

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

	THE GROUP 2014 RM'000	2013 RM'000
Bank overdraft	23,793	–
Bankers' acceptances	94,261	33,319
Trade loans	91,598	92,871
Term loans	160,943	140,145
Hire purchase payables	12,485	6,405
Lease payables	242	482
Trade payables	39,553	42,163
Other payables and accruals	250,212	293,742
Amount owing to associates and related parties	422	423
	673,509	609,550
Less: Deposits with licensed banks	(23,782)	(21,687)
Less: Cash and bank balances	(81,670)	(37,163)
Net debts	568,057	550,700
Total equity	607,119	457,200
Debt-to-equity ratio	0.94	1.20

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.

55. FINANCIAL INSTRUMENTS (CONT'D)

(c) Classification Of Financial Instruments

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial assets				
Available-for-sale financial assets				
Other investments	7,906	406	406	406
Loan and receivables financial assets				
Trade receivables	280,236	224,790	188,442	170,689
Other receivables and deposits	133,668	104,060	72,042	48,167
Amount owing by subsidiaries	–	–	291,748	284,192
Amount owing by associates	8	2,089	8	2,089
Amount owing by related parties	70	215	70	215
Deposits with licensed banks	23,782	21,687	21,531	20,876
Cash and bank balances	81,670	37,163	66,025	27,816
	519,434	390,004	639,866	554,044

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Financial liabilities				
Other financial liabilities				
Trade payables	39,553	42,163	24,566	20,789
Other payables and accruals	250,212	293,742	209,594	268,091
Amount owing to subsidiaries	–	–	182,070	203,340
Amount owing to associates	422	418	418	418
Amount owing to related parties	–	5	–	–
Hire purchase payables	12,485	6,405	2,005	2,533
Lease payables	242	482	242	482
Bank overdrafts	23,793	–	20,122	–
Bankers' acceptances	94,261	33,319	76,462	33,319
Trade loans	91,598	92,871	87,469	87,200
Term loans	160,943	140,145	63,413	83,145
	673,509	609,550	666,361	699,317

55. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information

Other than those disclosed below, the fair values of the financial assets and financial liabilities maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instrument.

THE GROUP	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL FAIR VALUE RM	CARRYING AMOUNT RM
2014								
Financial Liabilities								
Hire purchase payables	–	–	–	–	12,485	–	12,485	12,485
Lease payables	–	–	–	–	242	–	242	242
Bank overdraft	–	–	–	–	23,793	–	23,793	23,793
Bankers' acceptances	–	–	–	–	94,261	–	94,261	94,261
Trade loans	–	–	–	–	91,598	–	91,598	91,598
Term loans	–	–	–	–	160,943	–	160,943	160,943

THE GROUP	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE LEVEL 1 RM	LEVEL 2 RM	LEVEL 3 RM	TOTAL FAIR VALUE RM	CARRYING AMOUNT RM
2013								
Financial Liabilities								
Hire purchase payables	–	–	–	–	6,405	–	6,405	6,405
Lease payables	–	–	–	–	482	–	482	482
Bankers' acceptances	–	–	–	–	33,319	–	33,319	33,319
Trade loans	–	–	–	–	92,871	–	92,871	92,871
Term loans	–	–	–	–	140,145	–	140,145	140,145

The fair value cannot be reliably measured using valuation techniques due to lack of marketability of the unquoted shares.

* *Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.*

55. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

THE COMPANY	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2014								
Financial Liabilities								
Hire purchase payables	–	–	–	–	2,005	–	2,005	2,005
Lease payables	–	–	–	–	242	–	242	242
Bank overdraft	–	–	–	–	20,122	–	20,122	20,122
Bankers' acceptances	–	–	–	–	76,462	–	76,462	76,462
Trade loans	–	–	–	–	87,469	–	87,469	87,469
Term loans	–	–	–	–	63,413	–	63,413	63,413

THE COMPANY	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE			FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE			TOTAL FAIR VALUE	CARRYING AMOUNT
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3		
	RM	RM	RM	RM	RM	RM	RM	RM
2013								
Financial Liabilities								
Hire purchase payables	–	–	–	–	2,533	–	2,533	2,533
Lease payables	–	–	–	–	482	–	482	482
Bankers' acceptances	–	–	–	–	33,319	–	33,319	33,319
Trade loans	–	–	–	–	87,200	–	87,200	87,200
Term loans	–	–	–	–	83,145	–	83,145	83,145

* *Comparative fair value information is not presented by levels, by virtue of the exemption given in MFRS 13.*

55. FINANCIAL INSTRUMENTS (CONT'D)

(d) Fair Value Information (Cont'd)

The fair values of level 2 above have been determined using the following basis:-

The fair values of hire purchase payables and term loans are determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	GROUP		COMPANY	
	2014 %	2013 %	2014 %	2013 %
Hire purchase payables	4.27 - 7.96	4.27 - 7.96	4.27 - 7.96	4.27 - 7.96
Lease payables	5.81	5.81	5.81	5.81
Bank overdraft	6.60 - 8.10	–	8.10	–
Bankers' acceptances	2.40 - 8.10	3.65 - 5.20	2.40 - 7.85	3.65 - 5.20
Trade loans	2.76 - 5.51	2.55 - 5.38	2.76 - 5.51	2.55 - 5.38
Term loans	5.13 - 7.60	4.45 - 7.60	5.13 - 7.60	4.45 - 7.60

56. 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 year 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 Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	THE GROUP		THE COMPANY	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings/(accumulated losses):				
- realised	91,571	74,140	61,510	44,557
- unrealised	(19,758)	(17,220)	(16,963)	(15,652)
	71,813	56,920	44,547	28,905
Add:				
Total share of accumulated losses of associate:				
- realised	1,948	3,090	–	–
- unrealised	–	–	–	–
	73,761	60,010	44,547	28,905
Less: Consolidation adjustments	49,206	48,065	–	–
At 31 March	122,967	108,075	44,547	28,905

STATISTICS ON SHAREHOLDINGS
AS AT 4 AUGUST 2014

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	:	RM306,024,826
		RM306,024,826

DISTRIBUTION OF SHAREHOLDINGS

ORDINARY SHARES

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	51	0.285	1,902	0.000
100 – 1,000	1,130	6.326	835,461	0.040
1,001 – 10,000	7,641	42.777	49,631,008	2.432
10,001 – 100,000	7,564	42.346	282,348,567	13.839
100,001 – 102,008,274 (*)	1,475	8.257	1,180,975,085	57.886
102,008,275 AND ABOVE (**)	1	0.005	526,373,481	25.800
TOTAL	**17,862**	**100**	**2,040,165,504**	**100.000**

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

VOTING RIGHTS OF ORDINARY SHARES	**: ON SHOW OF HANDS**	**: ONE VOTE FOR EACH SHAREHOLDER**
	: ON POLL	**: ONE VOTE FOR EACH ORDINARY SHARE**

VOTING RIGHTS OF NON-CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES : ONE VOTE AT CLASS MEETING

STATISTICS ON SHAREHOLDINGS
AS AT 4 AUGUST 2014
CONTINUED

DISTRIBUTION OF SHAREHOLDINGS (CONT'D)

WARRANT A

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	278	17.947	11,047	0.024
100 – 1,000	456	29.438	173,456	0.382
1,001 – 10,000	379	24.467	2,226,110	4.912
10,001 – 100,000	361	23.305	13,893,753	30.658
100,001 – 2,265,872 (*)	73	4.712	23,363,107	51.554
2,265,872 AND ABOVE (**)	2	0.129	5,650,000	12.467
TOTAL	**1,549**	**100.000**	**45,317,473**	**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	151	5.197	6,970	0.003
100 – 1,000	185	6.368	127,517	0.060
1,001 – 10,000	1,111	38.244	5,778,091	2.726
10,001 – 100,000	1,165	40.103	45,167,970	21.310
100,001 – 10,597,798 (*)	293	10.086	160,875,439	75.900
10,597,798 AND ABOVE (**)	0	0.000	0	0.000
TOTAL	**2,905**	**100.000**	**211,955,987**	**100.000**

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

LIST OF 30 LARGEST SHAREHOLDERS AS AT 4 AUGUST 2014

ORDINARY SHARES

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1.	FELDA INVESTMENT CORPORATION SDN BHD	526,373,481	25.800
2.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR)	78,855,667	3.865
3.	MCS MICROSYSTEMS SDN BHD	65,333,333	3.202
4.	TL TECHNOLOGY RESEARCH (HK) LIMITED	60,000,000	2.940
5.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR TAN SAY JIM	55,000,000	2.695
6.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR LEE KWEE HIANG	43,230,000	2.118
7.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-FGN)	39,280,556	1.925
8.	RAZALI BIN ISMAIL	34,493,333	1.690
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ULTRA PROGRESSIVE SDN BHD	33,033,400	1.619
10.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (SS2)	27,568,366	1.351
11.	VERSATILE PAPER BOXES SDN BHD	20,000,000	0.980
12.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	18,661,000	0.914
13.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	16,648,900	0.816
14.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION (NORGES BK LEND)	16,621,600	0.814
15.	CHANG CHENG HUAT	15,429,000	0.756
16.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	11,300,000	0.553
17.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)	10,000,000	0.490
18.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	9,726,800	0.476
19.	LIM KIM HUA	9,519,600	0.466
20.	TEY SOON DEE	8,268,900	0.405
21.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	7,471,600	0.366
22.	CARTABAN NOMINEES (ASING) SDN BHD SSBT AIFM FUND SAF6 FOR PERBADANAN TABUNG AMANAH ISLAM BRUNEI	6,800,000	0.333
23.	LAW KEE KONG	6,103,000	0.299

STATISTICS ON SHAREHOLDINGS
AS AT 4 AUGUST 2014
CONTINUED

LIST OF 30 LARGEST SHAREHOLDERS AS AT 4 AUGUST 2014 (CONT'D)

ORDINARY SHARES (Cont'd)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI HON WAI (8072204)	6,100,000	0.298
25.	LIEW SZE FOOK	5,500,000	0.269
26.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE SOY HIANG	5,000,000	0.245
27.	TAN SAY JIM	4,843,333	0.237
28.	TEOH HOOI BIN	4,746,000	0.232
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SESHAN LIM TEE HENG (GLENEAGLES-CL)	4,300,000	0.210
30.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)	4,300,000	0.210
	TOTAL	**1,154,507,869**	**56.588**

WARRANT A

NO.	WARRANT HOLDERS	NO. OF WARRANTS	%
1.	YIP CHENG YUE	3,000,000	6.619
2.	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	2,650,000	5.847
3.	MAH SIEW SEONG	1,965,000	4.336
4.	LIM HSIU YEN	1,865,200	4.115
5.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HSIU YEN (REM191)	1,849,000	4.080
6.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (REM868-MARGIN)	1,303,100	2.875
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TANG SING LING	1,185,000	2.614
8.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH SIEW SEONG	810,000	1.787
9.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM	708,000	1.562
10.	TAN SAY JIM	677,000	1.493
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOW WENG KUM (PENANG-CL)	660,300	1.457

LIST OF 30 LARGEST SHAREHOLDERS AS AT 4 AUGUST 2014 (CONT'D)

WARRANT A (Cont'd)

NO.	WARRANT HOLDERS	NO. OF WARRANTS	%
12.	CHENG YEAN YUN @ TAY YAN HOON	491,500	1.084
13.	CHUA LICK YANG	491,300	1.084
14.	CHEE CHOW ING	467,200	1.030
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEOH HOOI SIM	421,200	0.929
16.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAH SIEW SEONG	370,000	0.816
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR MOHD ISKANDAR ZULKARNAIN BIN MOHD NOH (MY1654)	335,200	0.739
18.	LIM JIT HAI	334,000	0.737
19.	LOO CHAI LAI	286,000	0.631
20.	GAN SIEW KIM	280,000	0.617
21.	JEANETTE IVY ROBERTSON LOMAX	280,000	0.617
22.	CHAN POH LAN	270,000	0.595
23.	JF APEX NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW HENG LAN (MARGIN)	252,000	0.556
24.	GAN HOON HOON	246,100	0.543
25.	TAY MOOI NGEN	245,000	0.540
26.	CHANG KIAT CHIN	236,600	0.522
27.	SHANTILAL TISSA HERAT	230,000	0.507
28.	NORMAH BINTI MAHAMUD	222,000	0.489
29.	CHAN HUAN HIN	200,000	0.441
30.	CHOONG TUCK KEONG	200,000	0.441
	TOTAL	**22,530,700**	**49.717**

WARRANT B

NO.	WARRANT HOLDERS	NO. OF WARRANTS	%
1.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (REM868-MARGIN)	9,816,000	4.631
2.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SAY JIM (MG0210-328)	6,973,834	3.290
3.	YIP CHENG YUE	6,500,000	3.066
4.	UOBM NOMINEES (ASING) SDN BHD EXEMPT AN FOR SOCIETE GENERALE BANK & TRUST, SINGAPORE BRANCH (CUST ASSET)	6,040,000	2.849
5.	LIM HSIU YEN	5,781,400	2.727

STATISTICS ON SHAREHOLDINGS
AS AT 4 AUGUST 2014
CONTINUED

LIST OF 30 LARGEST SHAREHOLDERS AS AT 4 AUGUST 2014 (CONT'D)

WARRANT B (Cont'd)

NO.	WARRANT HOLDERS	NO. OF WARRANTS	%
6.	HDM NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (M02)	4,500,000	2.123
7.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG MING SHYAN	4,357,000	2.055
8.	TAN LIN LAH	3,423,000	1.614
9.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM TEONG KIAT	3,000,000	1.415
10.	TL TECHNOLOGY RESEARCH (HK) LIMITED	2,800,000	1.321
11.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HSIU YEN (REM191)	2,782,800	1.312
12.	GOH KAY CHUAN	2,632,000	1.241
13.	TEOH HOOI BIN	2,217,900	1.046
14.	TEH CHIA HOW	2,140,000	1.009
15.	LEE CHONG CHOON	2,095,000	0.988
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YONG KWEE LIAN	2,050,000	0.967
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEH POO SENG (CEB)	1,950,000	0.920
18.	SELVANATHAN A/L ARPUTHAM	1,850,000	0.872
19.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOW FOOK LEONG	1,815,000	0.856
20.	AFFIN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP CHIN KEE (YAP1740S)	1,574,000	0.742
21.	TEH HONG JOO	1,450,000	0.684
22.	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB SECURITIES (SINGAPORE) PTE LTD (RETAIL CLIENTS)	1,410,000	0.665
23.	CHEONG MOY FAH	1,310,200	0.618
24.	THAM HENG YAN	1,300,000	0.613
25.	LEOM CHIT DEIN @ LIM JIT TENG	1,220,000	0.575
26.	HARIS BIN ABU BAKAR	1,110,000	0.523
27.	ONG CHAU OH	1,100,000	0.518
28.	BADARIAH BINTI MAHFOZ	1,000,000	0.471
29.	CHENG YEAN YUN @ TAY YAN HOON	1,000,000	0.471
30.	GOH KAR KEONG	1,000,000	0.471
	TOTAL	**86,198,134**	**40.667**

SUBSTANTIAL SHAREHOLDERS AS AT 4 AUGUST 2014

(as per Register of Substantial Shareholders)

ORDINARY SHARES

		NO. OF SHARES			
NO.	SHAREHOLDERS	DIRECT	%	INDIRECT	%
1	FELDA INVESTMENT CORPORATION SDN BHD	526,373,481	25.80	–	–
2	THE FEDERAL LAND DEVELOPMENT AUTHORITY	–	–	526,373,481	25.80
3	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR) & (SS2)	126,424,033	6.20	–	–
4	DATUK TAN SAY JIM	86,492,233	4.24	* 126,424,033	6.20
	TOTAL	739,289,747	36.24	627,797,514	32.00

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

DIRECTORS' SHAREHOLDING AS AT 4 AUGUST 2014

(as per Register of Directors' Shareholdings)

ORDINARY SHARES

		NO. OF SHARES			
NO.	SHAREHOLDERS	DIRECT	%	INDIRECT	%
1	TAN SRI RAZALI BIN ISMAIL	34,551,733	1.69	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	# 5,535,333	0.27
3	DATUK TAN SAY JIM	86,492,233	4.24	* 126,424,033	6.20
4	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
5	DATO' EOW KWAN HOONG	1,593,333	0.08	–	–
6	SYED ABDULLAH BIN SYED ABD KADIR	466,666	0.02	–	–
7	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
8	CHAN FEOI CHUN	–	–	–	–
9	DATUK FAIZOULL BIN AHMAD	–	–	–	–
10	MUHAMMAD SUFI BIN MAHBUB	–	–	–	–
	TOTAL	123,103,965	6.03	131,959,366	6.47

Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife.

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

STATISTICS ON SHAREHOLDINGS
AS AT 4 AUGUST 2014
CONTINUED

DIRECTORS' SHAREHOLDING AS AT 4 AUGUST 2014 (CONT'D)
(as per Register of Directors' Shareholdings)

WARRANT A

		NO. OF SHARES			
NO.	WARRANT HOLDER	DIRECT	%	INDIRECT	%
1	TAN SRI RAZALI BIN ISMAIL	–	–	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	# 280,000	0.62
3	DATUK TAN SAY JIM	1,385,000	3.06	* 40	0.00
4	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
5	DATO' EOW KWAN HOONG	–	–	–	–
6	SYED ABDULLAH BIN SYED ABD KADIR	19,999	0.04	–	–
7	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
8	CHAN FEOI CHUN	1,800	0.00	–	–
9	DATUK FAIZOULL BIN AHMAD	–	–	–	–
10	MUHAMMAD SUFI BIN MAHBUB	–	–	–	–
	TOTAL	1,406,799	3.10	280,040	0.62

\# *Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's wife.*
* *Deemed interest by virtue of his direct substantial shareholding in Versatile Paper Boxes Sdn Bhd.*

WARRANT B

		NO. OF SHARES			
NO.	WARRANT HOLDER	DIRECT	%	INDIRECT	%
1	TAN SRI RAZALI BIN ISMAIL	1,000,000	0.47	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	–	–
3	DATUK TAN SAY JIM	6,973,834	3.29	* 104	0.00
4	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
5	DATO' EOW KWAN HOONG	250,000	0.12	–	–
6	SYED ABDULLAH BIN SYED ABD KADIR	49,999	0.02	–	–
7	DATUK KAMARUDDIN BIN TAIB	–	–	–	–
8	CHAN FEOI CHUN	–	–	–	–
9	DATUK FAIZOULL BIN AHMAD	–	–	–	–
10	MUHAMMAD SUFI BIN MAHBUB	–	–	–	–
	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 TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth 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 Monday, 22 September 2014 at 11.00 a.m. to transact the following business:-

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2014 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**

2. To re-elect the following Directors who retire pursuant to the Company's Articles of Association:-

   Article 86
   (i) Datuk Kamaruddin Bin Taib **(Please see Note 3)** **(Resolution 1)**
   (ii) Syed Abdullah Bin Syed Abd Kadir **(Please see Note 3)** **(Resolution 2)**

   Article 93
   (i) Datuk Faizoull Bin Ahmad **(Resolution 3)**
   (ii) Muhammad Sufi Bin Mahbub **(Resolution 4)**

3. To approve the payment of Directors' Fees for the financial year ended 31 March 2014. **(Resolution 5)**

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

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following Resolutions in accordance with Section 129(6) of the Companies Act, 1965:- **(Please see Note 3 and Note 4)**

   (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)**

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
CONTINUED

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

6. **ORDINARY RESOLUTION I** **(Please see Note 5)**
AUTHORITY TO ISSUE AND ALLOT 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 approval of any other governmental and/or regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised 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 shares issued pursuant to this resolution does not exceed ten percent (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 the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company unless revoked or varied by the Company at a general meeting." **(Resolution 9)**

7. **ORDINARY RESOLUTION II** **(Please see Note 6)**
CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

(i) "THAT subject to the passing of Resolution 1 above, approval be and is hereby given to Datuk Kamaruddin Bin Taib who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 10)**

(ii) "THAT subject to the passing of Resolution 2 above, approval be and is hereby given to Syed Abdullah Bin Syed Abd Kadir who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 11)**

(iii) "THAT subject to the passing of Resolution 8 above, approval be and is hereby given to YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Non-Executive Director of the Company." **(Resolution 12)**

8. **SPECIAL RESOLUTION I** **(Please see Note 7)**
PROPOSED AMENDMENTS TO THE OBJECT CLAUSES

"THAT the following new Object Clauses 3(48) and 3(49) be inserted immediately after the existing Clause 3(47):- **(Resolution 13)**

3(48) To build, construct, alter, maintain, enlarge, pull down, remove or replace, and to work, manage and control any building, offices, houses, staff-quarters, community hall, mosque, factories, shops, engines, machinery, roads, ways, tramways, railways, branches of sidings, bridges, reservoirs, watercourses, wharves, electric works and other works and conveniences which may seem calculated directly or indirectly to advance the interest of the Company, and to join with any other person or company in doing any of these things.

3(49) To carry on the business as real property and housing developers and to develop and turn into account land, whether freehold or leasehold into housing schemes, industrial estates, amusement parks, pleasure/tourist resorts and all kinds of complexes; to build, whether for sale or rent, houses, factories, offices, warehouses, garages, workshops, shops, power-houses, quarters, manufacturing plants, stations, flats, apartments, condominiums, multi-storey car parks, cinemas, theatres, shopping and office complexes, and buildings and erections of every kind and description including construction of bridges, streets, roads and highways, drains, squares, gardens, pleasure grounds and other conveniences and to take on all types of engineering works whether civil, mechanical, electrical or otherwise in relation to such constructions and conveniences, and to sell, lease, let, charge, mortgage, exchange or otherwise deal with or dispose off such conveniences and constructions and to undertake all other businesses incidental thereto.

THAT the existing Clause 3(48) and 3(49) be renumbered as 3(50) and 3(51) respectively.

AND THAT the Directors be and are hereby authorized to give effect to the aforesaid amendments to the Memorandum of Association of the Company."

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

By Order of the Board,

JOANNE TOH JOO ANN (LS 0008574)
YAP SIT LEE (MAICSA 7028098)
Company Secretaries

Kuala Lumpur
29 August 2014

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
CONTINUED

NOTES

1. APPOINTMENT OF PROXY

(a) A proxy 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 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 Securities Industry (Central Depositories) Act, 1991, 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.

(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) 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.

(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.

(h) Only members whose names appear in the Record of Depositors as at 15 September 2014 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 YEAR ENDED 31 MARCH 2014

The Audited Financial Statements 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-ELECTION AND RE-APPOINTMENT OF INDEPENDENT DIRECTORS

The Board has undertaken an annual assessment on the independence of Datuk Kamaruddin Bin Taib, Syed Abdullah Bin Syed Abd Kadir, Tan Sri Razali Bin Ismail and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin who are seeking for re-election or re-appointment pursuant to the Articles of Association of the Company or Section 129 of the Companies Act, 1965, at the forthcoming Twentieth Annual General Meeting. The annual assessment has been disclosed in the Corporate Governance Statement of the Company's 2014 Annual Report.

4. 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.

5. AUTHORITY TO ISSUE AND ALLOT SHARES 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 the date of this Notice, the Company has placed out 69,350,000 new Ordinary Shares at an issue price of RM0.51 each, which raised a total of RM35,368,500.00 and which shares were all listed on the Ace Market of Bursa Malaysia Securities Berhad on 2 April 2014 ("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 58 of the 2014 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.

6. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance 2012, the Board of Directors has assessed the Independence of Datuk Kamaruddin Bin Taib, Syed Abdullah Bin Syed Abd Kadir and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin who each has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years, and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

(i) each of them fulfills the criteria of an Independent Director pursuant to the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad;
(ii) each of them is familiar with the Company's business operations as he has been with the Company for more than 9 years;
(iii) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(iv) each of them has exercised due care during his tenure as an Independent Director of the Company and carried out his duty in the interest of the Company and shareholders.

The proposed Resolutions 10, 11 and 12, if passed, will enable Datuk Kamaruddin Bin Taib, Syed Abdullah Bin Syed Abd Kadir and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin to continue to act as Independent Non-Executive Directors of the Company.

7. PROPOSED AMENDMENTS TO THE OBJECT CLAUSES

The Proposed Amendments to the Object Clauses is to reflect the change in the Company's principal activity to include, among others, construction activities and to carry on the business as real property and housing developers etc. following projects secured relating to modern rural projects which consists of Koto houses and amenities, supported by modern and integrated farming activities. The Koto houses will be built using IRIS-KOTO Industrialised Building System, being a high speed, fully integrated building system with pre-fabricated lightweight panels (components) for all parts of a building.

STATEMENT ACCOMPANYING NOTICE OF TWENTIETH 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 Twentieth 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 35 of the 2014 Annual Report.

PROXY FORM

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

NUMBER OF SHARES HELD:

CDS ACCOUNT NO.:

IF MORE THAN 1 PROXY, PLEASE SPECIFY NUMBER OF SHARES REPRESENTED BY EACH PROXY

NAME OF PROXY 1:
NAME OF PROXY 2:

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 Twentieth 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 Monday, 22 September 2014 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Datuk Kamaruddin Bin Taib, who retires pursuant to Article 86 of the Company's Articles of Association, as Director		
2	To re-elect Syed Abdullah Bin Syed Abd Kadir, who retires pursuant to Article 86 of the Company's Articles of Association, as Director		
3	To re-elect Datuk Faizoull Bin Ahmad who retires pursuant to Article 93 of the Company's Articles of Association, as Director		
4	To re-elect Muhammad Sufi Bin Mahbub who retires pursuant to Article 93 of the Company's Articles of Association, as Director		
5	To approve the payment of Directors' Fees for the financial year ended 31 March 2014		
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 Tan Sri Razali Bin Ismail, who retires pursuant to Section 129(6) of the Companies Act, 1965, as Director		
8	To re-appoint YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin, who retires pursuant to Section 129(6) of the Companies Act, 1965, as Director		
9	To grant authority to issue and allot shares in general pursuant to Section 132D of the Companies Act, 1965		
10	To approve Datuk Kamaruddin Bin Taib to continue to act as an Independent Non-Executive Director		
11	To approve Syed Abdullah Bin Syed Abd Kadir to continue to act as an Independent Non-Executive Director		
12	To approve YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin to continue to act as an Independent Non-Executive Director		
13	To approve the Proposed Amendments to the Object Clauses		

(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 _________________________2014

Signature of Member(s) /Common Seal

____

Contact Number:

Notes:-

(a) A proxy 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 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 Securities Industry (Central Depositories) Act, 1991, 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.

(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) 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.

(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.

(h) Only members whose names appear in the Record of Depositors as at 15 September 2014 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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THE COMPANY SECRETARIES

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

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