jOURney moves forward

ANNUAL REPORT 2016

IRIS CORPORATION BERHAD (302232-X)

IRIS®

Bringing Solutions to Life

IRIS CORPORATION BERHAD (302232-X)

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contents

OUR JOURNEY MOVES FORWARD

IRIS IS ON A JOURNEY TOWARDS GREATER SUCCESSES AND SUSTAINED GROWTH. WE CONTINUE TO PURSUE OUR STRATEGY TO NARROW OUR FOCUS, REDUCE OUR RISK, AND STRENGTHEN OUR ABILITY TO DELIVER LONG-TERM VALUE TO OUR CUSTOMERS, OUR SHAREHOLDERS AND OUR WORKFORCE. OUR PLAN MOVING FORWARD IS TO EMERGE AS A LEADING GLOBAL TECHNOLOGY SOLUTIONS COMPANY FOCUSED ON CREATING SOLUTIONS THAT MAKE THE WORLD A BETTER AND SAFER PLACE.

refining OUR direction

IRIS is uniquely placed to make a difference in people's lives throughout the world due to our distinctive mix of complementary business units and capabilities. Our talent for bringing technology-based, robust solutions to life is driven by sheer determination and commitment to innovation and efficiency. We are prioritizing strength areas that enable us to realize our purpose and establish leading positions in the markets in which we compete.

OUR strengthening core

IRIS' TOTAL AUTOMATED BORDER CONTROL (ABC) SOLUTION IS AUTOMATING AND ACCELERATING BORDER CROSSINGS AROUND THE WORLD

We are simplifying and accelerating our processes while reducing complexity in our Company and strengthening our internal setup by streamlining our Company structure and realigning our management systems – simply put, we are building better governance. Led by a strong and experienced management team committed to operational and financial excellence, IRIS continues to face the challenges of changing business environments head on with optimism, tenacity and resilience.

PERFORMANCE REVIEW

1.

operations review

AT THE START OF FINANCIAL YEAR 2016 (FY 2016), IRIS INITIATED A TURNAROUND PROGRAMME OF RESTRUCTURING AND REALIGNMENT. OUR OBJECTIVE: TO RESTORE THE FOUNDATION OF OUR COMPANY AS PART OF A CHANGE PROCESS THAT WILL SPAN SEVERAL YEARS. WE BEGAN BY REALIGNING THE BUSINESS TO CAPITALISE ON MARKETPLACE CHANGES AND MAKE RAPID PROGRESS TOWARDS BECOMING A LEADER IN TECHNOLOGY CENTRED SOLUTIONS CAPABLE OF GENERATING BETTER AND MORE ATTRACTIVE MARGINS.

IRIS has embarked on a journey of change and improvement that continues to be underpinned by a culture of innovation towards creating a more efficient, inventive and financially strong company. Underlining the turnaround and realignment efforts also include a conscious effort to give back to the communities in which we operate.

Despite the global business crunch we continue to face as we embarked on the turnaround exercise, IRIS' value remains strong. We continue to gain foothold in new markets, secure contracts, cultivate fresh partnerships while enhancing existing networks.

Group total turnover for FY 2016 stood at RM519.6 million, a 7.5% attrition from FY 2015 numbers.

TRUSTED IDENTIFICATION

Our turnaround programme placed greater focus on improving customer service by providing additional value-added products and services for existing clients and ensuring the flexibility required to align ourselves in the dynamic Trusted Identification marketplace. With geographic growth and diversification of products and services in all facets of the Trusted Identification division, it is important that we have a corporate structure in place that supports the future directions of the ePassport, eID, ePayment and Automated Border Control (ABC) industries.

Our IRIS employees in the Trusted Identification division continues to be the nucleus that drives our organization and in securing major ePassport and eID contracts:

- Build-own-transfer (BOT) agreement valued at USD22 million (RM92.6 million) for a term of 20 years with the government of Solomon Islands for the establishment of an information and management system for ICAO compliant ePassport and border control
- Supply of an additional 1.55 million ePassports for Nigeria
- Supply of 10 million identification biometric cards over five years to Senegal for €76.2 million (RM346.2 million)

Industry research powerhouse Acuity Market Intelligence (Acuity) estimates that the rapidly evolving ABC eGate and Kiosk market will generate more than USD1.2 billion dollars in annual revenue by 2020. Spinning off from these numbers are the growing ePassport markets valued at USD7 billion. Acuity also foresees 127 countries implementing National eID programs by 2018 issuing more than 740 million eIDs annually while generating more than USD55 billion in revenue between 2013 and 2018.

With such encouraging numbers, we persistently innovate and improve. New solutions slated for deployment in FY 2016 include IRIS' Smart Border Control Solution for seamless automation and acceleration of border crossings at air, land and

LOCAL GOVERNMENT
CONTINUING PARTNERSHIPS WITH FEDERAL AND STATE GOVERNMENT MINISTRIES AND AGENCIES TO DEVELOP AND DEPLOY SECURE TRUSTED ID SOLUTIONS

OVERSEAS
AGRESSIVELY EXPANDING OUR CURRENT 32 NATION ePASSPORT/ eVISA, BORDER CONTROL, NATIONAL ID GLOBAL FOOTPRINT

PAYMENT & TRANSPORT
PROVIDING EMV (EUROPAY, MASTERCARD AND VISA) AND AMERICAN EXPRESS PERSONALISATION FOR BANK CARDS; TOURIST REFUND SCHEME; AFC (AUTOMATED FARE COLLECTION) FOR PUBLIC/MASS TRANSIT SYSTEMS

sea ports; IRIS' Stadium Security System Solution which ensures positive spectator experience in terms of ticketing, member card issuance, access controls and screening systems; IRIS LDS 2.0 (Logical Data Structure) to support 4th generation ePassports; and IRIS' IDenCert which allows verification of authenticity certificates using high-level security technology (such as PKI) and unique digital signature.

Related businesses such as the EMV, ePayment and Automated Fare Collection (AFC) for Transportation segments have been reorganised into the Trusted Identification division. This realignment allows us to better leverage our global footprint in 38 countries and align the strengths and diversity of the entire division.

On the domestic front, revenue from EMV products is expected to increase exponentially as banks in Malaysia replace 39 million credit and debit cards with new PIN-enabled cards to meet the January 2017 deadline set by Bank Negara Malaysia. As the deadline looms, we look forward adding to IRIS' bottom-line by supplying millions of EMV cards and personalisation services in the migration of current signature-based credit cards to chip and pin-based cards to existing clients such as Maybank, BSN, HSBC, Bank Muamalat as well as various newly acquired customers from the financial industry.

The division remains committed to supplying and providing the widest array of specialized services and loyalty cards to Petron Malaysia. We also look to ramp up AFC offerings as the public transportation services expand in the greater Klang Valley and other urban areas. In FY 2016, no fewer than 700,000 pcs of tokens, cards, Electronic Ticketing Machines (ETM) and readers for both bus and rail were supplied contributing to RM3.5 million in sales to the division's bottom line.

The newly realigned Trusted Identification Division achieved a profit before taxation of RM50 million and remains as the highest revenue contributor representing 66% with revenue of RM342 million in FY 2016.

1. *ePassports for the Solomon Islands.*
2. *IRIS' Mobile Border Control Tablet for identity authentication 'on the go'.*
3. *IRIS' Border Control Kiosks enables quick and easy Self Check-In at airports.*


2.

3.

As projects such as Rimbunan Kaseh and Sentuhan Kasih smart villages near completion, the Sustainable Development division was afforded a window of opportunity to reshape its activities, focus and alignment to pursue growing market opportunities in the segments of Industrialized Building System (IBS) construction, property development, renewable energy as well as food and agro technologies.

The Sustainable Development division wants to play an even more active role in unlocking the potential associated with these developments. Additionally, we will be looking to seize further opportunities to evolve in the highly promising field of time-saving IBS construction.

1.

1. Aerial View: Rimbunan Kaseh Kampung Gajah, Perak
2. Artist Impression: Double Storey Villa in Solomon Islands.
3. Artist Impression: PPA1M (Perumahan Penjawat Awam 1Malaysia) mixed residential and commercial development.

At the same time, our intention is to shape a cost-effective property development business that continues to be underpinned by a high degree of innovation. Our opportunity to showcase has culminated in the successful securing of a new residential and mixed development project on 30 November 2015 when IRIS was awarded a construction contract by Perbadanan Putrajaya for an estimated gross development cost (GDC) of RM622.73 million. The contract is for the development of Perumahan Penjawat Awam 1Malaysia (PPA1M) and a mixed development on 16.2 acres of land in Putrajaya.

PPA1M is an affordable housing scheme for civil servants that will be developed at high demand locations across Malaysia.

In addition to our maiden high-rise project in Malaysia using IRIS' IBS, the division also secured orders for either replacing dilapidated classroom blocks, or constructing new buildings, for new science lab or new library, at 8 rural schools in Sarawak. The Government of Malaysia, via the Ministry of Education, placed the orders when IRIS accomplished the feat of constructing of two new classroom blocks from plan to completion in 5 short weeks for SJK (T) Dengkil.

Demolition of the old classroom blocks took place at the start of the 2015 year-end holidays and two new blocks were constructed and completed in time for the commencement of the 2016 school year. Had conventional construction methods been used instead of IRIS KOTO IBS, the school blocks would have taken between 3 and 6 months to complete. To speed up construction of SJK (T) Dengkil's modern and comfortable, new single storey and double storey classroom blocks, we used a combination of structural steel, bond deck and IRIS KOTO IBS wall panels.

On the international front, IRIS is looking at expanding its IBS products and services into the African continent. In Oceania, IRIS is venturing into a mixed development project near Honaira - capital city of the Solomon Islands where several sample IBS houses are being constructed. The progress of Gerehu Heights upscale residential project in Papua New Guinea has been hindered by the unexpected inordinate delay by local and financial authorities.

In FY 2016, collective revenue for the Division was RM181.4 million, a slight decrease of 1% from FY 2015. This year revenue is mainly attributed from the completion of the Bentong landfill project, Rimbunan Kaseh and Sentuhan Kasih projects.

2.

FOOD & AGRO
ENABLING SUSTAINABLE AND SAFE FOOD PRODUCTION WHILE EMPOWERING UNDERPRIVILEGED COMMUNITIES, THROUGH GAINFUL EMPLOYMENT, ON MODERN FARMS

IRIS KOTO IBS SYSTEM
HOUSING THE WORLD IN FASTER AND SMARTER WAYS THROUGH LIGHTWEIGHT IBS CONSTRUCTION METHODS AND MATERIALS

ENVIRONMENT & RENEWABLE ENERGY
PROTECTING AND PRESERVING THE ENVIRONMENT IN WHICH WE OPERATE FOR THE BENEFIT OF FUTURE GENERATIONS

GLOBAL DEMAND FOR FEEDING AND HOUSING A GROWING WORLD POPULATION IN SUSTAINABLE WAYS IS BEING EMBRACED BY GOVERNMENTS AND GLOBAL MARKETS. THIS MOVEMENT IS LEADING TO MORE BUOYANT DEMAND FOR HOLISTIC PROJECTS AND INCLUSIVE HOUSING SCHEMES ACROSS THE GLOBE, ALL OF WHICH BENEFIT OUR SUSTAINABLE DEVELOPMENT DIVISION.

IRIS® Sustainable Development

3.

EDUCATION PARTNERS
ENSURING STUDENTS HAVE ACCESS TO WORLD RENOWNED INSTITUTIONS OF HIGHER LEARNING IN THE UNITED KINDOM, AUSTRALIA, EUROPE, ASEAN AND THE UNITED STATES OF AMERICA

GRADUATES
PREPARING AND PRODUCING GENERATIONS OF SKILLED WORKERS FOR THE GLOBAL JOB MARKET


1.

IRIS® Education

THE WORLD BANK CLASSIFIES MALAYSIA AS AN OPEN UPPER-MIDDLE INCOME ECONOMY. WITH A HIGH AVERAGE GDP GROWTH AND GROWING MIDDLE CLASS, MALAYSIA IS CONSIDERED ONE OF ASIA'S STRONG TIGER ECONOMIES DRIVING GROWTH IN THE ASEAN REGION. MALAYSIA'S DEMAND FOR HIGH-QUALITY EDUCATION CONTINUES TO BE VERY STRONG AND THE DIVISION RECORDED A TOTAL REVENUE OF RM8.0 MILLION IN FY 2016, A STELLAR 89.1% INCREASE FROM FY 2015.


2.

Seri Stamford College, our ISO9001:2008 certified and 6-STAR rated Malaysian Quality Evaluation System (MyQUEST) institution, in conjunction with other institutions of higher learning and partners, operates strategically to provide access to learning opportunities while connecting with students on a personal level. Since its establishment in 1950, Seri Stamford College has seen over 250,000 students representing more than 30 countries graduate from former and present campuses.

Our college has an important role in advancing Malaysia's knowledge economy and intellectual fabric. Accountability wise, the division works hard to ensure excellent achievements in educational outcomes while remaining fiscally responsible.

Over the last six decades Seri Stamford College continues to maintain a structure that anticipates and responds quickly to opportunities and demands of the global employment marketplace as well as changes in industry, governments and technology. To achieve sustainable operations based on multiple bottom-line concepts, we continue to introduce education and professional development excellence with programmes designed to meet and exceed high standards of achievement in both academic and practical skills.

Through our long standing partnership with the University of London, we are the only private college in Malaysia to offer students the Bachelors in Political Science and Economics managed by the London School of Economics, a constituent college of the federal University of London.

Another new introduction is the Film Making programme supported by FINAS (National Film Development Corporation) Media Corporation and validated by Federation University, Australia, which is intended to support and supply skilled graduates to the multibillion film entertainment industry which, according to PwC will grow from USD29.2 billion in 2015 to USD35.3 billion in 2019.

For FY 2017, we forecast an increase in student intake as we leverage on IRIS' global footprint in 38 countries to recruit more international students.

1. *Seri Stamford College Menjalara Campus in Kuala Lumpur.*
2. *Dato' Vincent Leong, MD IRIS Education Division with our partners from University of London and FINAS.*
3. *President of Seri Stamford College Tan Sri Razali Ismail addressing graduates during the 65th Graduation Ceremony on 22 November 2015.*
4. *Seri Stamford College football team comprising Malaysian and International Students.*

3.


4.

A SUSTAINABLE JOURNEY

chairman's statement

DEAR SHAREHOLDERS,
FINANCIAL YEAR 2016 (FY 2016) HAS BEEN AN INCREDIBLY CHALLENGING YEAR FOR THE IRIS GROUP AS WE WORKED ASSIDUOUSLY TO IMPLEMENT OUR TURNAROUND INITIATIVES. THANKS TO IRIS EMPLOYEES' PERSEVERANCE AND EFFORT, IRIS ACHIEVED A STAGGERING INCREASE OF 197% IN PROFIT FROM A LOSS BEFORE TAXATION OF RM18.28 MILLION IN FY 2015 TO A PROFIT BEFORE TAXATION OF RM17.82 MILLION.

In FY 2016, the Board and IRIS Management team were cognisant of the potential business challenges and liquidity crunch that IRIS had to face. We initiated a decisive turnaround plan to place IRIS on a better financial footing and to ensure we bring back confidence to the market.

Our turnaround initiatives included implementing more cost containment measures to drive down operating costs and executing targeted efforts to further increase efficiencies. These resulted in an improvement in operating margin of 2.0 percentage points. The Group also realigned our resources by divesting assets to focus on divisions that have potential for better growth and sold IRIS' Phuket Waste-to-Energy plant to monetize our investment and strengthen IRIS' balance sheet.

REVENUE	EBITDA	PROFI T BEFORE TAXATION
RM519.63 million	RM73.48 million	RM17.82 million

Disclaimer: The above financial information is inclusive of both continuing operations and discontinued operations' performance.

REVIEW OF RESULTS

The Group achieved revenues of RM519.63 million, a decrease from RM561.95 million achieved over the previous financial year. The decrease was mainly due to lower delivery of Malaysia ePassport project, slow demand for Rimbunan Kaseh and Sentuhan Kasih projects, and government fiscal stress constraints amid declining oil revenue.

Despite having a lower revenue, the Group attained a profit before tax of RM17.82 million, a substantial increase from loss of RM18.28 million for the previous financial year. The increase was mainly due to better margins in Trusted Identification Division's overseas projects namely Nigeria ePassports, Senegal ePassports and Tanzania eID, in addition to lower operating expenses.

Overall, despite the incredibly tough economic and difficult business environment, it was a commendable performance for the Group in FY 2016. The Group recorded a healthy EBITDA of RM73.48 million from RM38.27 million recorded in the previous financial year. The Group's balance sheet has strengthened further by reducing its debts from RM484.50 million to RM274.79 million. As a result, the gearing ratio has improved from 0.88 times to 0.50 times in the end of this financial year.

Shareholders' funds were RM550.03 million while earnings per share was at 0.30 Sen.

DIVISIONAL PERFORMANCE

In our pursuit for efficiency and growth, we realigned the present eight business divisions to three business divisions to create a "more streamlined and nimble" organization. With cumbersome layers of processes removed and more focus on divisions that have a better future, IRIS can respond swiftly to client needs, provide demand driven products and specific go-to-market approaches to deliver results faster. The Group is well-positioned to expand our businesses organically and to face the challenging economic conditions in FY 2017.

TRUSTED IDENTIFICATION DIVISION

As part of our streamlining initiatives, we have integrated Payment and Transportation Division into Trusted Identification Division to better leverage on the strengths of the entire division while achieving increased operational efficiency.

Trusted Identification Division will continue on its upward trajectory as we leverage our global footprint in 38 countries to seize market growth opportunity in world biometrics market which is anticipated to reach USD20 billion by 2018, according to TechSci Research. In addition, Acuity Market Intelligence predicts that global eID market will generate more than USD8.6 billion in annual revenues while airports will spend more than USD2.2 billion globally in Automated Border Control by 2018.

As we focus on innovation to generate profitable growth, we have expanded our Trusted Identification products portfolio by capitalizing on IRIS' expertise in eGates and biometric mobile devices to create seamless security solutions for public venues such as stadiums and transportation hubs. Other new solutions to be rolled out in FY 2017 includes IRIS' Smart Border Control Solution, IRIS LDS 2.0 (Logical Data Structure) to support 4th generation ePassports and IRIS' IDenCert to verify and authenticate certificates. Looking forward, we will continue to drive consumer centric innovation in Trusted Identification.

SUSTAINABLE DEVELOPMENT DIVISION

For the Sustainable Development Division, we have restructured Industrialized Building System (IBS) construction, property development, renewable energy as well as food and agro technologies together. This divisional realignment will better allocate resources and make us leaner, faster and more agile to pursue growing market opportunities more effectively.

In Malaysia, there is growing demand for IBS due to mandatory requirements for 70% IBS content for government projects and 50% for the private sector. There are also vast opportunities for affordable housing solutions locally and globally as governments aim to provide affordable housing to their citizens.

EDUCATION DIVISION

The Education Division, through Seri Stamford College Sdn Bhd (Seri Stamford), recorded an increased revenue by 89.1% to RM8.0 million in FY 2016 due to higher student enrollment. Revenue is expected to increase in FY 2017 as we capitalize on our global associations to recruit more students from Papua New Guinea, Solomon Island, China, Indonesia and our African partner nations.

FY 2017 PROSPECTS

For FY 2017, IRIS continues to make good progress in terms of growth. As part of IRIS' diversification plan to be a leader in technology centred solutions, IRIS will intensify sales efforts to secure more overseas projects especially in Africa, ASEAN and Pacific Island Nations. We aim to leverage IRIS' Global Footprint in 38 countries to not only provide ePassport, eID and Automated Border Control projects, but also IRIS IBS homes, IRIS modern farming methodology and education solutions.

WE REMAIN CAUTIOUSLY OPTIMISTIC ABOUT FY 2017 GIVEN ONGOING CURRENCY VOLATILITIES, LOWER COMMODITY PRICES AND GLOBAL HEADWINDS THAT ARE BEYOND OUR CONTROL. WITHIN THE CHALLENGING ENVIRONMENT, WE AIM TO INCREASE REVENUES AND PROFITS BY SPURRING INNOVATION IN ALL ASPECTS OF OUR BUSINESSES INCLUDING DEPLOYING NEW PRODUCTS AND SOLUTIONS TO THE MARKET FASTER AND DEVELOPING NEW WAYS TO IMPROVE OUR OPERATIONAL EFFICIENCIES. WE WILL ALSO FOCUS ON MITIGATING THE IMPACT OF SLUGGISH MARKETS BY OUR RELENTLESS EXECUTION OF PRODUCTIVITY MEASURES.

CORPORATE DEVELOPMENTS

Corporate proposals reported during FY 2016 were:

(a) **Disposal of entire 75% equity interest in PJT Technology Co., Ltd ("PJT")**

The Company and its wholly-owned subsidiary, Northern Shine Holdings Limited ("NSH") had on 6th November 2015 entered into a Sale and Purchase of Shares Agreement for the disposal of its 3,774,000 PJT ordinary shares and NSH's 1,776,000 PJT ordinary shares representing a total of 5,550,000 or 75% of PJT's fully and paid up ordinary shares of THB740,000,000 divided into 7,400,000 ordinary shares ("Sale Shares") at a consideration of USD24,000,000, or equivalent to RM99,811,000.

On 30th December 2015, the Company relinquished management and financial controls of PJT and PJT ceased to be a subsidiary of the Company on that day.

COMMITMENT TO SUSTAINABILITY AND INNOVATION

Sustainability is at the very heart of IRIS. For the past years, the Group has a clear strategic vision to be a sustainable global solutions provider recognized for its excellence in innovative products and solutions that enrich lives. At IRIS, sustainability means profitable, responsible operations that do not compromise the health of the environment or economy of future generations.

The Board is committed to ensuring the sustainability of IRIS, and is confident of the ability of the management to capitalize on IRIS' inherent strengths, new lean operating model and innovative solutions to create long-term value for our shareholders.

In FY 2016, the IRIS Group was both delighted and honoured that Group MD and CEO, Datuk Tan Say Jim was bestowed the Malaysian Ernst & Young (EY) Entrepreneur of the Year (EOY) 2015 and Master Entrepreneur of the Year 2015. The EOY Award recognises individuals who are driven by a vision, whose passion and creativity are leading to new ways of thinking and doing things, and who do not allow challenges and failure to deter them from their goals. Datuk Tan's well-deserved recognition by EY and the judging panel highlights IRIS' bold growth and innovation as an organization and how IRIS is helping to build a better working world.

THE BOARD

Our Board of Directors bring complementary and relevant skills to the Board. In addition to wide global experience, their skills include expertise in international government relations, finance and accounting, technology, sales and marketing as well as legal experience. There was no change to our Board of Directors in FY 2016.

SPECIAL THANKS

Reflecting on FY 2016's improved performance, let me express heartfelt thanks and appreciation to fellow Board members, to our supportive shareholders, to our steadfast customers and partners, to our resilient management team, and to all IRIS employees, all of whom show optimism and unbridled dedication to IRIS. It is wonderful to see IRIS emerge from a particularly challenging phase to a profitable track and delivering positive results.

The IRIS Group certainly could not have achieve the successes that we have, without the full support and encouragement of our IRIS employees. On behalf of the Board, I would like to take this opportunity to express my heartfelt appreciation to all our IRIS employees who have shown yet again that, no matter what, they will give their 100% to deliver positive results.

As we continue our journey ahead, I am confident that we have the right strategic focus, people and resources to deliver continued growth and increased positive social impact in the years ahead.

TAN SRI RAZALI BIN ISMAIL
Chairman

group financial summary

SUMMARY OF FINANCIAL INFORMATION	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
REVENUE	**519,633**	561,954	574,604	537,066	483,790
Profit/(Loss) before taxation	**17,818**	(18,275)	34,342	34,029	58,077
Profit/(loss) after taxation	**(3,087)**	(24,720)	17,892	18,436	40,844
Total Equity attributable to owners of the company	**550,029**	545,097	549,398	416,059	402,678
Non-current assets	**404,710**	608,014	582,880	505,519	313,330
Current assets	**671,869**	712,018	722,952	586,441	473,235
Total assets	**1,076,579**	1,320,032	1,305,832	1,091,960	786,565
Current liabilities	**383,902**	574,133	606,594	518,009	295,934
Non-current liabilities	**154,833**	181,042	92,862	116,751	88,953
Total liabilities	**538,735**	755,175	699,456	634,760	384,887
Net assets	**537,844**	564,857	606,376	457,200	401,678

KEY RATIO	BASIS	2016	2015	2014	2013	2012
Pre-tax profit/ (loss) margin	(%)	**3.43**	(3.25)	5.98	5.98	12.00
Post-tax profit/ (loss) margin	(%)	**(0.59)**	(4.40)	3.11	3.11	8.44
Basic earnings/ (loss) per share	(sen)	**0.30**	(1.07)	1.30	1.30	2.91
Net assets per share	(sen)	**26.48**	26.72	28.71	28.71	25.56
Total borrowings to equity ratio	(%)	**49.96**	88.88	69.77	69.77	37.34

Disclaimer: The above financial information is inclusive of both continuing operations and discontinued operations' performance.

our sharpening strategic focus

BRAND NEW CLASSROOM BLOCKS AT SJK(T) DENGKIL BUILT USING IRIS KOTO IBS

IRIS has a clear customer and business strategy to stay at the top of our game. We are tapping attractive growth markets and ensuring our realigned divisions are focused on initiatives towards achieving better efficiency, growth and innovation. We want to be our customers' partner of choice – both now and in the future. We are also sharpening focus through rigorous positioning and further streamlining our portfolio of world-class products and services.

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COMPANY OVERVIEW

022 - 039
CORPORATE INFORMATION

our global footprint

AS OF MARCH 2016, WE HAVE DELIVERED MORE THAN

82.0 million

PIECES OF ePASSPORT AND/OR INLAY TO 14 COUNTRIES

AS OF MARCH 2016, WE HAVE DELIVERED MORE THAN

101.2 million

PIECES OF eID AND/OR CARD-BASED DRIVING LICENSES

CUSTOMER SATISFACTION IN **38 countries** WORLDWIDE

AMERICAS

- Bahamas
- Canada
- Jamaica
- United States

EUROPE

- Italy
- Netherlands
- Norway
- Turkey

AFRICA

- Egypt
- Guinea Conakry
- Ivory Coast
- Kenya
- Mauritius
- Nigeria
- Senegal
- Somalia
- Tanzania

OCEANIA

- New Zealand
- Papua New Guinea
- Solomon Islands

ASIA

- Afghanistan
- Bahrain
- Bangladesh
- Bhutan
- Cambodia
- China
- India
- Indonesia
- Kazakhstan
- Malaysia
- Maldives
- Myanmar
- Saudi Arabia
- South Korea
- Thailand
- Turkmenistan
- United Arab Emirates
- Uzbekistan

AS OF MARCH 2016,
MORE THAN
203 thousand
CONTACT/CONTACTLESS CARD READERS AND DEVICES SOLD TO 28 COUNTRIES

AS OF MARCH 2016,
MORE THAN
642 acres
OF RURAL SPACE IN MALAYSIA HAVE BEEN TRANSFORMED BY IRIS SUSTAINABLE DEVELOPMENT

AS OF MARCH 2016,
2,255,514 sq ft
(BUILT UP) OF SPACE HAVE BEEN CONSTRUCTED USING IRIS KOTO IBS IN MALAYSIA

1. *AXESS P7000 Full-Page ePassport Reader with Touch Screen*
2. *Sekolah Kebangsaan Sungai Ladong, Simunjan Sarawak built using IRIS KOTO IBS*

1.

2.

corporate profile

Since 1994, IRIS Corporation Berhad ("IRIS") has been a market leader, inventor and disruptor with a portfolio of businesses that enrich lives and build a sustainable future for all. IRIS, a company incorporated in Malaysia, is a public company listed on Ace Market of Bursa Malaysia and founded in true entrepreneurial spirit. Our tenacity as technology innovator, systems integrator, and manufacturer has resulted in the discovery, development and deployment of comprehensive solutions for trusted identification; building systems and sustainable development; and education. Every day, our dedicated, experienced, agile and adaptive team is delivering viable, comprehensive solutions to suit the needs of our customers throughout the world while grounded by core values of passion, assertion, genuineness, innovation and compassion.

TRUSTED IDENTIFICATION DIVISION

- 100% IRIS TECHNOLOGIES (M) SDN BHD
- 100% IRIS INFORMATION TECHNOLOGY SYSTEMS SDN BHD
  - 51% IRIS GLOBAL BLUE TRS MALAYSIA SDN BHD
- 100% IRIS CORPORATION (BANGLADESH) LIMITED
- 100% IRIS CORPORATION NORTH AMERICA LTD
- 44.4% MULTIMEDIA DISPLAY TECHNOLOGIES SDN BHD
- 30% PAYSYS (M) SDN BHD
- 20% NEURALOGY SDN BHD

Subsidiaries of IRIS Group

Associate companies of IRIS Group

corporate structure

IRIS CORPORATION BERHAD

SUSTAINABLE DEVELOPMENT DIVISION

- 100% IRIS LAND SDN BHD
  - 100% IRIS LAND (PNG) LIMITED
- 100% IRIS ECO POWER SDN BHD
- 100% REGAL ENERGY LIMITED (HK)
  - 65% WEINAN IRIS ENVIROWERKS ZHOUJI RENEWABLE RESOURCES CO., LTD
- 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 HEALTHCARE SDN BHD
  - 29.8% VERSATILE CREATIVE BERHAD
    - 100% VERSATILE PAPER BOXES SDN BHD
    - 100% FP PACK SDN BHD (FKA. FAIRPOINT PACKAGING SDN BHD)
    - 100% IMAGESCAN CREATIVE SDN BHD
    - 100% FAIRPOINT PLASTIC INDUSTRIES SDN BHD
    - 100% VERSATILE SMART PROPERTIES SDN BHD
- 100% IRIS CAFE KASEH SDN BHD
- 51% PLAMAN RESOURCES LIMITED
- 100% NORTHERN SHINE HOLDINGS LIMITED
- 51% IRIS KOTO (M) SDN BHD

EDUCATION DIVISION

- 73.3% SERI STAMFORD COLLEGE SDN BHD
- 51% STAMFORD COLLEGE (MALACCA) SDN BHD
- 100% PLATINUM ENCODED SDN BHD
  - 24.5% STAMFORD COLLEGE (MALACCA) SDN BHD
- 51% FORMULA IRIS RACING SDN BHD

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

Chan Feoi Chun
Independent Non-Executive Director

Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid
Non-Independent Non-Executive Director

Datuk Nik Azman Bin Mohd Zain
Non-Independent Non-Executive Director

AUDIT COMMITTEE

YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin
Chairman
Syed Abdullah Bin Syed Abd Kadir
Chan Feoi Chun

COMPANY SECRETARIES

Dato' Eow Kwan Hoong (MIA 3184)
Joanne Toh Joo Ann (LS 0008574)
Yap Sit Lee (MAICSA 7028098)

AUDITORS

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

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603 2783 9191
Fax: +603 2783 9111

CORPORATE OFFICE

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

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel: +603 2783 9299
Fax: +603 2783 9222

PRINCIPAL BANKERS

Malayan Banking Bhd
Standard Chartered Bank Malaysia Bhd
OCBC Bank (Malaysia) Bhd
MIDF Amanah Investment Bank Bhd
Hong Leong Bank Bhd
HSBC Bank Malaysia Bhd

STOCK EXCHANGE LISTING

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

MALAYSIA ERNST & YOUNG ENTREPRENEUR OF THE YEAR 2015 AND MASTER ENTREPRENEUR OF THE YEAR 2015

DATUK TAN SAY JIM, IRIS GROUP MD & CEO

MYGAP 2015

EMPLOYER BRANDING 2016 AWARD

MYQUEST 2014/2015

CERTIFICATIONS RENEWAL

awards & recognition

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

profile of directors

DATUK TAN SAY JIM
Group Managing Director &
Chief Executive Director

TAN SRI RAZALI BIN ISMAIL

Tan Sri Razali, a Malaysian aged 77, was appointed as Chairman of the Board on 2 May 2002. He retired from government service in 1998, after 10 years as Malaysia's Permanent Representative to the United Nations ("UN") and earlier postings. At the UN, Tan Sri Razali Ismail served in various capacities: Group of 77, UN Security Council, Commission on Sustainable Development and President of the General Assembly developing positions on development, sustainability, governance, UN reforms, and on the political/ security and he continues his involvement in these subjects in Malaysia and outside. He was the UN Secretary-General's Special Envoy for Myanmar 2000-2005.

Tan Sri Razali has been Chairman, Non-Independent Non-Executive Director of IRIS Corporation Berhad since 2002. He was re-designated as Chairman, Independent Non-Executive Director on 31 May 2013. He is also Chairman of Cypark Resources Berhad and Allianz Malaysia Berhad, and he is Pro Chancellor of Universiti Sains Malaysia and President of Seri Stamford College. He heads an NGO foundation Yayasan Chow Kit for displaced children; sits on the Board of the Razak School of Government, and is Chairman of the Global Movement of Moderates Foundation.

YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN

D.K, S.P.T.J., AO (AUSTRALIA)

A Malaysian aged 81, 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 localizing 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 of 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

A Malaysian aged 58, was appointed to the Board on 30 June 1996. He is the co-founder, Group Managing Director and Group 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.

On 3 December 2015, Datuk Tan was named Malaysian Ernst & Young ("EY") Entrepreneur of the Year ("EOY") 2015 and Master Entrepreneur of the Year 2015, the world's most prestigious business award for entrepreneurs. The unique award makes a difference through the way it encourages entrepreneurial activity among those with potential, and recognizes the contribution of people who inspire others with their vision, leadership and achievement.

DATO' EOW KWAN HOONG

Dato' Eow Kwan Hoong aged 63, 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 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

A Malaysian aged 62, 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.

CHAN FEOI CHUN

A Malaysian aged 63, 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 a Council Member for AREA 16, and the Chairman of the Membership Panel at CIMA, UK. He continues to be a Board Member of CIMA South East Asia. 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 Executive Director of Swiss-Garden International Vacation Club Berhad, an Independent Director and Audit Committee member of Versatile Creative Berhad and a Non-Independent Non-Executive Director and Audit Committee member of Perisai Petroleum Teknologi Berhad.

Mr. Chan currently serves as member of Audit Committee and Nomination Committee.

DATO' EOW KWAN HOONG
Executive Director

CHAN FEOI CHUN
Independent Non-Executive Director

SYED ABDULLAH BIN SYED ABD KADIR
Independent Non-Executive Director

DATO' HAMDAN BIN MOHD HASSAN
Deputy Managing Director

DATUK NIK AZMAN BIN MOHD ZAIN
Non-Independent Non-Executive Director

DATUK NOOR EHSANUDDIN BIN HJ MOHD HARUN NARRASHID
Non-Independent Non-Executive Director

DATO' HAMDAN BIN MOHD HASSAN

A Malaysian aged 57, 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.

DATUK NOOR EHSANUDDIN BIN HJ MOHD HARUN NARRASHID

A Malaysian aged 53, was appointed to the Board on 4 June 2015. He graduated with a Degree in Civil Engineering and Mechanics from Southern Illinois University, Carbondale, USA.

Datuk Noor Ehsanuddin began his career as an engineer, working for several private companies including Milford Haven Automation Sdn Bhd. He then joined Behnmas (M) Sdn Bhd as Director in 1990 until 2005. He was then appointed as a Director at Daya Reka Nusantara Development Sdn Bhd in 2006.

In 2008, he was appointed as the Director of Seranta (FELDA) in the Prime Minister's Department and he is now a Member of Parliament for the Kota Tinggi constituency.

He is currently a Director of the Federal Land Development Authority ("FELDA"), FELDA Global Ventures Holdings Berhad, MSM Malaysia Holdings Berhad, Encorp Berhad and FELDA Investment Corporation Sdn Bhd and he is also a Chairman of National Service Training Council, Ministry of Defence Malaysia.

DATUK NIK AZMAN BIN MOHD ZAIN

A Malaysian aged 66, was appointed to the Board on 4 June 2015. He graduated with a Bachelor of Science (Hons) from University Malaya and Master of Business Administration from Roth Graduate School of Business, Long Island University in New York.

Datuk Nik Azman started his career with Unilever after his undergraduate study in The Technical Department of the Company. Post-MBA, he spent two years with Exxon Mobil as a Financial Analyst in the Financial Reporting Department of the Company. From Exxon, he joined SGV (now Deloitte) in 1978 as an Assistant Consultant in the Firm's Management Consulting Division. He was a Partner of the Firm in 1982.

He became the Partner-in-Charge of Malaysia's Consulting operation in 1990. In 2007 when Deloitte Malaysia became a member of Deloitte SEA Cluster, he was chosen to head Consulting for the Cluster.

Outside Consulting and the office, he served, for a number of years, as an integral member of the panel of judges who presided over SME Corp-Deloitte's Enterprise 50 Award and moderator for Prime Minister's SME Innovation Award. Also for many years, he served and led the panel of judges for the selection of Malaysian CEO of the Year-an annual award programme of Business Times-Maybank-American Express.

Datuk Nik Azman retired from Deloitte in 2011. He currently advises and consults on a selective basis and sits on the boards of National Bank Abu Dhabi Malaysia, FELDA Investment Corporation Sdn Bhd and a number of its subsidiaries.

NOTES

1. *SAVE AS DISCLOSED ABOVE, NONE OF THE DIRECTORS HAVE ANY FAMILY RELATIONSHIP WITH ANY OTHER DIRECTORS AND/OR OTHER MAJOR SHAREHOLDERS OF THE COMPANY.*
2. *NONE OF THE DIRECTORS HAVE CONFLICT OF INTEREST WITH THE COMPANY.*
3. *NONE OF THE DIRECTORS HAS BEEN CONVICTED OF ANY OFFENCE WITHIN THE PAST TEN YEARS OTHER THAN TRAFFIC OFFENCES, IF ANY.*
4. *THE ATTENDANCE OF THE DIRECTORS AT BOARD OF DIRECTORS' MEETINGS IS DISCLOSED IN CORPORATE GOVERNANCE STATEMENT.*

key management team

DATUK TAN SAY JIM
Group Managing Director & CEO

DATO' HAMDAN BIN MOHD HASSAN
Deputy Managing Director

TURIALAI WAFA
Chief Operating Officer

DATO' CHEAH TENG LIM
CEO IRIS Sustainable Development Division

DATO' VINCENT LEONG JEE WAI
Executive Director Corporate Affairs & Managing Director IRIS Education Division

CHANG POH SHENG
Director of Finance

LAWRENCE SIAW SENG CHEE
CEO Property Development

CHIA CHIN HWA
Director of Operation

SU THAI PING
CEO IRIS Agrotech

CHOONG CHOO HOCK
COO IRIS KOTO IBS &
Director of Manufacturing

our capable team

AT IRIS, WE ARE DETERMINED TO HELP ALL OUR EMPLOYEES TO BE THE BEST THEY CAN BE, TO HELP FULFIL THEIR POTENTIAL AND THE POTENTIAL OF OUR BUSINESS. TRAINING AND DEVELOPMENT ARE CRUCIAL AT ALL LEVELS AS WE BUILD DEPTH OF CAPABILITY.

We also strive to create a healthy working environment that respects the interests of all our people. As a company that is both resilient, agile and flexible in the face of economic and geopolitical uncertainty, the Group achieved a successful turnaround from a loss in FY 2015 to a 200% profit increase in FY 2016. Thanks to the supreme efforts of our capable and talented workforce who work tirelessly with key stakeholders, IRIS is on a journey moving forward toward greater growth and success.

TRAINING & TEAMBUILDING ACTIVITIES

SAFETY AND HEATH ACTIVITIES


1.

1. BLOOD DONATION CAMPAIGN 2015
2. HEALTH TALK AND SCREENING 2015
3. FIRE DRILL ROUTINE 2015


2.


3.

EMPLOYEES ACTIVITIES


1.


2.

1. XTREME CHALLENGE
2. HARI RAYA KASEH SYAWAL
3. FIESTA RAYA
4. DURIAN PARTY
5. FUTSAL TOURNAMENT
6. IRIS IDOL BAND


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calendar of events 2015-2016 (visitors)

1 **14 April 2015**
Members of Parliament, United Republic of Tanzania

2 **22 April 2015**
H.E. Zaw Myint
Ambassador of the Republic of The Union of Myanmar

3 **27 April 2015**
University of London

4 **30 April 2015**
H.E. Madame Samkelisiwe Mhlanga
High Commissioner of the Republic of South Africa

5 **11 May 2015**
- PNG Department of Transport and Works
- The Independent State of Papua New Guinea

6 **24 June 2015**
H.E. Veali Vagi, High Commissioner of The Independent State of Papua New Guinea

31 July 2015
Hon. Mr. David Athorbei
Minister of Finance, Commerce, Investment and Economic Planning
Republic of South Sudan


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7 **21 September 2015**
Dewan Perwakilan Rakyat Daerah Provinsi Jawa Barat

8 **14 March 2016**
Delegation from Awutu Senya District Assembly of Republic of Ghana

9 **15 March 2016**
The Honourable Lindiwe Sisulu, Minister of Human Settlements, Republic of South Africa

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calendar of events 2015-2016 (events)

1 **27 April 2015**
BANGLADESH MRP & MRV PROJECT AUDIT REPORT HANDOVER CEREMONY
Dhaka, Bangladesh

2 **30 May – 7 June 2015**
ROYAL FLORIA PUTRAJAYA 2015
Putrajaya

3 **1 June 2015**
MALAYSIA'S GST TOURIST REFUND SCHEME (TRS) SIGNING CEREMONY
Royal Malaysian Customs Department, Putrajaya

4 **2 – 4 June 2015**
APSCA
Tanzania

5 **22 July 2015**
LAUNCH OF IRIS FLATPACK HOME
Grand Ballroom, Mandarin Oriental Kuala Lumpur

29 September 2015
HARI INOVASI JABATAN PERDANA MENTERI
Putrajaya International Convention Center


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6 **14 – 16 October 2015**
11TH SYMPOSIUM AND EXHIBITION ON MACHINE READABLE TRAVEL DOCUMENTS ICAO 2015
Montreal, Canada

6 – 10 November 2015
EXPO AGRO JOHOR 2015
Projek Pertanian Moden, Kluang, Air Hitam, Johor

7 **17 – 19 November 2015**
CARTES EXPO 2015
Paris-Nord Villepinte, France

20 – 22 November 2015
MALAYSIA INVESTMENT & STOCK EXCHANGE EXPO 2015
PWTC, Kuala Lumpur

8 **23 November 2015**
SIGNING OF MOU WITH TRIGYN TECHNOLOGIES LIMITED

9 **1 – 2 December 2015**
11TH APSCA GOVERNMENT FORUM
ON eID
Dhaka, Bangladesh


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corporate social responsibility

1 **6 June 2015**
Blood Donation organized by Seri Stamford College.

2 **10 August 2015**
GOVERNOR HAODA SCHOLARSHIP PROGRAM
IRIS Land PNG Ltd and Seri Stamford College awarded scholarships to students from Papua New Guinea under the Governor Haoda Scholarship Program

10 October 2015
Gegar 10,000 Langkah" State level run organised by Ministry of Health.

3 **1 November 2015**
Participated in a Volunteerism Campaign Run at Padang Merbuk, Kuala Lumpur. It was recorded in the Malaysian Book of Records as Largest Participation of College Students in a Run.

14 December 2015
Christmas Party Celebration with underprivileged children from Rumah Kasih and Rumah Emmanual

14 – 17 December 2015
E-Waste Day @ Seri Stamford College


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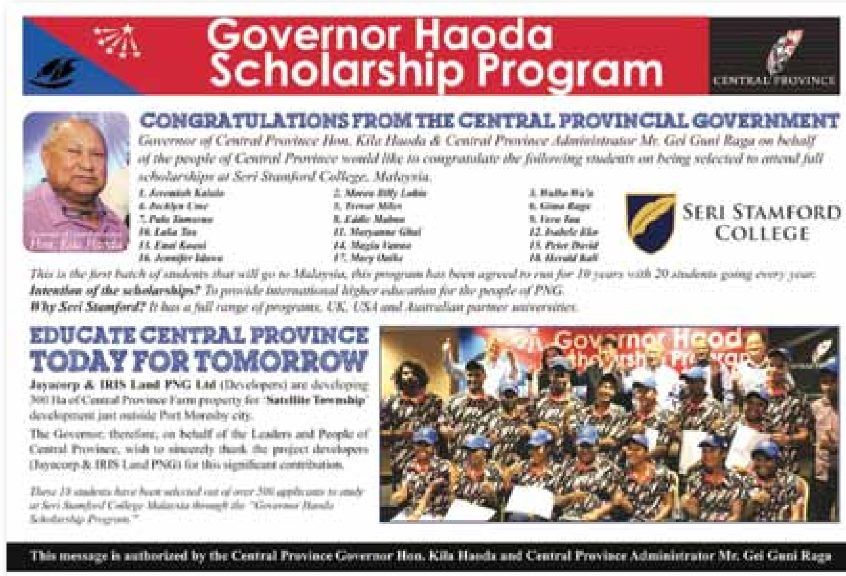
4 **9 March 2016**
Stamford College Malacca Students Presented at the World Youth Foundation (WYF) - "THINK BIG, THINK GENIUS, THINK GENDER EQUALITY"

5 **19 May 2016**
Save the Tiger with WWF

20 May 2016
Stamford College Malacca participated in the World Youth Foundation International Conference on Child Marriage, "Strength in Unity, Girls are Not Brides - A Global Youth Partnership to End Child Marriage."

6 **30 May 2016**
Launch of IRIS and Kenya Women Holding (KWH) project to elevate the lives of underprivileged Kenyan Women

7 **6 June 2016**
Completed the IRIS KOTO IBS energy-efficient and affordable Demo House with KWH



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OUR enhancing capabilities

VISIT BY HONOURABLE ELIJAH DORO MUALA, MINISTER OF COMMERCE, INDUSTRIES, LABOUR & IMMIGRATION OF THE SOLOMON ISLANDS

Our Company relies on highly agile, committed, talented and diverse teams representing many skills and broad experiences. At IRIS, we focus on unlocking, harnessing and nurturing the potential of people - those who work for us, partner with us, invest in our strategy and those who depend on the solutions and innovations we create for solving everyday problems.

040 - 063

CORPORATE GOVERNANCE & ACCOUNTABILITY

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 2016.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 ESTABLISHED CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT

The Board functions on the principle that all significant and material matters are addressed by the Board as it is accountable for the Group's activities, strategies and financial performance. The Board is responsible for determining the 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 Board is duly assisted by the management team of the Company, comprising Group Managing Director & Chief Executive Officer ("Group Managing Director"), Chief Operating Officers, Executive Directors and key management of respective divisions. The principal responsibilities of the management are as follows:

- Developing, co-ordinating and implementing business and corporate strategies for the approval of the Board;
- Overseeing the day-to-day operations of the Group; and
- Report and furnish the Board with information, report, clarifications as and when required on the agenda item to be tabled to the Board, to enable the Board to arrive at a decision.

To ensure the effective discharge of its function and responsibilities, the Board delegates some of the Board's authorities and discretion to the Executive Directors, representing the Management, as well as to properly constituted Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee 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.

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

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.1 ESTABLISHED CLEAR FUNCTIONS RESERVED FOR THE BOARD AND THOSE DELEGATED TO MANAGEMENT (continued)

TYPE OF COMMITTEE	PRINCIPAL FUNCTIONS	MEMBERS	STATUS
Audit Committee	To review and report on the Group's results, accounting and audit procedures. To review potential investments and business and internal audit functions.	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin - Chairman	Independent Non-Executive
		Syed Abdullah Bin Syed Abd Kadir	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
		Chan Feoi Chun	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

In addition, the roles and responsibilities of the Board, Management and Group Managing Director are defined in the Board Charter.

1.2 CLEAR ROLES AND RESPONSIBILITIES

1.2.1 Reviewing and adopting the Company's strategic plans

The Company is managed and led by an experienced Board with wide and varied technical, financial and commercial experience. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals, as well as providing advice and judgement for the benefit of the Company and its shareholders. The Board undertakes to play an active role in reviewing and adopting the Company's strategic plans by reviewing, discussing at length, and approving any of the management's proposal on a strategic plan for the Company when the same is presented by the management. Subsequent to this, every year in February, the Management will prepare and presented the Annual Budget for the Board's review and approve the Budget for the ensuing financial year at the Board Meeting.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.2 CLEAR ROLES AND RESPONSIBILITIES (continued)

1.2.2 Overseeing the Conduct of the Company's business

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

1.2.3 Identify principal risks and ensuring the implementation of appropriate internal control

The Board recognises the importance of managing risks and maintaining a sound system of internal controls which cover risk management, financial, organizational and operational and compliance controls throughout the Company. The Board has delegated the implementation and monitoring of the internal control system to the management and has appointed independent consultants to carry out the internal audit functions. The Audit Committee assists the Board in overseeing the function by considering the report from the internal audit function and Management's responses, before reporting and making recommendation to the Board.

1.2.4 Succession Planning

The Board has entrusted the Nomination Committee and Remuneration Committee with the responsibility to review candidate for the Board positions and determine remuneration package for these appointments.

1.2.5 Overseeing the development and implementation of a shareholder communication policy for the Company

The Board recognises the need for transparency and accountability to the Company's shareholders. The Board also strongly believes that effective and timely communication is essential in maintaining good relations with the shareholders, stakeholders and investors on the performance and major developments in the Company. As such, the Company ensures that timely releases of the quarterly financial results, circulars, press releases, corporate announcements and annual reports are made available to its shareholders and investors. The Company carried out its Investor Relations ("IR") activities, which is available on its website at www.iris.com.my.

1.2.6 Review the adequacy and integrity of the management information and internal control system of the Company

The Board is ultimately responsible for the adequacy and integrity of the management information and internal control systems. Information pertaining to the Company's internal control system and its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

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, with the aim to cultivate good ethical conduct that permeates throughout the Group through transparency, integrity, accountability and corporate social responsibility.

Directors are required to disclose any conflict of interest situations or any material personal interest that they may have in the affairs of the Group as soon as they become aware of the interest and abstain themselves from any deliberations on the matter.

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 committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider community, the requirements of shareholders and stakeholders and economic success.

The Group has no immediate plan to implement a diversity policy for its workforce in terms of gender, ethnicity and age as it is of view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity and age. However, the Group is committed to diversify and apply equal employment opportunity approach in promoting diversity in the Group. There are no barriers in employment or development in the Group because of an individual's gender, race and age.

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. Senior management staffs are also invited to attend Board meetings when necessary to provide the Board with further explanation and clarification on matters being tabled for consideration by the Board.

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.

All Directors have access to the advice and services of the Company Secretary and are updated on new statutory or regulations requirements concerning their duties and responsibilities.

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 Board had access to the advice and services of the Company Secretary who is suitably qualified under Section 139A of the Companies Act 1965 ("CA").

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

1.6 QUALIFIED AND COMPETENT COMPANY SECRETARY (continued)

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 advice and services of the Company Secretary whether as a full Board or in their individual capacity, in discharging their duties. In this respect, they play an advisory role to the Directors, particularly to the compliance with regulatory requirements, codes, guidance and legislations. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company securities.

The Company Secretary constantly keep himself/herself abreast with the development and new changes in relation to any legislation and regulations concerning the corporate administration and to highlight the same to the Board of Directors accordingly. They have attended the relevant continuous professional development programmes as required by MAICSA for practicing company secretaries.

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

1.7 BOARD CHARTER

The Board's Charter sets out the roles and responsibilities of the Board and Board Committee. It is available in the Group's website at http://www.iris.com.my.

The Board Charter is to guide the Directors in discharging their duties and responsibilities as Directors and is drafted in accordance with the fundamental requirements of provisions in the Companies Act, 1967, Listing Requirements, Capital Markets and Services Act 2007, Articles of Association of the Company and other applicable rules or regulations governing the Group's business activities.

The Board will review the Board Charter annually and/or from time to time and make any necessary amendments to ensure they remain consistent with the Board's objectives, current law and practices.

2. STRENGTHENING THE COMPOSITION OF THE BOARD

The Board has nine (9) directors, comprising of three Executive Directors, four Independent Non-Executive Directors and two Non-Independent Non-Executive Directors.

2.1 NOMINATION COMMITTEE

The Nomination Committee ("the NC") 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. The primary responsibilities of the NC are as follows:

i. To consider, in making its recommendation to the Board, candidates proposed by the Group Managing Director and, by any other senior executive or any director or shareholder for appointment as directors including the position of Managing Director or Chief Operating Officer to be filed for the Company and Group;

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

2.1 NOMINATION COMMITTEE (continued)

The Committee also keeps under review the Board structure, size and composition. The primary responsibilities of the NC are as follows: (continued)

ii. To recommend to the Board, Directors to fill the seats on Board Committees;
iii. To annually review the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board;
iv. To assess annually the effectiveness of the Board as a whole and the Board Committees;
v. To consider and recommend to the Board the Training Programme for Directors; and
vi. Any other such functions as may be delegated by the Board from time to time.

2.2 DEVELOP, MAINTAIN AND REVIEW THE CRITERIA FOR RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS

2.2.1 Annual Assessment

Meetings of the NC are held as and when required, and at least once a year. The members met once in the financial year ended 31 March 2016 and full attendance by the members was recorded.

The NC carries out the evaluation exercise annually. The Company Human Resources were to assist the NC in the assessment which comprised Board Committee Effectiveness Assessment, Directors' Self and Peer Assessment. During the financial year, the members of the NC reviewed and assessed the following:

i. Board and Board Committees performance, contributions, calibre and personality in relation to the accountabilities, responsibilities, skills, experience and other qualities they bring to the Board and Board Committees;
ii. Board and Board Committees ability to give input at meetings and to demonstrate a high level of professionalism and integrity in decision-making process;
iii. Non-Executives Directors and Executive Directors performance review based on their contributions, performance, calibre and personality ;
iv. Assessment on "independence" of independent directors;
v. Rotation and re-election of Directors; and
vi. Retention of Independent Director exceeding 9 years tenure.

2.2.2 Appointment Process

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

The Board appoints its members through a formal and transparent selection process which is consistent with 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 NC. 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.

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

2.2 DEVELOP, MAINTAIN AND REVIEW THE CRITERIA FOR RECRUITMENT AND ANNUAL ASSESSMENT OF DIRECTORS (continued)

2.2.3 Re-election and Re-appointment of Director

In accordance to the Company's Articles of Association, all newly appointed Directors shall retire from office but shall be eligible for re-election by shareholders at the forthcoming Annual General Meeting after their appointments. 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.

Directors who are of or over the age of seventy years shall retire at the conclusion of the next annual general meeting and is subject to re-appointment by shareholders on an annual basis in accordance with Section 129(6) of the Companies Act, 1965.

2.2.4 Gender Diversity Policy

The Board acknowledges the importance of boardroom diversity and the recommendation of the Code pertaining to the establishment of a gender policy. As for the financial year 2016, the Board has no immediate plan to implement a gender diversity policy. In its selection for Board appointment, the Board believes in, and provides equal opportunity to candidates who have the skills, experience, core competencies and other qualities regardless of gender. However, the Board will, nevertheless, give consideration to the gender diversity objectives.

2.3 REMUNERATION COMMITTEE AND POLICY

The Remuneration Committee ("the RC") 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 RC 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 ensure that rewards are linked to their performance and contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Committee also ensures that the level of remuneration for Executive Director are linked to their level of responsibilities and contribution to the effective functioning of the Company. The RC will review the Directors' remuneration annually with the assistance from the Company Human Resources before recommend to the Board for approval.

During the financial year, the RC met once with full attendance.

Remuneration package

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

2. STRENGTHENING THE COMPOSITION OF THE BOARD (continued)

2.3 REMUNERATION COMMITTEE AND POLICY (continued)

Remuneration package (continued)

The aggregate remuneration of Directors' for the financial year ended 31 March 2016 is set out as follows:

Aggregate Remuneration

	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM
Basic salaries, bonus and allowance	1,174,500	-
Defined contribution plan	140,340	-
Benefits-in-kind	55,700	-
Fees	60,000	639,600
Total	**1,430,540**	**639,600**

Analysis of Remuneration

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS
RM1 – RM50,000	-	2
RM50,001 – RM100,000	-	3
RM100,001 – RM200,000	-	-
RM200,001 – RM300,000	1	-
RM300,001 – RM400,000	-	1
RM400,001 – RM500,000	1	-
RM700,001 – RM800,000	1	-

3. 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.

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

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. REINFORCE INDEPENDENCE (continued)

3.2 TENURE OF INDEPENDENT DIRECTORS (continued)

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

3.3 SHAREHOLDERS' APPROVAL FOR RE-APPOINTMENT AS INDEPENDENT NON-EXECUTIVE DIRECTOR AFTER A TENURE OF NINE YEARS

Pursuant to the Code, the Board unanimous in its opinion that YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin and Syed Abdullah Bin Syed Abd Kadir, who have served on the Board as an Independent Director, exceeding a cumulative term of nine years, continues to fulfill the criteria and definition of an Independent Director as set out under Rule 1.01 of ACE Market Listing Requirements.

Thus, the Board with the assessment of the NC, is recommending to shareholders for approval to retain YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin and Syed Abdullah Bin Syed Abd Kadir as Independent Directors of the Company at forthcoming Annual General Meeting.

3.4 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.

3.5 COMPOSITION OF THE BOARD

The Board currently has nine (9) directors, comprising of three Executive Directors, four Independent Non-Executive Directors and two Non-Independent Non-Executive Directors. The role of Chairman is held by and Independent Non-Executive Director. The number of Independent Directors is in compliance with Chapter 15.02 of the Listing Requirements of Bursa Securities for ACE Market which requires one third of the Board to comprise independent directors.

4. 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 2016, the Board met four (4) times, where it deliberated and considered a variety of matters affecting the Group's operations including the Group's financial results, business and investment plans, Group's budget 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 2016 are as follows:

NAME OF DIRECTORS	TOTAL MEETINGS ATTENDED BY DIRECTOR
Tan Sri Razali Bin Ismail	4/4
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	4/4
Datuk Tan Say Jim	4/4
Syed Abdullah Bin Syed Abd Kadir	4/4
Dato' Hamdan Bin Mohd Hassan	3/4
Dato' Eow Kwan Hoong	4/4
Chan Feoi Chun	4/4
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid (Appointed on 04.06.2015)	2/3
Datuk Nik Azman Bin Mohd Zain (Appointed on 04.06.2015)	3/3

To ensure that Directors have sufficient time to fulfill their roles and responsibilities effectively, the Directors must not hold directorships of more than five (5) public listed companies as prescribed in Chapter 15.06 of the ACE Market Listing Requirements. All Board members are required to notify the Chairman and/or the Company Secretaries prior to the acceptance of any new directorship in other companies. As at the date of this Statement, there was no written notification received from any of the Directors.

To facilitate the Directors' time planning, an annual meeting schedule is prepared and circulated in advance, which includes all the proposed meeting dates for Board and Board Committee Meetings, as well as the Annual General Meeting.

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 on a continuous basis on the general regulatory, economic, industry and technical developments to further enhance their skills, knowledge and experience as well as update themselves on new developments in the business environment in order to fulfill their duties as Directors.

4. FOSTER COMMITMENTS (continued)

4.2 DIRECTORS' TRAINING (continued)

The training and seminar courses attended by the Directors during the financial year ended 31 March 2016 were as follows:

NO.	NAME OF DIRECTOR	COURSE ATTENDED/PARTICIPATED	DATE
1.	Tan Sri Razali Bin Ismail	• Nominating Committee Program Part 2 – Effective Board Evaluations	5 October 2015
		• Board Chairman Series: Tone from the Chair and Establishing Boundaries	22 October 2015
		• In-house Directors' Training on Internal Financial Reporting (ALLIANZ)	4 March 2016
		• FIDE Forum: 1st Distinguished Board Leadership Series-Cyber Risk oversight (ALLIANZ)	16 March 2016
		• Briefing Session: Bank Negara Malaysia ("BNM") Annual Report 2015/Financial Stability & Payment Systems Report (ALLIANZ)	23 March 2016
2.	YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin	• The Interplay between CG, NFI and Investment Decision – What Boards of Listed Companies Need To Know	18 August 2015
		• APREA AsiaPac Property Leaders Summit 2015	24-26 November 2015
		• Improving Board Risk Oversight Effectiveness	26 February 2016
3.	Datuk Tan Say Jim	• Kursus Integriti & Kod Etika Kontraktor	23 April 2015
		• 2015 National Conference on Governance, Risk and Control – Gearing for Innovation	7-8 September 2015
4.	Syed Abdullah Bin Syed Abd Kadir	• Focus Group Session for Board of Directors on Strengthening Corporate Governance Disclosure Amongst the Listed Issuers	6 May 2015
		• Enterprise Risk Management: Driving Organisational Sustainability, Agility and Resilience	10 June 2015
5.	Dato' Hamdan Bin Mohd Hassan	• The Annual General Meeting – A Practical Insight and Managing Shareholders' Expectations	16 March 2016
6.	Dato' Eow Kwan Hoong	• General Pillars of ASEAN Economic Community; and Protection of Intellectual Property in view of the AEC Single Market	17 June 2015
		• CG Breakfast Series with Directors – "Bringing the Best Out in the Boardrooms"	31 July 2015
		• Finance for Non-Finance – Finance Language in the Boardroom	20 January 2016

4. FOSTER COMMITMENTS (continued)

4.2 DIRECTORS' TRAINING (continued)

The training and seminar courses attended by the Directors during the financial year ended 31 March 2016 were as follows: (continued)

NO.	NAME OF DIRECTOR	COURSE ATTENDED/PARTICIPATED	DATE
7.	Chan Feoi Chun	• Post Workshop Discussion – An Integrated Assurance on Risk Management and Internal Control – Is our Line of Defense Adequate and Effective	9 June 2015
		• Reviewing Financial Proposals and Financial Obligations	12 August 2015
		• Corporate Governance (CG) Directors Workshop: The Interplay Between CG, Non-Financial Information and Investment Decision	19 August 2015
		• Corporate Governance Breakfast Series with Directors – Board Reward & Recognition	26 November 2015
8.	Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid	• National Seminar on Trans Pacific Partnership Agreement	1 December 2015
9.	Datuk Nik Azman Bin Mohd Zain	• Mandatory Accreditation Programme	9-10 September 2015

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 COMPLIANCE WITH APPLICABLE FINANCIAL REPORTING STANDARDS

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

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

5.2 ASSESSMENT OF EXTERNAL AUDITORS

Through the Audit Committee, the Board maintains a transparent and professional relationship with the Group's External Auditors in seeking professional advice and ensuring compliance with the applicable Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

5.2 ASSESSMENT OF EXTERNAL AUDITORS (continued)

The Audit Committee reviews the independence and objectivity of the external auditors and the services provided. These comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services. The Audit Committee had adopted an assessment checklist to assist them in the process for the evaluation of the external auditors' performance, quality of communications, resources, competency, suitability and independence. The external auditors had provided a confirmation of their independence to the Audit Committee that they are and have been independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Upon completion of the assessment, the Audit Committee is satisfied that the external auditors is competent and with audit independence and recommended to the Board the re-appointment of the external auditors. The Board has in turn, recommended the same for shareholders' approval at this Annual General Meeting for the auditors' re-appointment.

6. 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' in this Annual Report.

6.2 INTERNAL AUDIT FUNCTION

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

The Group has outsourced the internal audit function to an independent professional firm, who performs regular reviews with impartiality and due professional care, in accordance with the International Professional Practices Framework of the Institute of Internal Auditors to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. 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.

Details of the Company's internal control system and framework are set out in 'Statement on Risk Management and Internal Control' and the 'Audit Committee Report' of this Annual Report respectively.

7. 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. In that respect, the Company is guided by the Corporate Disclosure Guide and Best Practice issued by Bursa Securities and the Board adheres strictly to the Bursa Securities' disclosure framework to provide investors and the public with accurate and complete information on a timely basis.

The Board ensures that confidential information is handled properly by authorized personnel to avoid leakage and improper use of such information. The Board is also mindful that information which is expected to be material must be announced immediately.

The Board recognizes the importance of transparency and accountability to its shareholders and the need to clear, effective communications with the Company's institutional investors, shareholders and other stakeholders. Communication is facilitated by a number of formal channels used to inform shareholders about the performance, business activities, financial performance, material information and corporate events of the Group. These include the Annual Report and Accounts, announcements, quarterly financial reports and circulars made through Bursa Securities, 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 reports and annual report
- Announcements on major developments made to Bursa Securities
- Company's general meetings
- Company's web site at http://www.iris.com.my

8. 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. At the AGM, the Board briefs the shareholders on the status of the Group's business and operations. Shareholders have the opportunity to ask questions on resolutions being proposed, the audited financial statement of the year and the operation of the Company and the Group as well as to communicate their expectations and concern to the Company. Extraordinary General Meeting is held as and when shareholders' approvals are required on specific matters.

The Board encourages shareholders' participation and engagement at the general meeting as it provides an opportunity for the Board to assess the market expectations. The Board will ensure sufficient and relevant information are given for each agenda items in the notice of meeting and/or Annual Report or circular accompanying the notice of meeting.

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

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

8. STRENGTHENING THE RELATIONSHIP BETWEEN THE GROUP AND SHAREHOLDERS (continued)

8.2 ENCOURAGE POLL VOTING

Recommendation 8.2 of the Code recommends that the Board should encourage poll voting for substantive resolutions at the general meetings. The Chairman would ensure that shareholders were informed of their rights to demand a poll vote at the commencement of the AGM.

The voting process at general meetings shall be by way of show of hands unless a poll is demanded.

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

audit committee report

OBJECTIVES

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

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

COMPOSITION OF AUDIT COMMITTEE

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

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

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

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

COMPOSITION OF AUDIT COMMITTEE (continued)

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 (2) meetings with the external auditors without the presence of executive director.
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 Meeting 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;
    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 three (3) 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
Chan Feoi Chun	Member Independent Non-Executive Director

The details of attendance as at 31 March 2016 as set out below:

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

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

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

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

INTERNAL AUDIT FUNCTION

The Group had on 24 November 2015 appointed Messrs Deloitte Enterprise Risk Services Sdn Bhd, an independent professional firm, as the new Internal Auditors of the Group, to replace the previous Internal Auditors, Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd, who has resigned due to good corporate governance compliance as Messrs Baker Tilly Monteiro Heng had appointed as the new external auditors of the Group since September 2015.

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 2016.

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.

INTERNAL AUDIT FRAMEWORK (continued)

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.

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 had on 24 November 2015 appointed Messrs Deloitte Enterprise Risk Services Sdn Bhd, an independent professional firm, as the new Internal Auditors of the Group, to replace the previous Internal Auditors, Messrs Baker Tilly Monteiro Heng Governance Sdn Bhd, who has resigned due to good corporate governance compliance as Messrs Baker Tilly Monteiro Heng had appointed as the new external auditors of the Group since September 2015.

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 2016 was approximately RM92,200.

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 28 July 2016.

statement on directors' responsibilities

THE DIRECTORS ARE RESPONSIBLE FOR ENSURING THAT THE FINANCIAL STATEMENTS GIVE A TRUE AND FAIR VIEW OF THE FINANCIAL POSITION 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 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 2015 to 31 March 2016. The Group has fulfilled the requirements of using appropriate accounting policies and applying them consistently and made judgments and estimates that are reasonable and prudent. The financial statements is prepared on a going concern basis as the Directors have a reasonable expectation that the Group and Company have adequate resources to continue in operational existence in the foreseeable future.

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

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

additional compliance information

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

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no proceeds raised by the Company from corporate proposals 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 2016 were as follows:

DESCRIPTION	PROPOSED UTILIZATION (RM'000)	ACTUAL UTILIZATION (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) The Company had on 9 November 2015 announced the Private Placement exercise which entails the issuance of new ordinary shares of RM0.15 in the Company up to ten percent (10%) of the issued and paid-up share capital of the Company ("Private Placement II").

50,000,000 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 9 May 2016 and the funds has been utilised for working capital purposes.

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 2015 to 31 March 2016, certain Warrants have been exercised as below:

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

For the financial year ended from 1 April 2015 to 31 March 2016, a total of 406,210 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 1 April 2015 to 31 March 2016, a total of 36,384,750 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 2015 to 31 March 2016 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 2015 to 31 March 2016.

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 2015 to 31 March 2016.

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 2015 to 31 March 2016 under review.

7. VARIATION IN RESULTS

There is no materials variance between the audited results for the financial period from 1 April 2015 to 31 March 2016 and the unaudited results previously announced.

8. PROFIT GUARANTEE

During the financial year ended from 1 April 2015 to 31 March 2016, 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 2015 to 31 March 2016, no contract of a material nature was entered into or subsisted between the Company and its Directors or major shareholders.

10. REVALUATION POLICY ON LANDED PROPERTIES

No valuation is carried out by the Company and its subsidiaries on landed properties during the financial year ended from 1 April 2015 to 31 March 2016. The latest valuation on the property of the Company was carried out by an independent firm of professional valuer on 8 January 2014. Revaluation will be carried out when deemed appropriate by the directors or at least once in every 5 years.

11. LIST OF PROPERTIES

For the financial year ended from 1 April 2015 to 31 March 2016, 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)	21	17 July 1995	91,354

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

The details of the recurrent related party transactions are disclosed on pages 159 to 161.

shaping OUR future

IRIS' HIGH-PERFORMING TEAM

At IRIS, we are working together with our customers and engaging the communities in which we operate to achieve strategic differentiation from competitors and to attain sustainable cost advantage. Our commercial successes and achievements will drive superior top-line results and operational efficiencies that, in turn, will enable us to reinvest for the future.

directors' report

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of technology consulting and the implementation of trusted identification, payment and transportation and sustainable development.

The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	GROUP RM'000	COMPANY RM'000
(Loss)/Profit for the financial year, net of tax	(3,087)	22,681
Attributable to:		
Owners of the Company	6,052	22,681
Non-controlling interests	(9,139)	–
	(3,087)	22,681

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 March 2016.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

CURRENT ASSETS (continued)

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors, other than those disclosed in the financial statements,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

(i) issued 406,210 new ordinary shares of RM0.15 each for cash arising from the exercise of 406,210 units of Warrant A at an exercise price of RM0.15 each; and

(ii) issued 36,384,750 new ordinary shares of RM0.15 each for cash arising from the exercise of 36,384,750 units of Warrant B at an exercise price of RM0.15 each.

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

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 ("Warrant 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.

As at the end of the financial year, 44,911,263 Warrants A remained unexercised.

Warrant 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 RM0.15 per Warrants B. The Warrants B were listed on the ACE Market of Bursa Malaysia Securities Berhad.

As at the end of the financial year, 175,453,987 Warrants B remained unexercised.

DIRECTORS

The directors in office since the date of the last report are:

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
Syed Abdullah Bin Syed Abd Kadir
Chan Feoi Chun
Datuk Nik Azman Bin Mohd Zain
Datuk Noor Ehsanuddin Bin Hj Mohd Harun Narrashid

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of directors in office at the end of the financial year in shares of the Company and its related corporation during the financial year were as follows:

COMPANY	NUMBER OF ORDINARY SHARES OF RM0.15/- EACH AT 1.4.2015	ACQUIRED	SOLD	AT 31.3.2016
Direct interests:				
Tan Sri Razali Bin Ismail	34,551,733	–	–	34,551,733
Datuk Tan Say Jim	111,733,233	–	–	111,733,233
Dato' Eow Kwan Hoong	1,593,333	–	–	1,593,333
Syed Abdullah Bin Syed Abd Kadir	466,666	–	–	466,666
Indirect interests:				
Datuk Tan Say Jim*	32,625,458	–	–	32,625,458
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin^	5,535,333	–	–	5,535,333
Subsidiary				
IRIS Land Sdn Bhd				
Dato' Hamdan Bin Mohd Hassan	40,000	–	–	40,000

* *Deemed interest pursuant to Section 6A of the Companies Act, 1965.*
^ *Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's spouse.*

COMPANY	NUMBER OF WARRANTS A AT 1.4.2015	ALLOTMENT	SOLD	AT 31.3.2016
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:				
YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin^	280,000	–	–	280,000

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

COMPANY	NUMBER OF WARRANTS B AT 1.4.2015	ALLOTMENT	SOLD	AT 31.3.2016
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

By virtue of his interests in the ordinary shares of the Company and pursuant to Section 6A of the Companies Act, 1965 in Malaysia, Datuk Tan Say Jim is deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 24 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which the director has a substantial financial interest, other than certain directors who have substantial financial interests in companies which traded with certain companies of the Group in the ordinary course of business as discussed in Note 31 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the warrants.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events subsequent to the end of the financial year are disclosed in Note 35 to the financial statements.

AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATUK TAN SAY JIM
Director

DATO' EOW KWAN HOONG
Director

Kuala Lumpur
Date: 28 July 2016

statements of financial position

as at 31 march 2016

	NOTE	GROUP 2016 RM'000	GROUP 2015 RM'000 RESTATED	GROUP 1 APRIL 2014 RM'000 RESTATED	COMPANY 2016 RM'000	COMPANY 2015 RM'000 RESTATED	COMPANY 1 APRIL 2014 RM'000 RESTATED
ASSETS							
Non-current assets							
Property, plant and equipment	5	180,649	179,407	229,902	109,804	110,960	117,950
Intangible assets	6	184,531	382,769	327,635	12,279	21,217	19,238
Operating financial asset	7	9,328	9,469	9,710	9,328	9,469	9,710
Investments in subsidiaries	8	–	–	–	213,864	231,003	209,285
Investments in associates	9	15,090	21,387	7,598	6,314	6,638	5,650
Available-for-sales financial assets	10	14,961	14,825	7,906	406	406	406
Deferred tax assets	11	151	157	129	–	–	–
Total non-current assets		404,710	608,014	582,880	351,995	379,693	362,239
Current assets							
Inventories	12	68,594	96,467	103,239	54,678	77,812	78,856
Operating financial asset	7	2,750	2,750	2,750	2,750	2,750	2,750
Trade and other receivables	13	395,418	371,633	430,236	556,561	680,415	565,675
Amount owing by contract customers	14	142,359	132,972	81,249	139,332	113,118	66,768
Other investments	15	–	23,031	13,282	–	23,031	13,282
Current tax assets		719	4,648	26	456	4,257	–
Cash and short-term deposits	16	62,029	80,517	92,170	36,416	60,315	74,274
Total current assets		671,869	712,018	722,952	790,193	961,698	801,605
TOTAL ASSETS		1,076,579	1,320,032	1,305,832	1,142,188	1,341,391	1,163,844

		GROUP			COMPANY		
	NOTE	2016 RM'000	2015 RM'000	1 APRIL 2014 RM'000	2016 RM'000	2015 RM'000	1 APRIL 2014 RM'000
			RESTATED	RESTATED		RESTATED	RESTATED
EQUITY AND LIABILITIES							
Equity attributable to owners of the Company							
Share capital	17	311,561	306,042	306,025	311,561	306,042	306,025
Share premium	18	105,068	103,249	103,860	105,068	103,249	103,860
Other reserves	19	40,498	50,011	17,289	21,653	22,952	22,958
Retained earnings		92,902	85,795	122,224	60,213	37,532	43,804
		550,029	545,097	549,398	498,495	469,775	476,647
Non-controlling interests		(12,185)	19,760	56,978	–	–	–
TOTAL EQUITY		537,844	564,857	606,376	498,495	469,775	476,647
Non-current liabilities							
Loans and borrowings	20	139,893	166,989	76,042	115,188	163,836	39,261
Deferred tax liabilities	11	14,940	13,990	16,791	14,940	13,990	13,807
Other payables	21	-	63	29	-	-	-
Total non-current liabilities		154,833	181,042	92,862	130,128	177,826	53,068
Current liabilities							
Loans and borrowings	20	134,895	317,514	307,280	132,398	285,973	210,452
Current tax liabilities		264	1,513	9,127	-	-	7,029
Trade and other payables	21	248,743	255,106	290,187	381,167	407,817	416,648
Total current liabilities		383,902	574,133	606,594	513,565	693,790	634,129
TOTAL LIABILITIES		538,735	755,175	699,456	643,693	871,616	687,197
TOTAL EQUITY AND LIABILITIES		1,076,579	1,320,032	1,305,832	1,142,188	1,341,391	1,163,844

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

statements of comprehensive income

for the financial year ended 31 March 2016

	NOTE	GROUP 2016 RM'000	GROUP 2015 RM'000 RESTATED	COMPANY 2016 RM'000	COMPANY 2015 RM'000 RESTATED
Continuing operations					
Revenue	22	476,311	519,795	416,458	436,813
Cost of sales		(384,339)	(428,355)	(326,024)	(346,187)
Gross profit		91,972	91,440	90,434	90,626
Other income		21,237	39,252	52,477	30,949
Administrative expenses		(76,905)	(77,719)	(48,665)	(46,040)
Other expenses		(22,711)	(41,861)	(25,421)	(56,726)
Operating profit		13,593	11,112	68,825	18,809
Finance costs	23	(25,810)	(22,957)	(26,617)	(20,202)
Share of results of associates, net of tax		25	(4,471)	–	–
(Loss)/Profit before tax	24	(12,192)	(16,316)	42,208	(1,393)
Income tax expense	25	(20,898)	(6,397)	(19,527)	(4,879)
(Loss)/Profit from continuing operations		(33,090)	(22,713)	22,681	(6,272)
Discontinued operation					
Profit/(Loss) from discontinued operations, net of tax	26	30,003	(2,007)	–	–
(Loss)/Profit for the year		(3,087)	(24,720)	22,681	(6,272)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss		(5,848)	(4,081)	–	–
Share of equity reserve of associates		6,348	10,893	–	–
Reclassification of foreign currency translation reserve to profit or loss on disposal of subsidiary		(6,627)	–	–	–
Other comprehensive (loss)/income for the financial year		(6,127)	6,812	–	–
Total comprehensive (loss)/income for the financial year		(9,214)	(17,908)	22,681	(6,272)

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000 RESTATED	2016 RM'000	2015 RM'000 RESTATED
(Loss)/Profit attributable to:					
Owners of the Company		6,052	(21,914)	22,681	(6,272)
Non-controlling interests		(9,139)	(2,806)	–	–
		(3,087)	(24,720)	22,681	(6,272)
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(1,107)	(21,360)	22,681	(6,272)
Non-controlling interests		(8,107)	3,452	–	–
		(9,214)	(17,908)	22,681	(6,272)
Earnings/(Loss) per share attributable to owners of the Company (sen per share)					
Basic	27(a)				
- Continuing operations		(1.17)	(0.98)		
- Discontinued operation		1.47	(0.10)		
		0.30	(1.07)		
Diluted	27(b)				
- Continuing operations		(1.17)	(0.98)		
- Discontinued operation		1.47	(0.09)		
		0.30	(1.07)		

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

statements of changes in equity

for the financial year ended 31 March 2016

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY									
	NON-DISTRIBUTABLE						DISTRIBUTABLE			
GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	FAIR VALUE RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2015	306,042	103,249	10,592	4,781	(4,081)	38,719	85,795	545,097	19,760	564,857
Total comprehensive income for the year										
Profit/(Loss) for the financial year	–	–	–	–	–	–	6,052	6,052	(9,139)	(3,087)
Other comprehensive income/(loss) for the financial year										
- foreign currency translation	–	–	–	(1,311)	–	–	–	(1,311)	1,032	(279)
- share of equity reserves of associates	–	–	–	–	(5,848)	–	–	(5,848)	–	(5,848)
Total comprehensive income/(loss)	–	–	–	(1,311)	(5,848)	–	6,052	(1,107)	(8,107)	(9,214)
Transactions with owners										
Warrants exercised	5,519	1,819	(1,819)	–	–	–	–	5,519	–	5,519
Effect of changes in tax rate	–	–	–	–	–	520	–	520	–	520
Disposal of subsidiary	–	–	–	–	–	–	–	–	(23,838)	(23,838)
Total transactions with owners	5,519	1,819	(1,819)	–	–	520	–	6,039	(23,838)	(17,799)
Realisation of revaluation reserve	–	–	–	–	–	(1,055)	1,055	–	–	–
At 31 March 2016	311,561	105,068	8,773	3,470	(9,929)	38,184	92,902	550,029	(12,185)	537,844

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016
(CONTINUED)

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY										
	NON-DISTRIBUTABLE							DISTRIBUTABLE			
GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	WARRANTS RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	FAIR VALUE RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2014											
- As previously reported	306,025	103,860	(32,238)	10,598	146	–	38,783	122,967	550,141	56,978	607,119
- Retro-spective adjustments	–	–	–	–	–	–	–	(743)	(743)	–	(743)
Restated balance at 1 April 2014	306,025	103,860	(32,238)	10,598	146	–	38,783	122,224	549,398	56,978	606,376
Total comprehensive income for the year											
Loss for the financial year	–	–	–	–	–	–	–	(21,914)	(21,914)	(2,806)	(24,720)
Other comprehensive income/(loss) for the financial year											
- foreign currency translation	–	–	–	–	4,635	–	–	–	4,635	6,258	10,893
- share of equity reserves of associate	–	–	–	–	–	(4,081)	–	–	(4,081)	–	(4,081)
Total comprehensive income/(loss)	–	–	–	–	4,635	(4,081)	–	(21,914)	(21,360)	3,452	(17,908)

	ATTRIBUTABLE TO THE OWNERS OF THE COMPANY										
	NON-DISTRIBUTABLE							DISTRIBUTABLE			
GROUP	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	TREASURY SHARES RM'000	WARRANTS RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	FAIR VALUE RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	SUB-TOTAL RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000
At 1 April 2014 (continued)											
Transactions with owners											
Share issuance expenses	–	(617)	–	–	–	–	–	–	(617)	–	(617)
Warrants exercised	17	6	–	(6)	–	–	–	–	17	49	66
De-consolidation of subsidiaries	–	–	32,238	–	–	–	234	–	32,472	(18,378)	14,094
Change in ownership interest in subsidiaries	–	–	–	–	–	–	–	(14,813)	(14,813)	(23,390)	(38,203)
Acquisition of shares in subsidiaries	–	–	–	–	–	–	–	–	–	2,403	2,403
Disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(1,354)	(1,354)
Total transactions with owners	17	(611)	32,238	(6)	–	–	234	(14,813)	17,059	(40,670)	(23,611)
Realisation of revaluation reserve	–	–	–	–	–	–	(298)	298	–	–	–
At 31 March 2015	306,042	103,249	–	10,592	4,781	(4,081)	38,719	85,795	545,097	19,760	564,857

COMPANY	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE				DISTRIBUTABLE	
At 1 April 2015	306,042	103,249	10,592	12,360	37,532	469,775
Total comprehensive income for the financial year						
Profit for the financial year	–	–	–	–	22,681	22,681
Total comprehensive income	–	–	–	–	22,681	22,681
Transactions with owners						
Effect of changes in tax rate	–	–	–	520	–	520
Warrants exercised	5,519	1,819	(1,819)	–	–	5,519
Total transactions with owners	5,519	1,819	(1,819)	520	–	6,039
At 31 March 2016	311,561	105,068	8,773	12,880	60,213	498,495

COMPANY	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	WARRANTS RESERVE RM'000	REVALUATION RESERVE RM'000	RETAINED EARNINGS RM'000	TOTAL EQUITY RM'000
	NON-DISTRIBUTABLE				DISTRIBUTABLE	
At 1 April 2014						
- As previously reported	306,025	103,860	10,598	12,360	44,547	477,390
- Retrospective adjustments	–	–	–	–	(743)	(743)
Restated balance at 1 April 2014	306,025	103,860	10,598	12,360	43,804	476,647
Total comprehensive income for the financial year						
Loss for the financial year	–	–	–	–	(6,272)	(6,272)
Total comprehensive loss	–	–	–	–	(6,272)	(6,272)
Transactions with owners						
Share issueance expenses	–	(617)	–	–	–	(617)
Warrants exercised	17	6	(6)	–	–	17
Total transactions with owners	17	(611)	(6)	–	–	(600)
At 31 March 2015	306,042	103,249	10,592	12,360	37,532	469,775

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

statements of cash flows
for the financial year ended 31 March 2016

	NOTE	GROUP 2016 RM'000	GROUP 2015 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax					
- continuing operation		(12,192)	(16,316)	42,208	(1,393)
- discontinued operation	26	30,010	(1,959)	–	–
		17,818	(18,275)	42,208	(1,393)
Adjustments for:					
(Write back)/Allowance for impairment loss on amount due from related parties		(14)	14	(14)	14
Allowance/(Writeback) for impairment loss on receivables		1,775	28,253	(4,981)	9,462
(Writeback)/Allowance for impairment loss on amount due from subsidiaries		–	–	(434)	21,390
Amortisation of concession assets		7,573	8,823	-	–
Amortisation of intellectual properties		2,863	2,887	2,604	2,604
Bad debt written off		1,394	–	1,394	5,035
Depreciation of property, plant and equipment		17,103	18,007	7,039	9,382
Finance costs		28,117	26,070	26,617	20,202
Allowance for impairment of goodwill		–	5,714	–	–
Allowance/(Writeback) of impairment on investment in associates		1,000	(1,000)	324	(1,000)
Allowance of impairment loss on investment in subsidiaries		–	–	17,427	14,569
Allowance for slow moving inventories		4,384	3,990	4,104	3,990
Share of (profit)/loss in associates		(25)	4,471	–	–
Prepayment written off		–	1,832	–	1,832
Property, plant and equipment written off		1,527	117	–	–
(Gain)/Loss on disposal of property, plant and equipment		(349)	8,791	(456)	(1)
Gain on disposal of subsidiaries		(29,931)	(2,907)	(36,308)	–
Effect of accretion of interest on operating financial assets		(2,460)	(2,509)	(2,460)	(2,509)
Interest income		(541)	(2,851)	(2,761)	(2,821)
Dividend income		–	–	(150)	(120)
Unrealised loss/(gain) on foreign exchange		20,434	(14,237)	5,489	(18,568)
Investment in associates written off		–	12	–	12
Loss on disposal of development costs		543	–	543	–
Operating profit before changes in working capital		71,211	67,202	60,185	62,080

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating profit before changes in working capital, brought forward		71,211	67,202	60,185	62,080
Changes in working capital:					
Inventories		21,802	(245)	22,675	(2,945)
Trade and other receivables		(68,508)	17,210	87,646	(83,427)
Operating financial assets		2,750	2,750	2,750	2,750
Property development expenditure		2,959	(6,434)	–	–
Amount due by contract customers		(7,706)	(51,722)	(24,533)	(46,350)
Trade and other payables		(26,117)	(43,588)	(17,930)	(44,571)
Net cash flows (used in)/generated from operations		(3,609)	(14,827)	130,793	(112,463)
Interest paid		(28,117)	(26,070)	(26,617)	(20,202)
Interest received		541	2,851	2,761	2,821
Income tax paid		(16,756)	(17,960)	(14,257)	(15,982)
Net cash (used in)/from operating activities		(47,941)	(56,006)	92,680	(145,826)
Cash flows from investment activities					
Acquisition of concession assets		(5,675)	(5,094)	-	-
Acquisition of development expenditure		(1,828)	(2,411)	(1,828)	(2,411)
Acquisition of intellectual properties		(1,803)	(2,400)	-	-
Acquisition of subsidiaries, net of cash acquired		-	(18,823)	-	(36,578)
Deposit paid for available-for-sales financial assets		(136)	(816)	-	-
Increase in investments in subsidiaries		-	(38,204)	(43,163)	(2,708)
Divestment of a subsidiary, net of cash acquired		-	18,459	-	-
Dividend received from an associate		150	120	150	120
Purchase of property, plant and equipment	(a)	(19,004)	(15,731)	(4,592)	(1,628)
Proceeds from disposal of plant and equipment		1,175	5,558	801	3
Proceeds from disposal of development costs		2,292	-	2,292	-
Proceeds from repayment of debts		117,835	-	-	-
Proceeds from disposal of subsidiaries, net of cash		97,284	4,378	79,184	3,000
Proceeds from shares subscribed by non-controlling interests		-	49	-	-
Net withdrawal of other investments		23,031	(9,749)	23,031	(9,749)
Net cash generated from/(used in) investing activities		213,321	(64,664)	55,875	(49,951)

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities					
Drawdown of term loans		90,402	485,948	66,870	300,885
Net (repayment to)/proceed from bankers' acceptances		(61,845)	23,423	(61,845)	23,423
Net repayment to trade loans		(36,261)	(20,561)	(36,298)	(19,649)
Proceeds from issuance of new shares		5,519	18	5,519	18
Net repayment of hire purchase and lease obligations		(3,132)	(4,782)	(1,289)	(1,226)
Repayment of term loans		(182,403)	(352,921)	(152,900)	(101,511)
Withdrawal/(Placement) of pledged fixed deposits		(10,202)	(4,010)	(10,202)	(6,261)
Net cash flows (used in)/ generated from financing activities		(197,922)	127,115	(190,145)	195,679
Net (decrease)/increase in cash and cash equivalents		(32,542)	6,445	(41,590)	(98)
Cash and cash equivalents at beginning of the financial year		66,008	57,877	45,806	45,904
Effect of exchange rate changes on cash and cash equivalents		3,852	1,686	7,489	–
Cash and cash equivalents at end of the financial year	16	37,318	66,008	11,705	45,806

(a) Purchase of property, plant and equipment:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Purchase of property, plant and equipment	20,926	18,318	6,228	2,393
Financed by way of hire purchase and finance lease arrangements	(1,922)	(2,587)	(1,636)	(765)
Cash payment on purchase of property, plant and equipment	19,004	15,731	4,592	1,628

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

notes to the financial statements

1. CORPORATE INFORMATION

IRIS Corporation Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No 8 Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at IRIS Smart Technology Complex, Technology Park Malaysia, Bukit Jalil, 57000 Kuala Lumpur.

The principal activities of the Company are that of technology consulting and the implementation of trusted identification, payment and transportation and sustainable development.

The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 July 2016.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

<u>Amendments/Improvements to MFRSs</u>

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		EFFECTIVE FINANCIAL PERIODS BEGINNING ON OR AFTER
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statements of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate Financial Statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

2. BASIS OF PREPARATION (continued)

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

MFRS 9 Financial Instruments (continued)

Key requirements of MFRS 9: (continued)

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

2. BASIS OF PREPARATION (continued)

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

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Amendments to MFRS 5 introduce specific guidance on when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa), or when held-for-distribution is discontinued.

Amendments to MFRS 7 Financial Instruments: Disclosures

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

Amendments to MFRS 11 Joint Arrangements

Amendments to MFRS 11 clarify that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business, as defined in MFRS 3, it shall apply the relevant principles on business combinations accounting in MFRS 3, and other MFRSs, that do not conflict with MFRS 11. Some of the impact arising may be the recognition of goodwill, recognition of deferred tax assets/liabilities and recognition of acquisition-related costs as expenses. The amendments do not apply to joint operations under common control and also clarify that previously held interests in a joint operation are not re-measured if the joint operator retains joint control.

Amendments to MFRS 101 Presentation of Financial Statements

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

2. BASIS OF PREPARATION (continued)

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

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 116 Property, Plant and Equipment

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

Amendments to MFRS 127 Separate Financial Statements

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

Amendments to MFRS 138 Intangible Assets

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

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

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

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

2. BASIS OF PREPARATION (continued)

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

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.7(a).

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.11(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Foreign currency transactions and operations

(a) Transaction of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslate at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

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 assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

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

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold them to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

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

(i) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) 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.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Freehold land and building are measured at cost. Leasehold land and building are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation and any impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and building does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If the asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of selfconstructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

	USEFUL LIVES (YEARS)
Leasehold land	Over the lease term
Building	50 years
Office equipment, furniture and fittings	3-10 years
Motor vehicles	5 years
Plant and machinery	3-13 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

3.6 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(a) Lessee accounting (continued)

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

(b) Lessor accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.7 Goodwill and intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in according with Note 3.11(b).

In respect of equity-accounted associates and joint ventures, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

(b) Development costs

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Goodwill and intangible assets (continued)

(b) Development costs (continued)

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment of any losses is in accordance with Note 3.11(b).

(c) Intellectual property

The intellectual property consists of the acquisition cost of the exclusive rights of a suite of software modules, including the trademarks, licenses, 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.

(d) Education license

The education license are acquired in business combination are recognised at the fair value at the acquisition date. The education license have been acquired with the option to renew at little or no cost to the Group. As a result, those license are assessed as having an indefinite useful life. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

(e) Mining permits

The mining permits consists of the acquisition cost of a mineral exploration permit and a mineral mining permit. The acquisition cost is capitalised as an intangible asset as it is able to generate future economic benefits to the Group.

The mining permits is amortised on a straight-line basis over the period from 17 March 2015 to 16 November 2033 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.

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- raw materials: purchase costs on a first-in first-out basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Inventories (continued)

Property development inventory

Cost includes:
- freehold and leasehold rights for land
- amounts paid to contractors for construction
- borrowing costs, planning and design costs, costs for site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.9 Service concession arrangements

The service concession arrangements are accounted for based on the nature of the consideration as follows:

- The intangible asset model is used to the extent that the Group and the Company receives a right (a license) to charge users of the public service;
- The financial asset model is used when the Group and the Company has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services; or
- When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component.

Financial assets model

The Group and the Company accounts for its service concession arrangements under the financial asset model as the Group and the Company has an unconditional right to receive cash or another financial asset from or at the direction of the grantor for the construction services. The consideration received and receivable is allocated by reference to the relative fair values of the various services delivered, when the amounts are separately identifiable. The Group and the Company estimates the relative fair values of the services by reference to the costs of providing each services plus a reasonable profit margin.

In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost.

The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised when the contractual rights to the financial asset expire.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.11 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries and associates are assessed 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 financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(a) Impairment and uncollectibility of financial assets (continued)

Available-for-sale financial assets (continued)

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

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

Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

(b) Impairment of non-financial assets

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

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

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

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

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

3.12 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid is recognised directly in equity. Repurchased shares that have not been cancelled including any attributable transaction costs are classified as treasury shares and presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

(b) Defined contribution plans

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Employee benefits (continued)

(c) Other long-term employee benefits

The Group's and the Company's other long-term employee benefits include long term paid absences, long term disability benefits and other long service benefits.

Liability recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group and the Company in respect of services provided by employees up to the reporting date. The net total of the following amounts should be recognised in profit or loss, except to the extent that another MFRS requires or permits their inclusion in the cost of an asset:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of the net defined benefit liability or asset.

3.14 Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received and receivable, net of discounts, rebates, returns and taxes.

(a) Sale of goods

Revenue from sale of goods is recognised upon transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

(b) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Royalty income

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

(d) Property development

For a portfolio of property development contracts with customers, when control of housing and office units under the development is transferred over time to the customer (and hence the performance obligation is satisfied over time), revenue is recognised in profit or loss over time or progressively by reference to the stage of completion in a performance obligation. The stage of completion is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method). When the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. If a customer does not obtain control when the asset is under development, such as in build and sell units, revenue is recognised at a point in time when the construction of the asset is completed and handed over to the customer.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

(e) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(f) Interest income

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

(g) Dividend income

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

(h) Rental income

Rental income is recognised on an accrual basis.

3.15 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3.16 Income taxes

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(a) Current tax

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income taxes (continued)

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

3.17 Discontinued operations

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- representes a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statements of comprehensive income is represented as if the operation had been discontinued from the start of the comparative period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group Managing Director, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.19 Fair value measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.20 Provisions

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 of more uncertain events not wholly within the control of the Group.

3.21 Contingencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Contingencies (continued)

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

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

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

3.22 Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period.

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

3.23 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's and the Company's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of contract assets as amount owing by contract customers in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the contract liabilities in the statements of financial position.

4. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Classification of a service concession asset

The Company has entered into service concession arrangements with the Governments of Republic of Senegal, Republic of Guinea and Solomon Islands to construct and operate public infrastructures for a specific period of time. In an arrangement where it has an unconditional right to receive cash or another financial asset from or at the direction of the grantor, the amount receivable will be accounted for using the financial asset model. Management uses judgement to determine the appropriateness of the classification.

In making the judgement, the Group and the Company evaluate based on the terms of the agreement.

The carrying amounts of the assets arising from the adoption of financial asset model are disclosed in Note 7.

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

(b) Transfer of control in property development

The Group's and the Company's property development comprises both "sell and build" model and "build and sell" model. For the purpose of revenue recognition, management uses its judgement to determine whether control of housing and office units under development is transferred to customers over time or at a point in time. The Group and the Company use the criterion of control from the perspective of a customer, judged in relation to the customer's ability to obtain economic benefits of the asset under development. The Group and the Company consider that if the asset under development has been assigned to a customer and the asset has no alternative use to the Group and the Company and the Group and the Company have enforceable rights to payments, control of the asset is transferred over time to the customer. Revenue is recognised over time based on the stage of completion. If a customer does not obtain control when the asset is under development, such as in build and sell units, revenue is recognised at a point in time when the construction of the asset is completed and handed over to the customer.

In addition, significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the property development costs. In making the judgement, the Group and the Company evaluate based on past experience and by relying on the work of specialists. The carrying amounts of the assets arising from property development activities are disclosed in Note 12.

(c) Construction contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group and the Company evaluate based on the past experience and work of specialists.

The carrying amounts of amount owing by contract customers and amount owing to contract customers are disclosed in Note 14.

(d) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.5, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5.

(e) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 28(c).

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

(f) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, management estimates the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected. The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 6(a).

(g) Impairment of financial assets

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

For available-for-sale unquoted equity investments, the Group uses estimates of future cash flows of the unquoted equity investments and discounts the future cash flows using a current market rate of return of similar risk-class instrument. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results. The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 28(a).

(h) Measured of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The income tax expense of the Group and the Company are disclosed in Note 25.

(i) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 11.

(j) Useful lives of other intangible assets

The Group and the Company estimate the useful lives to amortise other intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the other intangible assets would increase the recorded expenses and decrease the non-current assets. The carrying amounts of the other intangible assets are disclosed Note 6.

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

(k) Impairment of non-financial assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of valuein-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

(l) Classification of finance and operating leases

The Group and the Company classify a lease as a finance lease or an operating lease based on the criterion of the extent to which significant risks and rewards incident to ownership of the underlying asset lie. As a lessee, the Group and the Company recognise a lease as a finance lease if it is exposed to significant risks and rewards incident to ownership of the underlying asset. In applying judgements, the Group and the Company consider whether there is significant economic incentive to exercise a purchase option and any optional renewal periods. A lease is classified as a finance lease if the lease term is for the major part of the remaining economic life of the underlying asset, the present value of minimum lease payments is at least substantially all of the fair value of the underlying asset, or the identified asset in the lease is a specialised asset which can only be used by the leasee without major modifications. All other leases that do not result in a significant transfer of risks and rewards are classified as operating leases.

5. PROPERTY, PLANT AND EQUIPMENT

GROUP	FREEHOLD LAND AT COST RM'000	LEASEHOLD LAND AT VALUATION RM'000	BUILDING AT COST RM'000	LEASEHOLD BUILDING AT VALUATION RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	CON-STRUCTION IN PROGRESS RM'000	TOTAL RM'000
Cost, unless otherwise stated:									
At 1 April 2015	1,757	36,000	8,697	60,000	44,589	14,953	116,624	41,456	324,076
Additions	–	–	–	–	2,566	265	6,629	11,466	20,926
Disposals	–	–	–	–	(8)	(2,342)	(1,361)	–	(3,711)
Written off	–	–	–	–	(42)	(410)	(1,814)	–	(2,266)
Disposal of subsidiaries	–	–	–	–	(398)	(463)	(381)	–	(1,242)
Reclassification	–	–	20,338	–	91	74	19,632	(40,135)	–
Exchange differences	(46)	–	(994)	–	5	(15)	(1,108)	1,967	(191)
At 31 March 2016	1,711	36,000	28,041	60,000	46,803	12,062	138,221	14,754	337,592
Accumulated depreciation and impairment losses:									
At 1 April 2015	–	871	1,720	1,452	35,898	8,669	96,059	–	144,669
Depreciations for the financial year	–	871	2,002	1,452	2,695	1,753	8,330	–	17,103
Disposals	–	–	–	–	–	(1,525)	(1,360)	–	(2,885)
Written off	–	–	–	–	(34)	(410)	(295)	–	(739)
Disposal of subsidiaries	–	–	–	–	(381)	(292)	(356)	–	(1,029)
Exchange differences	–	–	(48)	–	(2)	(1)	(125)	–	(176)
At 31 March 2016	–	1,742	3,674	2,904	38,176	8,194	102,253	–	156,943
Carrying amount									
At 1 April 2015	1,757	35,129	6,977	58,548	8,691	6,284	20,565	41,456	179,407
At 31 March 2016	1,711	34,258	24,367	57,096	8,627	3,868	35,968	14,754	180,649

5. PROPERTY, PLANT AND EQUIPMENT (continued)

GROUP	FREEHOLD LAND AT COST RM'000	LEASEHOLD LAND AT COST RM'000	LEASEHOLD LAND AT VALUATION RM'000	BUILDING AT COST RM'000	LEASEHOLD BUILDING AT VALUATION RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	CON-STRUCTION IN PROGRESS RM'000	TOTAL RM'000
Cost, unless otherwise stated:										
At 1 April 2014	5,777	3,560	36,000	41,663	60,000	31,840	15,269	197,399	33,179	424,687
Acquisition of subsidiaries	1,757	–	–	–	–	13,097	600	–	–	15,454
Additions	–	–	–	456	–	3,483	1,725	9,139	3,515	18,318
Disposals	(1,777)	–	–	(4,922)	–	(1)	(303)	(27,292)	–	(34,295)
Written off	–	–	–	–	–	(198)	–	–	–	(198)
Disposal of subsidiaries	(4,000)	(11,448)	–	(20,612)	–	(3,711)	(2,396)	(62,663)	–	(104,830)
Reclassification	–	7,888	–	(7,888)	–	–	–	–	–	–
Exchange differences	–	–	–	–	–	79	58	41	4,762	4,940
At 31 March 2015	1,757	–	36,000	8,697	60,000	44,589	14,953	116,624	41,456	324,076
Accumulated depreciation and impairment losses:										
At 1 April 2014										
- Accumulated depreciation b/f	–	713	–	10,127	–	23,584	7,774	149,811	–	192,009
- Accumulated impairment b/f	–	–	–	–	–	–	–	2,776	–	2,776
Acquisition of subsidiaries	–	–	–	–	–	12,542	169	–	–	12,711
Depreciations for the financial year	–	105	871	1,399	1,452	3,158	2,555	8,467	–	18,007
Disposals	–	–	–	(1,334)	–	–	(288)	(18,324)	–	(19,946)
Written off	–	–	–	–	–	(81)	–	–	–	(81)
Disposal of subsidiaries	–	(818)	–	(8,466)	–	(3,355)	(1,574)	(46,699)	–	(60,912)
Exchange differences	–	–	–	(6)	–	50	33	28	–	105
At 31 March 2015	–	–	871	1,720	1,452	35,898	8,669	96,059	–	144,669
Carrying amount										
At 1 April 2014	5,777	2,847	36,000	31,536	60,000	8,256	7,495	44,812	33,179	229,902
At 31 March 2015	1,757	–	35,129	6,977	58,548	8,691	6,284	20,565	41,456	179,407

5. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND AT VALUATION RM'000	LEASEHOLD BUILDING AT VALUATION RM'000	BUILDING AT COST RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	TOTAL RM'000
Cost, or valuation:							
At 1 April 2015							
At cost	–	–	6,600	24,581	6,277	93,559	131,017
At valuation	36,000	60,000	–	–	–	–	96,000
	36,000	60,000	6,600	24,581	6,277	93,559	227,017
Additions	–	–	–	880	13	5,335	6,228
Disposals	–	–	–	–	(1,689)	(1,361)	(3,050)
At 31 March 2016	36,000	60,000	6,600	25,461	4,601	97,533	230,195
Accumulated depreciation							
At 1 April 2015	871	1,452	1,050	20,928	5,074	86,682	116,057
Depreciation charge for the financial year	871	1,452	660	1,612	532	1,912	7,039
Disposals	–	–	–	–	(1,345)	(1,360)	(2,705)
At 31 March 2016	1,742	2,904	1,710	22,540	4,261	87,234	120,391
Carrying amount							
At 1 April 2015	35,129	58,548	5,550	3,653	1,203	6,877	110,960
At 31 March 2016	34,258	57,096	4,890	2,921	340	10,299	109,804

5. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY	LEASEHOLD LAND AT VALUATION RM'000	LEASEHOLD BUILDING AT VALUATION RM'000	BUILDING AT COST RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	MOTOR VEHICLES RM'000	PLANT AND MACHINERY RM'000	TOTAL RM'000
Cost, or valuation:							
At 1 April 2014							
At cost	–	–	6,600	23,571	6,283	92,222	128,676
At valuation	36,000	60,000	–	–	–	–	96,000
	36,000	60,000	6,600	23,571	6,283	92,222	224,676
Additions	–	–	–	1,010	46	1,337	2,393
Disposals	–	–	–	–	(52)	–	(52)
At 31 March 2015	36,000	60,000	6,600	24,581	6,277	93,559	227,017
Accumulated depreciation							
At 1 April 2014	–	–	391	18,879	4,079	83,377	106,726
Depreciation charge for the financial year	871	1,452	659	2,049	1,046	3,305	9,382
Disposals	–	–	–	–	(51)	–	(51)
At 31 March 2015	871	1,452	1,050	20,928	5,074	86,682	116,057
Carrying amount							
At 1 April 2014	36,000	60,000	6,209	4,692	2,204	8,845	117,950
At 31 March 2015	35,129	58,548	5,550	3,653	1,203	6,877	110,960

(a) Assets under finance leases

The carrying amount of assets under a finance lease arrangements are as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Office equipment	108	193	–	–
Motor vehicles	2,773	5,057	325	742
Plant and machinery	2,632	653	2,475	653
	5,513	5,903	2,800	1,395

(b) Assets pledged as security

Property plant and equipment with a net carrying amount of RM158,742,843 and RM109,803,608 (2015: RM152,649,273 and RM110,960,089) of the Group and the Company have been pledged to financial institutions as security for banking facilities as disclosed in Note 20 to the financial statements.

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Lease period for leasehold land

Leasehold land consisting of land with unexpired lease period of less than 50 years.

(d) Revaluation

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 in to 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 RM39,734,850/- (2015: RM41,091,420/-) as at the end of the reporting year.

(e) Construction in progress

The construction in progress is mainly in relation to the construction of a recycling plant for environment and renewable energy.

6. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000 RESTATED	2016 RM'000	2015 RM'000 RESTATED
Goodwill	145,421	150,700	–	–
Concession assets	–	185,565	–	–
Development costs	20	6,354	20	6,354
Other intangible assets	39,090	40,150	12,259	14,863
	184,531	382,769	12,279	21,217

(a) Goodwill on consolidation

	GROUP	
	2016 RM'000	2015 RM'000
At 1 April	150,700	140,682
Acquisition of subsidiaries	–	15,732
Disposal of subsidiaries	(5,279)	–
Impairment during the financial year	–	(5,714)
At 31 March	145,421	150,700

Impairment of goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

6. INTANGIBLE ASSETS (continued)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

The carrying amounts of goodwill allocated to the CGUs are as follows:

	GROUP	
	2016 RM'000	2015 RM'000
Trusted identification - CGU 1	128,268	128,268
Other segments - Phuket plant - CGU 2	–	5,279
Other segments - Koto Industrial Building Systems - CGU 3	1,421	1,421
Other segments - Education - CGU 4	15,732	15,732
	145,421	150,700

Goodwill are assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of each CGU.

The recoverable amount of CGUs has been determined based on value-in-use calculations using cash flows projection from financial budgets and forecasts approved by management covering a five-year period. The same method has also been used in the previous financial year.

CGU 1

In the current financial year, the estimated recoverable amount of the CGU 1 significantly exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU. Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts.

CGU 2

During the financial year, the Company had disposed its entire 75% equity investment in PJT Technology Co. Ltd which were identified as CGU 2 with the allocated goodwill.

CGU 3

Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts. The estimated recoverable amount of the CGU 3 significantly exceeds the carrying amount of the CGU 3. As a result of the analysis, management did not identify an impairment for this CGU.

CGU 4

In the current financial year, the estimated recoverable amount of the CGU 4 significantly exceeds the carrying amount of the CGU 4. As a result of the analysis, management did not identify an impairment for this CGU. Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts.

6. INTANGIBLE ASSETS (continued)

(a) Goodwill on consolidation (continued)

Impairment of goodwill (continued)

CGU 4 (continued)

For each of the CGUs with significant amount of goodwill, the value-in-use calculation is most sensitive to the following key assumptions:

31.3.2016	CGU 1	CGU 2	CGU 3	CGU 4
Average gross margin	28%	–	20%	17%
Average annual revenue growth rate	8%	–	9%	20%
Discount rate	22%	–	12%	15%

31.3.2015	CGU 1	CGU 2	CGU 3	CGU 4
Average gross margin	28%	49%	16%	43%
Average annual revenue growth rate	12%	0%	43%	79%
Discount rate	7%	7%	7%	7%

These key assumptions have been used for the analysis of each CGU within the operating segments. The values assigned to the key assumptions represent management's assessment of future trends in the respective industry and are based on both external sources and internal sources (historical data).

Sales volume is the forecasted annual growth rate over the five-year projection period. It is based on the average growth levels experienced over the past five years.

Sales price is the forecasted annual growth rate over the five-year projection period. It is based on current industry trends and includes long-term inflation forecasts for each territory.

Gross margin is the forecasted margin as a percentage of revenue over the five-year projection period. These are increased over the projection period for anticipated efficiency improvements.

Cash flows beyond the five-year projection period are extrapolated without any growth rate.

Discount rate was estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

6. INTANGIBLE ASSETS (continued)

(b) Concession assets

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
		RESTATED		RESTATED
At carrying amounts:-				
Phuket waste-to-energy incineration plant	–	185,565	–	–

The concession assets consists of Phuket waste-to-energy incineration plant.

GROUP	2016 RM'000	2015 RM'000
Cost:		
At 1 April	208,504	180,095
Additions	13,739	5,094
Reclassifications	(5,632)	(2,314)
Disposal of subsidiary	(225,134)	–
Exchange differences	8,523	25,629
At 31 March	–	208,504
Accumulated amortisation		
At 1 April	22,939	12,380
Armortisation charge for the financial year	7,573	8,823
Reclassifications	(15)	(25)
Disposal of subsidiary	(31,435)	–
Exchange differences	938	1,761
At 31 March	–	22,939
Carrying amounts		
At 1 April	185,565	167,715
At 31 March	–	185,565

6. INTANGIBLE ASSETS (continued)

(c) Development costs

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cost:-				
At 1 April	22,577	20,165	22,577	20,165
Additions	1,828	2,412	1,828	2,412
Disposals	(2,835)	–	(2,835)	–
Reclassification	(5,327)	–	(5,327)	–
At 31 March	16,243	22,577	16,243	22,577
Accumulated amortisation				
At 1 April/31 March	16,223	16,223	16,223	16,223
Carrying amounts	20	6,354	20	6,354

The development costs are the cost incurred for developing the devices and software and all the current new developments were under progress at the end of the reporting date.

(d) Other intangible assets

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Costs				
At 1 April	67,644	40,391	40,391	40,391
Acquisition of subsidiaries	–	23,169	–	–
Addtions	1,803	2,400	–	–
At 31 March	69,447	65,960	40,391	40,391
Accumulated amortisation				
At 1 April	(27,494)	(22,923)	(25,528)	(22,923)
Amortisation charge during the financial year	(2,863)	(2,887)	(2,604)	(2,605)
At 31 March	(30,357)	(25,810)	(28,132)	(25,528)
Carrying amount	39,090	40,150	12,259	14,863
Representing:				
Intellectual property	14,447	17,265	12,259	14,863
Mining permits	15,640	13,882	–	–
Education license	9,003	9,003	–	–
	39,090	40,150	12,259	14,863

The intellectual property mainly consists for trademarks, patents, licenses and copyright.

7. OPERATING FINANCIAL ASSETS

GROUP AND COMPANY	2016 RM'000	2015 RM'000 RESTATED
At 1 April	12,219	12,460
Additions	149	–
Effect of accretion of interest from the discounting	2,460	2,509
Payment received	(2,750)	(2,750)
At 31 March	12,078	12,219
Non-current	9,328	9,469
Current	2,750	2,750
	12,078	12,219

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

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

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

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

The amount, being the financial assets arising from the above concession agreements represents the fair value of the consideration receivable for the construction services delivered during the stage of construction. They carry interest at the rate of 20% (2015: 20%) per annum repayable in the form of availability charges upon fulfilment of the terms and conditions in the concession assets.

8. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2016 RM'000	2015 RM'000
At cost		
Unquoted shares	284,093	283,805
	284,093	283,805
Less: Impairment loss	(70,229)	(52,802)
	213,864	231,003

Details of the subsidiaries are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2016 %	2015 %	PRINCIPAL ACTIVITIES
IRIS Technologies (M) Sdn Bhd	Malaysia	100	100	Dormant
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	Malaysia	100	100	Professional dealers for the 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	Provision of products, services, maintenance and solutions for identity security documents, biometrics information technology and communication in Egypt
IRIS Koto (M) Sdn Bhd	Malaysia	51	51	Manufacture and supply of intergrated building system ("IBS") and building material
IRIS Land Sdn Bhd	Malaysia	60	60	Housing development and construction activities
IRIS Healthcare Sdn Bhd	Malaysia	100	100	Investment holding
Warisan Atlet (M) Sdn Bhd^	Malaysia	49	49	Dormant

8. INVESTMENTS IN SUBSIDIARIES (continued)

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTERESTS 2016 %	2015 %	PRINCIPAL ACTIVITIES
IRIS Rimbunan Kaseh Sdn Bhd	Malaysia	100	100	Farm management of modern integrated farms
IRIS Corporation (Bangladesh) Ltd*	Bangladesh	100	100	Dormant
PJT Technology Co. Ltd	Thailand	–	75	Operation and maintenance of waste-to-energy incinerator plant
Regal Energy Limited*	Hong Kong	100	100	Investment holding company
IRIS Ecopower (S) Pte Ltd* #	Singapore	–	100	Dormant
RB Biotech Sdn Bhd	Malaysia	66.67	66.67	Research, develop and produce hybrid rice seeds
IRIS Cafe Kaseh Sdn Bhd	Malaysia	100	100	Operate and manage cafes, cafe outlets and restaurants
Platinum Encoded Sdn Bhd	Malaysia	100	100	Investment holding company
Formula IRIS Racing Sdn Bhd	Malaysia	51	51	Dormant
Seri Stamford College Sdn Bhd	Malaysia	73.3	73.3	Provision of academic, tertiary and professional courses
Stamford College (Malacca) Sdn Bhd	Malaysia	75.5	75.5	Provision of academic, tertiary and professional courses
Northern Shine Holdngs Limited*	Cayman Island	100	100	Investment holding
Plaman Resources Limited	New Zealand	51	70	Involved in mining activities
Subsidiary of IRIS Agrotech Sdn Bhd				
Endah Farm Sdn Bhd	Malaysia	60	60	Involved in agricultural activities
Subsidiary of Regal Energy Limited				
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	Property development

8. INVESTMENTS IN SUBSIDIARIES (continued)

* *The audited financial statements and auditors' report of the subsidiaries are not available. The management accounts has been used for the purpose of consolidation.*

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

@ *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 completed during this financial year.*

\# *IRIS Ecopower (S) Pte Ltd has been struck off in 14 January 2016.*

^ *The Group has control over the subsidiary.*

(a) Disposal of PJT Technology Co. Ltd

On 30 December 2015, the Company disposed its entire 75% equity investment in PJT Technology Co. Ltd for a total consideration of RM99,811,000.

(i) Summary of the effects of the disposal of PJT Technolgy Co. Ltd:

	RM'000	RM'000
Recognised:		
Fair value of consideration received		99,811
Derecognised:		
Carrying amount of identifiable net assets at disposal date		
Concession assets	193,699	
Intangible assets	5,279	
Other non current assets	8,003	
Inventories	2,375	
Trade and other receivables	11,797	
Cash and cash equivalents	2,527	
Trade and other payables	(3,835)	
Loan and borrowings	(117,835)	
	102,010	
Group ownership interests	75%	
Group share of net assets	76,507	
Cumulative foreign currency translation differences in respect of net assets of subsidiary reclassified from equity to profit or loss on disposal of subsidiary	(6,627)	
		69,880
Gain on disposal of PJT Technology Co. Ltd		29,931

(ii) Effect of disposal on cash flow:

	RM'000
Fair value of consideration received	99,811
Less: Cash and cash equivalents of subsidiary disposed	(2,527)
Net cash inflows on disposal	97,284

8. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Non-controlling interests in subsidiaries

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

Equity interest held by non-controlling interests:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2016 %	OWNERSHIP INTEREST 2015 %
IRIS Koto (M) Sdn Bhd ("IRIS Koto")	Malaysia	49	49
IRIS Land Sdn Bhd and its subsidiary ("IRIS Land Group")	Malaysia	40	40
Warisan Atlet (M) Sdn Bhd	Malaysia	51	51
PJT Technology Co. Ltd	Thailand	–	25
RB Biotech Sdn Bhd	Malaysia	33.33	33.33
Formula IRIS Racing Sdn Bhd	Malaysia	49	49
Seri Stamford College Sdn Bhd	Malaysia	26.7	26.7
Stamford College (Malacca) Sdn Bhd	Malaysia	24.5	24.5
Plaman Resources Limited	New Zealand	49	30
Endah Farm Sdn Bhd	Malaysia	40	40
Weinan IRIS Envirowerks Zhouji Renewable Resources Co. Ltd ("Weinan")	China	35	35

Carrying amount of material non-controlling interests:

NAME OF COMPANY	2016 RM'000	2015 RM'000
IRIS Koto	(10,368)	(6,797)
IRIS Land Group	(5,152)	(1,862)
Weinan	5,530	6,836
Other subsidiaries	(2,195)	21,583
	(12,185)	19,760

Profit or loss allocated to material non-controlling interests:

NAME OF COMPANY	2016 RM'000	2015 RM'000
IRIS Koto	(3,571)	(758)
IRIS Land Group	(3,407)	(1,536)
Weinan	(1,442)	(810)
Other subsidiaries	(719)	298
	(9,139)	(2,806)

8. INVESTMENTS IN SUBSIDIARIES (continued)

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

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

	IRIS KOTO RM'000	IRIS LAND GROUP RM'000	WEINAN RM'000
Summarised statements of financial position			
As at 31 March 2016			
Current assets	31,702	51,947	20,590
Non-current assets	9,422	16,285	48,939
Current liabilities	(41,663)	(80,843)	–
Non-current liabilities	(619)	(269)	(53,729)
Net (liabilities)/assets	(1,158)	(12,880)	15,800
Summarised statements of comprehensive income			
Financial year ended 31 March 2016			
Revenue	7,132	7,042	4,265
Loss for the financial year	(7,287)	(8,226)	(4,123)
Total comprehensive expenses	(7,287)	(8,226)	(3,924)
Summarised cash flow information			
Financial year ended 31 March 2016			
Cash flows from operating activities	29,823	1,836	53
Cash flows used in investing activities	(1,681)	(1,328)	(10,533)
Cash flows from financial activities	(29,776)	(124)	22,424
Net (decrease)/increase in cash and cash equivalents	(1,634)	384	11,944
Dividends paid to non-controlling interests	–	–	–

8. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Summarised financial information of material non-controlling interests (continued)

	IRIS KOTO RM'000	IRIS LAND GROUP RM'000	WEINAN RM'000
Summarised statements of financial position			
As at 31 March 2015			
Current assets	22,172	28,305	6,710
Non-current assets	10,605	15,537	41,689
Current liabilities	(25,685)	(47,804)	(28,869)
Non-current liabilities	(962)	(400)	–
Net assets/(liabilities)	6,130	(4,362)	19,530
Summarised statements of comprehensive income			
Financial year ended 31 March 2015			
Revenue	13,743	8,760	–
Loss for the financial year	(2,259)	(3,726)	(2,316)
Total comprehensive expenses	(2,259)	(3,726)	(2,554)
Summarised cashflow information			
Financial year ended 31 March 2015			
Cash flows from operating activities	10,115	(20,415)	4,311
Cash flows used in investing activities	(4,057)	(7,379)	(8,351)
Cash flows from financial activities	(6,847)	27,823	3,115
Net (decrease)/increase in cash and cash equivalents	(789)	29	(925)
Dividends paid to non-controlling interests	–	–	–

9. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Unquoted shares	7,314	7,314	7,314	7,314
Quoted shares	21,905	21,905	–	–
	29,219	29,219	7,314	7,314
Share of post-acquisition reserves, net of dividend received	(3,200)	(3,751)	–	–
Share of post-acquisition equity reserves	(9,929)	(4,081)	–	–
	16,090	21,387	7,314	7,314
Less: Impairment loss	(1,000)	–	(1,000)	(676)
	15,090	21,387	6,314	6,638
Market value				
- Quoted shares	30,229	32,858	–	–

9. INVESTMENTS IN ASSOCIATES (continued)

Details of associates are as follows:

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2016 %	2015 %	PRINCIPAL ACTIVITIES
Multimedia Display Technologies Sdn Bhd ("MDT")	Malaysia	44.4	44.4	Research, development, marketing and distribution of CRT/LCD display monitors and Radio frequeny identity system (RFID)
Paysys (M) Sdn Bhd	Malaysia	30	30	Provision of terminals and solutions for credit card transactions
GMPC Corporation Sdn Bhd	Malaysia	25	25	Design, supply and install Smart Card System for the Malaysian Government Multipurpose Card Flagship Application
Neuralogy Sdn Bhd	Malaysia	20	20	Research and development in Electronics and IT
IRIS Koto Designs Sdn Bhd	Malaysia	–	20	Dormant
Associates of IRIS Agrotech Sdn Bhd				
Ubud Tower Sdn Bhd	Malaysia	50	50	Dormant
Associates of IRIS Healthcare Sdn Bhd				
Versatile Creative Berhad ("VCB")	Malaysia	37.336	39.6	Investment holding
Associates of Versatile Creative Berhad				
Versatile Paper Boxes Sdn Bhd	Malaysia	37.336	39.6	Manufacturing and trading of paper, board packaging products, specialising in offset-printed boxes and offset lamianted cartons
FP Pack Sdn Bhd	Malaysia	37.336	39.6	Dormant
Fairpoint Plastic Industries Sdn Bhd	Malaysia	37.336	39.6	Manufacturing and sale of plastic packaging products
Versatile Smart Properties Sdn Bhd	Malaysia	37.336	39.6	Dormant
Associates of Versatile Creative Berhad				
Imagescan Creative Sdn Bhd	Malaysia	37.336	39.6	Provision of colour separation and lithography services and printed materials

9. INVESTMENTS IN ASSOCIATES (continued)

Details of associates are as follows: (continued)

NAME OF COMPANY	PRINCIPAL PLACE OF BUSINESS/ COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2016 %	2015 %	PRINCIPAL ACTIVITIES
Associates of IRIS Information Technology Systems Sdn Bhd				
IRIS Global Blue TRS Malaysia Sdn Bhd	Malaysia	51	51	To market & operate as an agent for goods & services tax refund

Fair value information

As at 31 March 2016, the fair value of Versatile Creative Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad, was RM30,228,931 (2015: RM32,857,534) based on the quoted market price available on the stock exchange, which has been categorised within Level 1 fair value hierarchy.

The following table illustrates the summarised financial information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

GROUP 31 MARCH 2016	PAYSYS (M) SDN BHD RM'000	MDT RM'000	VCB AND ITS SUBSIDIARIES RM'000
Assets and liabilities:			
Current assets	12,106	863	27,529
Non-current assets	4,088	3,561	47,170
Current liabilities	(8,462)	(635)	(23,741)
Non-current liabilities	(654)	–	(6,448)
Net assets	7,078	3,789	44,510
Results:			
Profit/(Loss) from continuing operations	3,363	(199)	(2,064)
Other comprehensive loss	–	–	(15,376)
Total comprehensive income/(loss)	3,363	(199)	(17,440)

9. INVESTMENTS IN ASSOCIATES (continued)

	PAYSYS (M) SDN BHD RM'000	MDT RM'000	VCB AND ITS SUBSIDIARIES RM'000	OTHER INDIVIDUALLY IMMATERIAL ASSOCIATES RM'000	TOTAL RM'000
31 March 2016					
Reconciliation of net assets to carrying amount:					
Share of net assets at fair value	300	4,000	31,966	77	36,343
Goodwill/(Discount) on acquisition	514	1,000	(10,061)	423	(8,124)
Cost of investment	814	5,000	21,905	500	28,219
Share of post-acquisition profits	2,459	262	(6,083)	162	(3,200)
Share of post-acquisition other comprehensive income reserves	–	–	(9,929)	–	(9,929)
Carrying amount in the statements of financial positions	3,273	5,262	5,893	662	15,090
Group's share of results					
Group's share of profit or loss from:					
- Continuing operations	1,009	(88)	(836)	(60)	25
Group's share of other comprehensive loss	–	–	(5,848)	–	(5,848)
Group's share of total comprehensive income/(loss)	1,009	(88)	(6,684)	(60)	(5,823)

GROUP	PAYSYS (M) SDN BHD RM'000	MDT RM'000	VCB AND ITS SUBSIDIARIES RM'000
31 March 2015			
Assets and liabilities:			
Current assets	10,294	716	28,683
Non-current assets	1,716	4,905	66,534
Current liabilities	(6,660)	(556)	(29,889)
Non-current liabilities	(920)	–	–
Net assets	4,430	5,065	65,328
Results:			
Profit/(loss) from continuing operations	955	(86)	(15,970)
Other comprehensive loss	–	–	(41,729)
Total comprehensive income/(loss)	955	(86)	(57,699)

9. INVESTMENTS IN ASSOCIATES (continued)

	PAYSYS (M) SDN BHD RM'000	MDT RM'000	VCB AND ITS SUBSIDIARIES RM'000	OTHER INDIVIDUALLY IMMATERIAL ASSOCIATES RM'000	TOTAL RM'000
31 March 2015					
Reconciliation of net assets to carrying amount:					
Share of net assets fair value	300	4,000	31,966	1,077	37,343
Goodwill/(Discount) on acquisition	514	1,000	(10,061)	423	(8,124)
Cost of investment	814	5,000	21,905	1,500	29,219
Share of post-acquisition profits	1,600	350	(5,247)	(454)	(3,751)
Share of post-acquisition other comprehensive income reserves	–	–	(4,081)	–	(4,081)
Carrying amount in the statements of financial positions	2,414	5,350	12,577	1,046	21,387
Group's share of results					
Group's share of profit or loss from:					
- Continuing operations	458	(37)	(4,816)	(76)	(4,471)
Group's share of other comprehensive loss	–	–	(4,081)	–	(4,081)
Group's share of total comprehensive income/(loss)	458	(37)	(8,897)	(76)	(8,552)

10. AVAILABLE-FOR-SALES FINANCIAL ASSETS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At cost				
Unquoted shares				
- in Malaysia	7,500	7,500	–	–
- in Singapore	2,378	2,378	2,378	2,378
- in Hong Kong	981	981	–	981
- in Republic of Palau	7,055	6,919	–	–
Golf club membership	406	406	406	406
	18,320	18,184	2,784	3,765
Less: Impairment loss	(3,359)	(3,359)	(2,378)	(3,359)
	14,961	14,825	406	406

Investment 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.

11. DEFERRED TAX ASSETS/(LIABILITIES)

Deferred tax relates to the following:

GROUP	GROSS AT 31 MARCH 2015 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME RM'000	EQUITY RM'000	ACQUISITION/ DISPOSAL OF SUBSIDIARIES RM'000	EXCHANGE DIFFERENCES RM'000	GROSS AT 31 MARCH 2016 RM'000	SET-OFF RM'000	NET AT 31 MARCH 2016 RM'000
Deferred tax liabilities:									
Property, plant and equipment	(18,598)	183	520	–	–	–	(17,895)	2,955	(14,940)
	(18,598)	183	520	–	–	–	(17,895)	2,955	(14,940)
Deferred tax assets:									
Provisions	3,399	(1,073)	–	–	–	–	2,326	(2,326)	–
Other items	1,366	(572)	–	–	(14)	–	780	(629)	151
	4,765	(1,645)	–	–	(14)	–	3,106	(2,955)	151
	(13,833)	(1,462)	520	–	(14)	–	(14,789)	–	(14,789)

GROUP	GROSS AT 31 MARCH 2014 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME RM'000	EQUITY RM'000	ACQUISITION/ DISPOSAL OF SUBSIDIARIES RM'000	EXCHANGE DIFFERENCES RM'000	GROSS AT 31 MARCH 2015 RM'000	SET-OFF RM'000	NET AT 31 MARCH 2015 RM'000
Deferred tax liabilities:									
Property, plant and equipment	(19,962)	(1,620)	–	–	2,984	–	(18,598)	4,608	(13,990)
	(19,962)	(1,620)	–	–	2,984	–	(18,598)	4,608	(13,990)
Deferred tax assets:									
Provisions	2,174	1,225	–	–	–	–	3,399	(3,399)	–
Other items	1,126	240	–	–	–	–	1,366	(1,209)	157
	3,300	1,465	–	–	–	–	4,765	(4,608)	157
	(16,662)	(155)	–	–	2,984	–	(13,833)	–	(13,833)

11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax relates to the following: (continued)

COMPANY	GROSS AT 31 MARCH 2015 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME RM'000	RECOGNISED IN EQUITY RM'000	ACQUISITION/ DISPOSAL OF SUBSIDIARIES RM'000	EXCHANGE DIFFERENCES RM'000	GROSS AT 31 MARCH 2016 RM'000	SET-OFF RM'000	NET AT 31 MARCH 2016 RM'000
Deferred tax liabilities:									
Property, plant and equipment	(18,598)	184	519	–	–	–	(17,895)	2,955	(14,940)
	(18,598)	184	519	–	–	–	(17,895)	2,955	(14,940)
Deferred tax assets:									
Provisions	3,399	(1,073)	–	–	–	–	2,326	(2,326)	–
Other items	1,209	(580)	–	–	–	–	629	(629)	–
	4,608	(1,653)	–	–	–	–	2,955	(2,955)	–
	(13,990)	(1,469)	519	–	–	–	(14,940)	–	(14,940)

COMPANY	GROSS AT 31 MARCH 2014 RM'000	RECOGNISED IN PROFIT OR LOSS RM'000	RECOGNISED IN OTHER COMPREHENSIVE INCOME RM'000	RECOGNISED IN EQUITY RM'000	ACQUISITION/ DISPOSAL OF SUBSIDIARIES RM'000	EXCHANGE DIFFERENCES RM'000	GROSS AT 31 MARCH 2015 RM'000	SET-OFF RM'000	NET AT 31 MARCH 2015 RM'000
Deferred tax liabilities:									
Property, plant and equipment	(19,962)	(1,620)	–	–	2,984	–	(18,598)	4,608	(13,990)
	(19,962)	(1,620)	–	–	2,984	–	(18,598)	4,608	(13,990)
Deferred tax assets:									
Provisions	2,174	1,225	–	–	–	–	3,399	(3,399)	–
Other items	997	212	–	–	–	–	1,209	(1,209)	–
	3,171	1,437	–	–	–	–	4,608	(4,608)	–
	(16,791)	(183)	–	–	2,984	–	(13,990)	–	(13,990)

12. INVENTORIES

	GROUP 2016 RM'000	GROUP 2015 RM'000	COMPANY 2016 RM'000	COMPANY 2015 RM'000
At lower of cost and net realisable value:				
Property under development				
- Development costs	4,785	7,744	–	–
Raw materials	5,151	15,453	4,534	14,435
Work-in-progress	29,018	38,486	28,948	37,499
Finished goods	29,640	34,784	21,196	25,878
	68,594	96,467	54,678	77,812

The cost of inventories of the Group and the Company recognised as an expense in cost of sales during the financial year in respect of continuing operations was RM200,871,000/- (2015: RM227,842,000/-) and RM170,413,000/- (2015: RM131,735,000/-) respectively.

The cost of inventories of the Group and the Company recognised as an expense in respect of write down of inventories to net realisable value was RM4,384,000/- (2015: RM3,990,000/-) and RM4,104,000/- (2015: RM3,990,000/-) respectively.

13. TRADE AND OTHER RECEIVABLES

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade					
Trade receivables	(a)	287,858	313,591	206,107	179,405
Amount owing by subsidiaries	(b)	–	–	45,043	136,569
Amount owing by associates	(b)	1,263	1,263	–	–
Amount owing by related parties	(c)	27,506	–	19,658	–
		316,627	314,854	270,808	315,974
Less: Impairment loss					
- trade receivables	(a)	(18,350)	(13,811)	(2,619)	(4,837)
- amount owing by associates	(b)	(1,263)	(1,263)	–	–
		(19,613)	(15,074)	(2,619)	(4,837)
		297,014	299,780	268,189	311,137
Non-trade					
Other receivables	(d)	72,907	72,738	33,176	35,769
Deposits	(d)	41,309	8,240	6,373	4,685
Prepayments	(d)	3,478	14,639	891	6,375
Amount owing by subsidiaries	(b)	–	–	271,739	351,160
Amount owing by associates	(b)	2,211	1,341	2,211	1,341
Amount owing by related parties	(c)	21	133	17	133
		119,926	97,091	314,407	399,463
Less: Impairment loss					
- other receivables		(21,522)	(25,224)	(4,645)	(8,347)
- amount owing by subsidiaries		–	–	(21,390)	(21,824)
- amount owing by related parties		–	(14)	–	(14)
		(21,522)	(25,238)	(26,035)	(30,185)
		98,404	71,853	288,372	369,278
Total trade and other receivables		395,418	371,633	556,561	680,415

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit term offered by the Group and the Company ranging from 30 to 60 days (2015: 30 to 60 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

13. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables (continued)

The Group and the Company maintain an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's and the Company's trade receivables are as follows:

GROUP	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
At 31 March 2016				
Not past due	58,543	–	–	58,543
Past due:				
- less than 3 months	13,754	–	–	13,754
- 3 to 6 months	38,649	–	–	38,649
- over 6 months	205,681	(14,947)	(4,666)	186,068
	316,627	(14,947)	(4,666)	297,014
At 31 March 2015				
Not past due	59,037	–	–	59,037
Past due:				
- less than 3 months	87,862	–	–	87,862
- 3 to 6 months	32,577	–	–	32,577
- over 6 months	135,378	(10,598)	(4,476)	120,304
	314,854	(10,598)	(4,476)	299,780

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM238,471,000/- (2015: RM240,743,000/-) that has been past due but not impaired and are unsecured in nature. These receivables relate to customers whom there is no objective evidence that the receivables are not fully recoverable. No impairment has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery.

COMPANY	GROSS AMOUNT RM'000	INDIVIDUAL IMPAIRMENT RM'000	COLLECTIVE IMPAIRMENT RM'000	CARRYING VALUE RM'000
At 31 March 2016				
Not past due	52,873	–	–	52,873
Past due:				
- less than 3 months	7,934	–	–	7,934
- 3 to 6 months	20,480	–	–	20,480
- over 6 months	189,521	(2,416)	(203)	186,902
	270,808	(2,416)	(203)	268,189
At 31 March 2015				
Not past due	35,833	–	–	35,833
Past due:				
- less than 3 months	82,614	–	–	82,614
- 3 to 6 months	39,879	–	–	39,879
- over 6 months	157,648	(4,741)	(96)	152,811
	315,974	(4,741)	(96)	311,137

13. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 April	15,074	10,255	4,837	3,316
Addition from acquisition of a subsidiary	–	4,150	–	–
Charge for the financial year				
- Individual impairment loss	6,696	30	–	2,023
- Collective impairment loss	190	4,210	107	–
Reversal of impairment loss				
- Individual impairment loss	(2,347)	(3,069)	(2,325)	–
- Collective impairment loss	–	(502)	–	(502)
At 31 March	19,613	15,074	2,619	4,837

(b) Amount owing by subsidiaries and associates

Amount owing by subsidiaries and associates are non-interest bearing and normal credit term offered by the Company is 30 days (2015: 30 days) from the date of invoices.

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

(c) Amount owing by related parties

Amount owing by related parties is unsecured, interest-free, repayable on demand and to be settled in cash or set off against purchases. The related party is a corporate shareholder of the Group and the Company.

(d) Other receivables, deposits and prepayments

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

(i) Advance payments made to trade payables of approximately RM9,200,000/- (2015: RM22,200,000/-).

(ii) Payment of 10% deposits to IPSA Group PLC of approximately RM8,800,000/-(2015: RM8,800,000/-) for the purchase of equipment. This transaction is currently under litigation as disclosed in Note 34(a)(iii) to the financial statements. The amount was fully impaired during the financial year after taking into consideration the available information on this debt.

(iii) Downpayment of approximately RM5,700,000/- (2015: RM5,700,000/-) 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. This transaction is currently under litigation as disclosed in Note 34(a)(iv) to the financial statements.

(iv) Advance payment of approximately RM19,450,255/- (2015: RM815,255/-) for the acquisition of additional 50% shareholdings in Palau Peliliu Resorts Limited.

14. AMOUNT OWING BY CONTRACT CUSTOMERS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Amount owing by contract customers	142,359	132,972	139,332	113,118

(a) Revenue recognised in the financial year

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue recognised in the financial year from:				
Amounts included in contract revenue during the financial year	324,628	291,119	304,042	270,034

(b) The amount owing by contract customers are analysed as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Aggregate costs incurred to date	1,475,456	1,270,102	1,351,465	1,113,028
Attributable profit	450,149	378,391	415,059	336,120
Less: Provision for foreseeable losses	(1,852)	(1,852)	(1,852)	(1,852)
	1,923,753	1,646,641	1,764,672	1,447,296
Less: Progress billings	(1,781,394)	(1,513,669)	(1,625,340)	(1,334,178)
	142,359	132,972	139,332	113,118

15. OTHER INVESTMENTS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets at fair value through profit or loss - Unquoted money market funds	-	23,031	-	23,031

16. CASH AND SHORT-TERM DEPOSITS

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	32,609	63,413	7,746	43,211
Short-term deposits placed	29,420	17,104	28,670	17,104
	62,029	80,517	36,416	60,315

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the followings:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term deposits placed	29,240	17,104	28,670	17,104
Less: Pledged deposits	(24,711)	(14,509)	(24,711)	(14,509)
	4,709	2,595	3,959	2,595
Cash and bank balances	32,609	63,413	7,746	43,211
	37,318	66,008	11,705	45,806

Included in the short-term deposits placed with licensed banks of the Group and the Company is an amount of RM24,711,042/- (2015: RM14,509,247/-) pledged to the bank for credit facilities granted to the Group and the Company as disclosed in Note 20.

The weighted average effective interest rates of the fixed deposits at the end of the reporting year ranged from 2.90% to 7.00% (2015: 2.90% to 7.00%) per annum. The fixed deposits have maturity periods ranging from 30 days (2015: 30 days).

17. SHARE CAPITAL

	GROUP AND COMPANY			
	NUMBER OF ORDINARY SHARE OF RM0.15 EACH		AMOUNT	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised:				
Ordinary shares	2,500,000	2,500,000	375,000	375,000
Non-cumulative Irredeemable Convertible Preference Shares ("ICPS")	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:				
At 1 April	2,040,283	2,040,166	306,042	306,025
Issued during the financial year	36,791	117	5,519	17
At 31 March	2,077,074	2,040,283	311,561	306,042

17. SHARE CAPITAL (continued)

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the financial year, the Company:

(i) issued 406,210 new ordinary shares of RM0.15 each for cash arising from the exercise of 406,210 units of Warrant A at an exercise price of RM0.15 each; and

(ii) issued 36,384,750 new ordinary shares of RM0.15 each for cash arising from the exercise of 36,384,750 units of Warrant B at an exercise price of RM0.15 each.

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

Warrants

The movement in the warrants is as follows:-

	NUMBER OF WARRANTS			
	AT 1.4.2015 '000	ADDITION '000	EXERCISED '000	AT 31.3.2016 '000
Warrants A (2006/2016)	45,317	–	(406)	44,911
Warrants B (2010/2016)	211,839	–	(36,385)	175,454

The main features of the Warrant A are as follows:

a. Each warrant will entitle the registered holder to subscribe for one (1) new ordinary shares 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 Pool;

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.

Warrant A were expired and delisted on 20 April 2016 and 21 April 2016 respectively.

The main features of the Warrant 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 (2010/2016) from the date of issue of the warrants on 27 April 2010. 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.

Warrant B were expired and delisted on 24 June 2016 and 27 June 2016 respectively.

18. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. 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 in Malaysia.

19. OTHER RESERVES

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Warrants reserve	(a)	8 ,773	10,592	8 ,773	1 0,592
Fair value reserve	(b)	(9,929)	(4,081)	–	–
Foreign exchange translation reserve	(c)	3,470	4,781	–	–
Revaluation reserve	(d)	38,184	38,719	12,880	12,360
		40,498	50,011	21,653	22,952

(a) 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.

(b) Fair value reserve

Fair value reserve represents the cumulate of post-acquisition fair value changes, net of tax, of available for sales financial assets.

(c) Foreign exchange translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Revaluation reserve

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

20. LOANS AND BORROWINGS

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:					
Secured					
Term loans	(a)	136,400	162,800	114,045	162,800
Hire purchase payables	(b)	2,468	3,787	177	634
Finance lease liabilities	(c)	1,025	402	966	402
		139,893	166,989	115,188	163,836
Current:					
Secured					
Bankers' acceptances	(d)	5,692	61,511	5,691	61,511
Trade loans	(e)	51,958	91,445	51,306	90,829
Term loans	(a)	31,392	69,387	30,215	39,884
Revolving loans	(f)	12,497	19,998	12,497	19,998
Hire purchase payables	(b)	962	1,984	384	665
Finance lease liabilities	(c)	889	382	800	279
Unsecured					
Bankers' acceptances		11,505	17,813	11,505	17,813
Term loans		–	34,994	–	34,994
Revolving loans		20,000	20,000	20,000	20,000
		134,895	317,514	132,398	285,973
		274,788	484,503	247,586	449,809

(a) Term loan

Group and Company

Term loan 1 of RM81,250,000/- (2015: RM93,750,000/-) bears interest at 7.00% (2015: 7.00%) per annum and is repayable by quarterly instalments of RM3,125,000/- over ten years commencing from 1 December 2014 and is secured by the fixed and floating charges over all the present and future assets of the Company.

Term loan 2 of RM63,010,000/- (2015: Nil) bears interest at 8.26% (2015: Nil) per annum and is repayable by bi-annually instalments of RM8,375,000/- over four years commencing from 31 December 2015 and is secured by the fixed and floating charges over all the present and future assets of the Company.

Term loan 3 of RM23,532,000/- (2015: Nil), a term loan of a subsidiary, bears interest at 5.48% (2015: Nil) per annum and is repayable by a scheduled quarterly instalments over four years with the first repayment commencing from 26 January 2017 and is secured by the fixed and floating charges over all the present and future assets of a subsidiary.

Term loan 4 of Nil (2015: RM34,994,000/-) bears interest at Nil (2015: 7.99%) per annum and is repayable in full commencing 1 June 2015 and is unsecured.

Term loan 5 of Nil (2015: RM108,934,000) bears interest at Nil (2015: 4.40%) per annum and is repayable by 19 quarterly instalments with the first 18 instalments of USD1,842,105/- and the last instalment of USD1,679,538 commencing from 1 September 2014 and is secured by the fixed and floating charges over all the present and future assets of a subsidiary.

20. LOANS AND BORROWINGS (continued)

(b) Hire purchase payables

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum hire purchase payments:				
Not later than one year	1,057	2,181	411	717
Later than one year and not later than 5 years	2,696	3,983	173	660
Later than 5 years	–	229	–	–
	3,753	6,393	584	1,377
Less: Future finance charges	(323)	(622)	(23)	(78)
Present value of hire purchase payables	3,430	5,771	561	1,299

The hire purchase payables of the Group and of the Company bore effective interest rates ranging from 4.74% to 6.70% (2015: 4.27% to 7.42%) and 4.74% to 6.70% (2015: 4.27% to 7.42%) respectively per annum at the end of the reporting period.

(c) Finance lease liabilities

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum lease payments:				
Not later than one year	1,129	402	1,035	299
Later than one year and not later than 5 years	1,111	426	1,047	426
	2,240	828	2,082	725
Less: Future finance charges	(326)	(44)	(316)	(44)
Present value of finance lease payables	1,914	784	1,766	681

The lease payables of the Group and of the Company bore effective interest rate ranging from 5.80% to 5.81% (2015: 5.81%) per annum at the end of the reporting period.

(d) Bankers' acceptances

The bankers' acceptances bore effective interest rates ranging from 3.05% to 5.48% (2015: 2.40% to 8.10%) per annum respectively at the end of the financial year.

At the end of the reporting date, the bankers' acceptances are mainly secured by:

(i) deed of Assignment of contracts' proceeds;
(ii) letter of negative pledge; and
(iii) letter of undertaking from the Group and the Company to effect the Deed of Assignment on future contracts.

20. LOANS AND BORROWINGS (continued)

(e) Trade loans

The trade loans bore effective interest rates ranging from 2.82% to 6.18% (2015: 2.74% to 6.44%) per annum respectively at the end of the financial year.

At the end of the reporting date, the trade loans are secured by:

(i) deed of Assignment of contracts' proceeds; and
(ii) letter of undertaking from the Group and the Company to effect the Deed of Assignment on future contracts.

(f) Revolving loans

The revolving loans bore effective interest rates ranging from 4.95% to 5.19% (2015: 5.29% to 5.31%) per annum respectively at the end of the financial year.

At the end of the reporting date, the revolving loans are secured by:

(i) deed of Assignment of contracts' proceeds; and
(ii) letter of negative pledge.

21. TRADE AND OTHER PAYABLES

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current:					
Non-trade					
Other payables		–	63	–	–
Current:					
Trade					
Trade payables	(a)	40,761	28,691	26,290	16,247
Amount owing to subsidiaries	(c)	–	–	86,741	71,446
		40,761	28,691	113,031	87,693
Non-trade					
Other payables	(b)	45,387	44,704	13,662	17,745
Deposits	(d)	54,872	67,145	52,984	61,962
Accruals		106,702	112,639	93,817	96,117
Amount owing to subsidiaries	(c)	–	–	106,652	142,378
Amount owing to associates	(c)	1,021	1,927	1,021	1,922
		248,743	255,106	381,167	407,817
		248,743	255,169	381,167	407,817

(a) Trade payables

Trade payables are non-interest bearing and are normally settled range from 30 to 120 days (2015: 30 to 120 days).

21. TRADE AND OTHER PAYABLES (continued)

(b) Other payables

Other payables are non-interest bearing and have an average term of less than 6 months.

(c) Amount owing to subsidiaries and associates

Amount owing to subsidiaries and associates are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

(d) Deposits

Included in the deposits of the Group and the Company is an amount of RM52,925,000/- (2015: RM61,916,000/-) and RM52,925,000/- (2015: RM61,916,000/-) respectively, being advances from contract customers.

22. REVENUE

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000** *RESTATED*	**2016 RM'000**	**2015 RM'000** *RESTATED*
Continuing operations				
Sale of goods	151,683	228,596	112,416	166,779
Contract revenue	324,628	291,199	304,042	270,034
	476,311	519,795	416,458	436,813

23. FINANCE COSTS

	GROUP		COMPANY	
	2016 RM'000	**2015 RM'000** *RESTATED*	**2016 RM'000**	**2015 RM'000** *RESTATED*
Continuing operations				
Bank overdraft	–	439	–	439
Bankers' acceptances	2,550	4,236	2,550	4,220
Hire purchase and lease	860	502	668	189
Term loans	14,424	12,219	15,586	10,175
Revolving loans	2,237	1,127	2,237	1,127
Trade loans	4,970	3,287	4,807	2,905
Others	769	1,147	769	1,147
	25,810	22,957	26,617	20,202

24. PROFIT/(LOSS) BEFORE TAX

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

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Continuing operations				
Auditors' remuneration:				
- audit services				
- for the current financial year	556	270	165	140
- under/(over) provision in the previous financial year	52	65	30	20
- other services	20	20	20	20
(Writeback)/Allowance for impairment loss on amount due from related parties	(14)	14	(14)	14
Allowance/(Writeback) for impairment loss on receivables	1,775	28,253	(4,981)	9,462
(Writeback)/Allowance for impairment loss on amount due from subsidiaries	–	–	(434)	21,390
Amortisation of intellectual properties	2,863	2,887	2,604	2,604
Bad debts written off	1,394	–	1,394	5,035
Depreciation of property, plant & equipment	17,002	14,197	7,039	9,382
Allowance for impairment of goodwill	–	5,714	–	–
Allowance/(Writeback) for impairment loss on investment in associates	1,000	(1,000)	324	(1,000)
Impairment loss on investment in subsidiaries	–	–	17,427	14,569
Allowance for slow moving inventories	4,384	3,990	4,104	3,990
Prepayment written off	–	1,832	–	1,832
Property, plant and equipment written off	1,527	117	–	–
(Gain)/Loss on disposal of property, plant and equipment	(349)	8,791	(456)	(1)
(Gain)/Loss on disposal of a subsidiary	–	(2,907)	(36,308)	–
Effect of accretion of interest on operating financial assets	(2,460)	(2,509)	(2,460)	(2,509)
Interest income	(541)	(2,851)	(2,761)	(2,821)
Dividend income	–	–	(150)	(120)
Investment in associates written off	–	12	–	12
Loss on disposal of development costs	543	–	543	–
Directors' remuneration				
- salaries and other remuneration	1,174	1,229	1,174	1,229
- defined contribution plans	140	147	140	147
Directors' fee	700	740	700	740
Staff costs				
- salaries and other remuneration	61,258	70,283	35,335	35,240
- defined contribution plans	6,000	6,847	3,464	3,231
Lease rental	-	2,141	–	–
Rental expenses	8,209	4,482	1,756	725
Research and development expenses	22	443	22	443
(Gain)/Loss on foreign exchange:				
- realised	(9,504)	(837)	(9,466)	(692)
- unrealised	5,555	(9,996)	5,489	(18,568)
Rental income	(1,670)	(1,667)	(633)	(1,551)

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 March 2016 and 31 March 2015 are as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Statements of comprehensive income				
Continuing operations				
Current income tax				
Taxation in Malaysia				
- Current year	11,032	7,382	9,482	5,818
- Prior years	6,178	(1,140)	6,350	(1,122)
	17,210	6,242	15,832	4,696
Taxation outside Malaysia				
- Prior years	2,226	–	2,226	–
	2,226	–	2,226	–
Deferred tax				
Origination of temporary differences	1,462	155	1,469	183
	1,462	155	1,469	183
	20,898	6,397	19,527	4,879
Discontinued operation				
Current income tax				
Taxation in Malaysia				
- Prior years	7	48	–	–
	7	48	–	–
Income tax expense recognised in profit or loss	20,905	6,445	19,527	4,879

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2015: 25%) of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

25. INCOME TAX EXPENSE (continued)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit/(Loss) before tax				
- Continuing operations	(12,192)	(16,316)	42,208	(1,393)
- Discontinued operations	30,010	(1,959)	–	–
	17,818	(18,275)	42,208	(1,393)
Tax at Malaysian statutory income tax rate of 24% (2015: 25%)	4,277	(4,568)	10,130	(349)
Adjustments				
Effect of changes in tax rate	(520)	–	(519)	–
Income not subject to tax	(9,952)	(5,986)	(13,433)	(5,986)
Non-deductable expenses	17,917	15,094	15,268	13,961
Tax incentive	–	(1,625)	–	(1,625)
Deferred tax not recognised on tax losses and temporary differences	1,963	4,670	–	–
Adjustment in respect of current income tax of prior years	8,404	(1,140)	8,576	(1,122)
Utilisation of previously unrecognised tax losses and capital allowances	(689)	–	–	–
Adjustment in respect of deferred tax of prior years	(495)	–	(495)	–
Income tax expense	20,905	6,445	19,527	4,879

26. DISCONTINUED OPERATION

As disclosed in Note 8(a), the Group had discontinued its operation and maintenance of waste-to-energy incinerator plant business in Thailand on 30 December 2015. The segment was not a discontinued operation or classified as held for sale as at 31 March 2015 and the comparative consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

(a) Analysis of the results of discontinued operation and the result recognised on the remeasurement of disposal group is as follows:

	2016 RM'000	2015 RM'000
Revenue	43,322	42,159
Expenses	(43,243)	(44,118)
Profit/(Loss) before tax of discontinued operation	79	(1,959)
Income tax expense	(7)	(48)
Profit/(Loss) for the financial year from discontinued operation, net of tax	72	(2,007)
Gain on disposal of discontinued operation (Note 8(a))	29,931	–
	30,003	(2,007)

26. DISCONTINUED OPERATIONS (continued)

(b) The following items have been (credited)/charged in arriving at profit before tax:

	2016 RM'000	2015 RM'000
Auditors' remuneration	74	84
Amortisation of concession assets	7,573	8,823
Depreciation of property, plant and equipment	101	3,810
Interest expense	2,307	3,113
Loss on foreign exchange:		
- unrealised	14,879	4,241
Staff costs		
- salaries and other remuneration	3,983	3,843
- defined contribution plans	100	–
Gain on disposal of property, plant and equipment (Note 8(a))	(325)	(292)

(c) Cash flows generated from/(used in) discontinued operation:

	2016 RM'000	2015 RM'000
Net cash flows from operating activities	14,745	7,592
Net cash flows from investing activities	(10,395)	9,172
Net cash flows from financing activities	(15,023)	(13,465)
	(10,673)	3,299

27. EARNINGS/(LOSS) PER SHARE

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

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

	2016 RM'000	2015 RM'000
Profit/(Loss) attributable to owners of the Company		
- Continuing operations	(23,951)	(19,907)
- Discontinued operation	30,003	(2,007)
	6,052	(21,914)

	2016 '000	2015 '000
Weighted average number of ordinary shares for basic earnings/(loss) per share	2,042,105	2,040,168

27. EARNINGS/(LOSS) PER SHARE (continued)

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

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

	2016 SEN	2015 SEN
Basic earnings/(loss) per ordinary share		
- Continuing operations	(1.17)	(0.98)
- Discontinued operation	1.47	(0.10)
	0.30	(1.07)

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

Diluted earnings/(loss) per share are based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2016 RM'000	2015 RM'000
Profit/(loss) attributable to owners of the Company		
- Continuing operations	(23,951)	(19,907)
- Discontinued operation	30,003	(2,007)
	6,052	(21,914)

	2016 '000	2015 '000
Weighted average number of ordinary shares for basic earnings/(loss) per share	2,042,105	2,040,168
Effect of dilution from		
- Warrants A	–#	–
- Warrants B	–#	–
	2,042,105	2,040,168

	2016 SEN	2015 SEN
Diluted earnings/(loss) per ordinary share		
- Continuing operations	(1.17)	(0.98)*
- Discontinued operation	1.47	(0.09)*
	0.30	(1.07)*

* The diluted earnings per ordinary share of the Group for the financial year ended 31 March 2015 is equivalent to the basic earnings per ordinary share of the Group as the diluted loss per share is anti-dilutive.

\# There is no dilution effect from the exercise of warrants as the loss per ordinary share from continuing operations is anti-dilutive.

Subsequent to the financial year end and before the authorisation of these financial statements, there have been 15,349,660 Warrant A and 104,760,740 Warrant B being exercised and converted to ordinary shares.

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

(i) Loan and receivables ("L&R")
(ii) Fair value through profit or loss ("FVTPL")
(iii) Available-for-sale financial assets ("AFS")
(iv) Other financial liabilities ("FL")

	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	AFS RM'000
As 31 March 2016			
Financial assets			
Group			
Available-for-sales financial assets	14,961	–	14,961
Trade and other receivables	391,940	391,940	–
Cash and short-term deposits	62,029	62,029	–
	468,930	453,969	14,961
Company			
Available-for-sales financial assets	406	–	406
Trade and other receivables	555,459	555,459	–
Cash and short-term deposits	36,416	36,416	–
	592,281	591,875	406
Financial liabilities			
Group			
Loans and borrowings	(274,788)	(274,788)	–
Trade and other payables	(248,743)	(248,743)	–
	(523,531)	(523,531)	–
Company			
Loans and borrowings	(247,586)	(247,586)	–
Trade and other payables	(381,167)	(381,167)	–
	(628,753)	(628,753)	–

28. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	CARRYING AMOUNT RM'000	L&R/ (FL) RM'000	AFS RM'000	FVTPL RM'000
As 31 March 2015				
Financial assets				
Group				
Available-for-sales financial assets	14,825	–	14,825	–
Trade and other receivables	356,994	356,994	–	–
Other investments	23,031	–	–	23,031
Cash and short-term deposits	80,517	80,517	–	–
	475,367	437,511	14,825	23,031
Company				
Available-for-sales financial assets	406	–	406	–
Trade and other receivables	674,040	674,040	–	–
Other investments	23,031	–	–	23,031
Cash and short-term deposits	60,315	60,315	–	–
	757,792	734,355	406	23,031
Financial liabilities				
Group				
Loans and borrowings	(484,503)	(484,503)	–	–
Trade and other payables	(255,106)	(255,106)	–	–
	(739,609)	(739,609)	–	–
Company				
Loans and borrowings	(449,809)	(449,809)	–	–
Trade and other payables	(407,817)	(407,817)	–	–
	(857,626)	(857,626)	–	–

(b) Financial risk management

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

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

(i) Credit risk

Trade and other receivables

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade and other receivables (continued)

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

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

The Group and the Company use ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial year is disclosed in Note 13. Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. A significant portion of these trade receivables are regular customers that have been transacting with the Group and the Company. Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group and the Company will not be able to collect all amounts due.

The Group and the Company monitor the results of the subsidiaries and related companies in determining the recoverability of these intercompany balances.

Credit risk concentration profile

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

				GROUP
		2016		2015
	RM'000	%	RM'000	%
Trusted identification & payment and transportation	284,102	71	293,055	82
Sustainable development, food and agro & koto industrialised building systems	102,617	26	38,233	11
Environment & renewable energy	5,221	1	19,155	5
Other business	6,627	2	6,551	2
	398,567	100	356,994	100

				COMPANY
		2016		2015
	RM'000	%	RM'000	%
Trusted identification & payment and transportation	527,224	95	655,115	97
Sustainable development, food and agro & koto industrialised building systems	28,235	5	18,925	3
	555,459	100	674,040	100

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Other financial assets

For other financial assets (including investment securities, cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM94,104,000/- (2015: RM82,615,000/-) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30(a)(i). As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		CONTRACTUAL CASH FLOWS			
GROUP	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
At 31 March 2016					
Trade and other payables	248,743	248,743	–	–	248,743
Hire purchase payables	3,430	1,057	2,696	–	3,753
Financial lease liabilities	1,914	1,129	1,111	–	2,240
Term loans	167,792	40,946	137,628	19,790	198,364
Revolving loans	32,497	32,903	–	–	32,903
Trade loans	51,958	52,537	–	–	52,537
Bankers' acceptances	17,197	17,402	–	–	17,402
	523,531	394,717	141,435	19,790	555,942
At 31 March 2015					
Trade and other payables	255,106	255,106	–	–	255,106
Hire purchase payables	5,771	2,181	4,078	134	6,393
Financial lease liabilities	784	402	426	–	828
Term loans	267,181	112,938	148,934	34,078	295,950
Revolving loans	39,998	40,519	–	–	40,519
Trade loans	91,445	92,464	–	–	92,464
Bankers' acceptances	79,324	78,297	–	–	78,297
	739,609	581,907	153,438	34,212	769,557

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

		CONTRACTUAL CASH FLOWS			
COMPANY	CARRYING AMOUNT RM'000	ON DEMAND OR WITHIN 1 YEAR RM'000	BETWEEN 1 AND 5 YEARS RM'000	MORE THAN 5 YEARS RM'000	TOTAL RM'000
At 31 March 2016					
Trade and other payables	381,167	381,167	–	–	381,167
Hire purchase payables	561	411	173	–	584
Financial lease liabilities	1,766	1,035	1,048	–	2,083
Term loans	144,260	38,751	113,713	19,790	172,254
Revolving loans	32,497	32,903	–	–	32,903
Trade loans	51,306	51,875	–	–	51,875
Bankers' acceptances	17,196	17,402	–	–	17,402
	628,753	523,544	114,934	19,790	658,268
At 31 March 2015					
Trade and other payables	407,817	407,817	–	–	407,817
Hire purchase payables	1,299	717	660	–	1,377
Financial lease liabilities	681	299	426	–	725
Term loans	237,678	82,900	148,934	34,078	265,912
Revolving loans	39,998	40,519	–	–	40,519
Trade loans	90,829	91,857	–	–	91,857
Bankers' acceptances	79,324	78,297	–	–	78,297
	857,626	702,406	150,020	34,078	886,504

(iii) Foreign currency risk

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

Management has set up a policy that requires all companies within the Group and the Company to manage their treasury activities and exposures. The Group's and the Company's policy is to hedge all material foreign currency exposures arising from its transactions and balances using derivative instruments that have maturity periods that match the corresponding maturity periods of the hedged items. In addition, the Group and the Company also takes advantage of any natural effects of its foreign currencies revenues and expenses by maintaining current accounts in foreign currencies.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

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

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Financial assets and liabilities not held in functional currencies				
Trade and other receivables				
Thai Baht	–	11,962	287	–
US Dollar	152,586	144,077	154,584	286,391
Euro	38,055	20,934	39,130	20,934
Chinese Renminbi	6,768	5,354	36	24,606
Egyptian Pound	940	1,966	943	1,966
Others	45,441	2,457	35,613	2,515
	243,790	186,750	230,593	336,412
Cash and short-term deposits				
Thai Baht	12	12,695	12	13
US Dollar	3,298	52,655	3,298	52,655
Euro	211	3,189	211	3,189
Chinese Renminbi	22,696	219	–	–
Egyptian Pound	3,092	2,267	3,092	2,267
Others	8,658	65	–	–
	37,967	71,090	6,613	58,124

Sensitivity analysis for foreign currency risk

The Group's and the Company's principal foreign currency exposure relates mainly to Thai Bath, United States Dollar, Euro, Chinese Renminbi, Egyptian Pound, Canadian Dollar, Bangla Taka and Indian Rupee.

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

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

GROUP	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2016			
Thai Baht	+10%	1	1
	-10%	(1)	(1)
US Dollar	+10%	6,856	6,856
	-10%	(6,856)	(6,856)
Euro	+10%	2,181	2,181
	-10%	(2,181)	(2,181)
Chinese Renminbi	+10%	1,042	1,042
	-10%	(1,042)	(1,042)
Egyptian Pound	+10%	300	300
	-10%	(300)	(300)
Others	+10%	3,327	3,327
	-10%	(3,327)	(3,327)
31 March 2015			
Thai Baht	+10%	1,635	1,635
	-10%	(1,635)	(1,635)
US Dollar	+10%	(2,464)	(2,464)
	-10%	2,464	2,464
Euro	+10%	1,340	1,340
	-10%	(1,340)	(1,340)
Chinese Renminbi	+10%	(1,246)	(1,246)
	-10%	1,246	1,246
Egyptian Pound	+10%	317	317
	-10%	(317)	(317)
Others	+10%	(108)	(108)
	-10%	108	108

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

COMPANY	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2016			
Thai Baht	+10%	1	1
	-10%	(1)	(1)
US Dollar	+10%	7,242	7,242
	-10%	(7,242)	(7,242)
Euro	+10%	2,256	2,256
	-10%	(2,256)	(2,256)
Chinese Renminbi	+10%	3	3
	-10%	(3)	(3)
Egyptian Pound	+10%	304	304
	-10%	(304)	(304)
Others	+10%	2,651	2,651
	-10%	(2,651)	(2,651)
31 March 2015			
Thai Baht	+10%	1	1
	-10%	(1)	(1)
US Dollar	+10%	8,307	8,307
	-10%	(8,307)	(8,307)
Euro	+10%	1,346	1,346
	-10%	(1,346)	(1,346)
Chinese Renminbi	+10%	1,491	1,491
	-10%	(1,491)	(1,491)
Egyptian Pound	+10%	317	317
	-10%	(317)	(317)
Others	+10%	116	116
	-10%	(116)	(116)

28. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

Sensitivity analysis for interest rate risk

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

GROUP	CHANGE IN RATE	EFFECT ON PROFIT FOR THE FINANCIAL YEAR RM'000	EFFECT ON EQUITY RM'000
31 March 2016	+1%	(1,780)	(1,780)
	-1%	1,780	1,780
31 March 2015	+1%	(1,514)	(1,514)
	-1%	1,514	1,514
COMPANY			
31 March 2016	+1%	(1,776)	(1,776)
	-1%	1,776	1,776
31 March 2015	+1%	(1,182)	(1,182)
	-1%	1,182	1,182

(c) Fair value measurement

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

There have been no transfers between Level 1 and Level 2 during the financial year (2015: no transfer in either directions).

28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

	CARRYING AMOUNT TOTAL	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE FAIR VALUE			
GROUP	**RM'000**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**
31 March 2016									
Financial assets									
Operating financial assets	12,078	–	–	–	–	–	–	12,078	12,078
Financial liabilities									
Hire purchase payables	(3,430)	–	–	–	–	–	–	(3,430)	(3,430)
Finance lease liabilities	(1,914)	–	–	–	–	–	–	(1,914)	(1,914)
Term loans	(167,792)	–	–	–	–	–	–	(167,792)	(167,792)
31 March 2015									
Financial assets									
Operating financial assets	12,219	–	–	–	–	–	–	12,219	12,219
Financial liabilities									
Hire purchase payables	(5,771)	–	–	–	–	–	–	(5,771)	(5,771)
Finance lease liabilities	(784)	–	–	–	–	–	–	(784)	(784)
Term loans	(267,181)	–	–	–	–	–	–	(267,181)	(267,181)

	CARRYING AMOUNT TOTAL	FAIR VALUE OF FINANCIAL INSTRUMENTS CARRIED AT FAIR VALUE FAIR VALUE				FAIR VALUE OF FINANCIAL INSTRUMENTS NOT CARRIED AT FAIR VALUE FAIR VALUE			
COMPANY	**RM'000**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**	**LEVEL 1**	**LEVEL 2**	**LEVEL 3**	**TOTAL**
31 March 2016									
Financial assets									
Operating financial assets	12,078	–	–	–	–	–	–	12,078	12,078
Financial liabilities									
Hire purchase payables	(561)	–	–	–	–	–	–	(561)	(561)
Finance lease liabilities	(1,766)	–	–	–	–	–	–	(1,766)	(1,766)
Term loans	(144,260)	–	–	–	–	–	–	(144,260)	(144,260)
31 March 2015									
Financial assets									
Operating financial assets	12,219	–	–	–	–	–	–	12,219	12,219
Financial liabilities									
Hire purchase payables	(1,299)	–	–	–	–	–	–	(1,299)	(1,299)
Finance lease liabilities	(681)	–	–	–	–	–	–	(681)	(681)
Term loans	(237,678)	–	–	–	–	–	–	(237,678)	(237,678)

28. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurement (continued)

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of operating financial assets, hire purchase payables, finance lease liabilities, and term loans are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

29. CAPITAL COMMITMENTS

(a) Capital commitments

The Group and the Company have made commitments for the following capital expenditures:

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Capital expenditures approved and contracted for:				
- Plant and equipment	1,741	12,535	1,741	6,242

30. CONTINGENCIES

Contingent liabilities

A wholly-owned subsidiary with its joint venture partner in Turkey (both parties are henceforth known as "JVCO") is defending an action brought by Security General Directorate of Ministry of Interior or Emniyet Genel Mudrlugu ("EGM") in Turkey. If defence against the action is finally unsuccessful, then the estimated potential liability to the JVCO is limited to the total sum of RM9,093,982/- which the Group will be liable for 75% of the amount with interest. Detailed information of this litigation case is disclosed in Note 34(a)(ii) of this financial statements. In the previous financial year, the Group and the Company had recognised RM6.0 million for the said compensation.

31. RELATED PARTIES

(a) Identify of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Associates;
(iii) Entities having significant influence over the Group ("related party"); and
(iv) Key management personnel of the Group's, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

31. RELATED PARTIES (continued)

(b) Significant related party transactions

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

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales				
Subsidiaries	–	–	65,315	98,797
Associates	10	–	10	–
Related party	30,293	27,893	30,293	27,893
	30,303	27,893	95,618	126,690
Purchases				
Subsidiaries	–	–	22,563	26,254
Associates	99	–	99	–
	99	–	22,662	26,254
Rental income				
Subsidiaries	–	–	532	1,278
Related party	63	63	63	63
	63	63	595	1,341
Consutancy fees charged				
Related party	1,200	–	–	–
Maintenance fees charged				
Associates	636	339	–	–
Management fee income				
Subsidiary	–	–	240	240
Rental expense				
Subsidiary	–	–	1,008	–
Loan to				
Subsidiary	–	–	–	108,935
Interest income on loan				
Subsidiary	–	–	2,241	–

31. RELATED PARTIES (continued)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	3,492	4,518	996	3,138
Post-employment employee benefits	419	541	122	375
	3,911	5,059	1,118	3,513

32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 March 2016 and 31 March 2015.

		GROUP		COMPANY	
	NOTE	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade and other payables	21	248,743	255,169	381,167	407,817
Loans and borrowings	20	274,788	484,503	247,586	449,809
Total debts		523,531	739,672	628,753	857,626
Total equity		537,844	564,857	498,495	469,775
Gearing ratio		97%	131%	126%	183%

The Company is required to maintain a loan and borrowings to equity ratio of 1.5 to comply with a bank covenant. The Company has complied with this requirement.

33. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group Managing Director ("GMD") for the purpose of making decisions about resource allocation and performance assessment.

The five reportable operating segments are as follows:

SEGMENTS	PRODUCTS AND SERVICES
Trusted identification & payment and transportation	e-Passports, e-Identification cards, banking cards, transporation and other related Trusted Identification's devices and equipments
Sustainable development and Koto industrialised building systems	Construction of buildings and modern integrated farms and manufacturing of Koto industrialised building systems
Food and Agro Technology	Provision of food and agro produce and equipment
Environment & renewable energy	Provision of waste management and power and energy related systems
Education	Provision of academic, tertiary and professional courses

Inter-segment pricing is determined on negotiated basis.

Segment profit

Segment performance is used to measure performance as Group Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

Segment assets

The total of segment asset is measured based on all assets (excluding investment in associates, deferred tax assets and current tax assets) of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

Segment liabilities

The total of segment liabilities is measured based on all liabilities (excluding deferred tax liabilities and current tax liabilities) of a segment, as included in the internal reports that are reviewed by the Group Managing Director.

33. SEGMENT INFORMATION (continued)

2016	NOTES	CONTINUING OPERATIONS: TRUSTED IDENTIFICATION & PAYMENT AND TRANSPORTATION RM'000	SUSTAINABLE DEVELOPMENT & KOTO INDUSTRIALISED BUILDING SYSTEMS RM'000	FOOD & AGRO TECHNOLOGY RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	EDUCATION RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL CONTINUING OPERATIONS RM'000	DISCONTINUED OPERATIONS: ENVIRONMENT & RENEWABLE ENERGY RM'000	TOTAL RM'000
Revenue:										
Revenue from external customers		342,042	111,476	6,311	8,445	8,037	–	476,311	43,322	519,633
Inter-segment revenue	A	–	225	11,598	–	–	(11,823)	–	–	–
		342,042	111,701	17,909	8,445	8,037	(11,823)	476,311	43,322	519,633
Results										
Operating results		100,360	(6,296)	(11,778)	(5,626)	(7,530)	–	69,130	9,977	79,107
Interest income		525	–	–	–	3	–	528	13	541
Dividend income		150	–	–	–	–	(150)	–	–	–
Depreciation and amortisation		(9,638)	(3,320)	(3,191)	(3,479)	(237)	–	(19,865)	(7,674)	(27,539)
Impairment of non-financial assets		(1,000)	–	(5,000)	(12,427)	–	17,427	(1,000)	–	(1,000)
Reversal of/(Allowance for) impairment loss of trade and other receivables		4,963	(69)	(6,605)	–	(64)	–	(1,775)	–	(1,775)
Interest expense		(24,539)	(537)	(75)	(626)	(33)	–	(25,810)	(2,307)	(28,117)
Reportable segment profit/(loss)		70,821	(10,222)	(26,649)	(22,158)	(7,861)	17,277	21,208	9	21,217
Other income	B	–	–	–	–	–	5,888	5,888	30,001	35,889
Unallocated corporate expenses	B	–	–	–	–	–	(39,313)	(39,313)	–	(39,313)
Share of results of associates	B	–	–	–	–	–	25	25	–	25
Segment profit/(loss)		70,821	(10,222)	(26,649)	(22,158)	(7,861)	(16,123)	(12,192)	30,010	17,818
Income tax expense		(21,037)	140	–	–	(1)	–	(20,898)	(7)	(20,905)
Profit/(loss) for the financial year		49,784	(10,082)	(26,649)	(22,158)	(7,862)	(16,123)	(33,090)	30,003	(3,087)
Assets:										
Investments in associates		9,199	–	–	–	–	5,891	15,090	–	15,090
Addition to capital expenditure		6,241	2,627	650	10,534	874	–	20,926	–	20,926
Segment assets		674,583	133,677	104,080	132,394	15,885	–	1,060,619	–	1,060,619
Segment liabilities		120,631	124,325	120,636	120,037	37,902	–	523,531	–	523,531

33. SEGMENT INFORMATION (continued)

		CONTINUING OPERATIONS							DISCONTINUED OPERATIONS	
2015	NOTES	TRUSTED IDENTIFICATION & PAYMENT AND TRANSPORTATION RM'000	SUSTAINABLE DEVELOPMENT & KOTO INDUSTRIALISED BUILDING SYSTEMS RM'000	FOOD & AGRO TECHNOLOGY RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	OTHER BUSINESS RM'000	ADJUSTMENTS AND ELIMINATIONS RM'000	TOTAL CONTINUING OPERATIONS RM'000	ENVIRONMENT & RENEWABLE ENERGY RM'000	TOTAL RM'000
Revenue:										
Revenue from external customers		374,201	113,526	1,563	1,706	28,799	–	519,795	42,159	561,954
Inter-segment revenue	A	–	–	24,481	–	–	(24,481)	–	–	–
		374,201	113,526	26,044	1,706	28,799	(24,481)	519,795	42,159	561,954
Results										
Operating results		77,463	(6,256)	(15,885)	(4,948)	(3,178)	–	47,196	12,342	59,538
Interest income		2,825	–	–	–	26	–	2,851	–	2,851
Dividend income		120	–	–	–	–	(120)	–	–	–
Depreciation and amortisation		(8,794)	(2,787)	(3,163)	(260)	(2,080)	–	(17,084)	(12,633)	(29,717)
Impairment of non-financial assets		–	(5,126)	(5,713)	(9,443)	–	14,569	(5,713)	–	(5,713)
Impairment loss of trade and other receivables		(9,721)	(1,942)	(22)	(16,574)	(8)	–	(28,267)	–	(28,267)
Interest expenses		(18,532)	(1,872)	(77)	–	(2,476)	–	(22,957)	(3,113)	(26,070)
Reportable segment profit/(loss)		43,361	(17,983)	(24,860)	(31,225)	(7,716)	14,449	(23,974)	(3,404)	(27,378)
Other income	B	–	–	–	–	–	33,892	33,892	1,445	35,337
Unallocated corporate expenses	B	–	–	–	–	–	(21,763)	(21,763)	–	(21,763)
Share of results of associates	B	–	–	–	–	–	(4,471)	(4,471)	–	(4,471)
Segment profit/(loss)		43,361	(17,983)	(24,860)	(31,225)	(7,716)	22,107	(16,316)	(1,959)	(18,275)
Income tax expense		(6,403)	–	–	–	6	–	(6,397)	(48)	(6,445)
Profit/(loss) for the financial year		36,958	(17,983)	(24,860)	(31,225)	(7,710)	22,107	(22,713)	(2,007)	(24,720)
Assets:										
Investments in associates		8,812	–	–	–	12,575	–	21,387	–	21,387
Addition to capital expenditure		2,595	6,422	3,842	3,588	1,871	–	18,318	–	18,318
Segment assets		763,953	88,647	69,196	83,582	76,753	–	1,082,131	211,709	1,293,840
Segment liabilities		260,349	69,174	112,369	95,926	79,350	–	617,168	122,504	739,672

33. SEGMENT INFORMATION (continued)

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

A Inter-segment revenue

Inter-segment revenues are eliminated on consolidations.

B Reconciliation of profit or loss

	2016 RM'000	2015 RM'000
Share results of associates	25	(4,471)
Unallocated amounts:		
- Other income	5,888	33,892
- Other corporate expenses	(39,313)	(21,763)
	(33,400)	7,658

Geographical information

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

31 MARCH 2016	REVENUE RM'000	SEGMENT ASSETS RM'000
Malaysia	248,056	298,517
African Region	175,300	14,346
Asia Pacific	72,020	48,939
North America	17,185	–
Oceania and Europe	7,072	18,468
	519,633	380,270

31 MARCH 2015	REVENUE RM'000	SEGMENT ASSETS RM'000
Malaysia	309,141	325,907
African Region	159,200	14,196
Asia Pacific	63,792	227,468
North America	24,083	–
Oceania and Europe	5,738	15,992
	561,954	583,563

33. SEGMENT INFORMATION (continued)

Information about major customers

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

	2016 RM'000	2015 RM'000	SEGMENTS
Customer A	62,280	69,659	Trusted identification
Customer B	60,390	97,149	Trusted identification
	122,670	166,808	

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) Material Litigations

(i) IRIS Corporation Berhad v. Japan Airlines International Co. Ltd (United States)

IRIS Corporation Berhad ("IRIS") filed a lawsuit on 28 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, i.e. US Court of Federal Claims. However the governing case law at that time of the commencement of the suit held that the statute permitting patent infringement suits against the US Government did not apply to U.S.C. 271(g) type infringement, that is, it did not apply to situations where the product used in the USA had been manufactured outside of USA.

Hence not being permitted to sue the US Government because the passports in issue were manufactured outside of USA and being impractical to sue the individual passport holder, IRIS targeted JAL which used e-passports as their check-in procedures conducted at airport facilities in the USA.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(a) Material Litigations (continued)

(i) IRIS Corporation Berhad v. Japan Airlines International Co. Ltd (United States) (continued)

JAL on 1 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 30 December 2013 the Federal Circuit vacated the stay in response to JAL's discharge from the bankruptcy. The hearing of the Appeal was reopened for hearing in the US Court of Appeals for the Federal Circuit in Washington.

The case was fully briefed and parties submitted their respective submissions for argument in open court on 8 September 2014. The United States Government then filed a friend of the court (amicus curiae) brief stating, in essence, that the District Court was incorrect, but nevertheless the case should be dismissed in that the proper defendant is the United States government in light of a change in the law that occurred subsequent to the filing of the appeal. The United States Airlines Industry Association also filed a friend of the court brief agreeing with the position taken by the United States government.

On 21 October 2014 the United States Court of Appeals for the Federal Circuit gave its decision and ruled that JAL's allegedly infringing acts are carried out "for the United States" under 28U.S.C. 1498(a) and affirmed the District Court's decision to dismiss IRIS' suit.

Pursuant to the advice of the US Department of Justice in their amicus brief and our Solicitors, ICB has proceeded on 24 February 2015 to file a Complaint against the US Federal Government (Case1:15-cv-00175-EGB) under Section 28 U.S.C. 1498 for reasonable compensation for the unlicensed manufacture and use of ICB's 506 Patent methods, amounts of which shall be based upon the profit ICB would have made had ICB manufactured each of the e-passport inlays that form the subject matter of the suit. By this Complaint, ICB seeks damages based upon the reasonable compensation formula.

On the 27 April 2015 the Defendant, the US Government replied to the Complaint and enclosed a Defense. On 8 May 2015, the Defendant filed a Joint Motion to stay the proceedings pending for entry of potential third parties. Order of Stay was granted on even date pending the filing of third party pleadings until 30 June 2015 or if a third party submits a pleading or until no later than 30 days after the last third party pleading is submitted.

On 19 June 2015 and 10 July 2015 were the last date for 3rd Parties to accept the Government's invitation to join the Defence. They did not file any pleading. IRIS is now in the process of appointing a Damages Expert to evaluate the total amount of damages that can be claimed from potential infringers and a Technical Expert to advice on the technical aspect of the 506 Patent in the event of success.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(a) Material Litigations (continued)

(i) IRIS Corporation Berhad v. Japan Airlines International Co. Ltd (United States) (continued)

On 30 October 2015, ICB's US Counsel was served with deposition notices for the witnesses previously identified in the Government's initial disclosures. Depositions will generally commence on the 14 December 2015 in US. On 3 November 2015, ICB's US Counsel was served with the Government's initial discovery demands. ICB has made it's deposition and further depositions were made and pending. The case is at the Interrogatory stage.

The U.S. Government in defending the lawsuit, as part of the Defence have filed a petition with the US Patent and Trademark office to invalidate the patent, alleging that IRIS' invention is obvious in light of the prior art. The petition was heard on 22 January 2016. The petition requires ICB to file a response within 90 days, after which there is a trial in the Patent and Trademark office on the sole issue of validity. This is a separate trial from the trial that will take place in the U.S. Court of Federal Claims where IRIS is seeking compensation for use of its patented invention.

(ii) IRIS Technologies (M) Sdn Bhd (2) Kunt Electronic Sanayii ve Ticaret A.S (both parties are henceforth known as "JVCO") vs Security General Directorate of Ministry of Interior ("EGM")

The Company received the update on the court proceedings of the consolidated Ankara 12th Civil Court of First Instance (2009/343) and 23rd Civil Court of First Instance Ankara (2010/347) and several merged cases relating thereto from its solicitors in Turkey.

The Company was informed that a decision was declared on 16 September 2014 and was duly served on the JVCO on 28 January 2015. The Company makes this announcement as soon as the facts and figures in the Judgment which is in the Turkish language is accurately verified and endorsed by its solicitors.

The Judgement declared the following:-

1. The JVCO's claim for unlawful termination by EGM and payment for the balance amount of (Turkish Lira) TL6.195.000 (equivalent to RM9,014,221) due to the JVCO for works completed was rejected.
2. EGM's claim for the refund of monies paid to the JVCO for the completion of Phase 1 (delivery of hardware and equipment) of the Project to the amount of TL6.195.000 (equivalent to RM9,014,221) was allowed and declared that the JVCO had to return the said amount to EGM with interest.
3. The JVCO to pay TL5.053,84 (equivalent to RM7,354) as compensation for loss suffered by EGM; and
4. EGM's claim of TL49.761,53 (equivalent to RM72,407) as expenses arising from their performance of the contract and loss due to the termination was allowed and the JVCO was ordered to pay the said amount as compensation.

The judgement is pending enforcement against the JVCO. In the previous financial year, the Group and the Company had recognised RM6.0 million for the said compensation.

(iii) IRIS Eco Power Sdn Bhd vs IPSA Group PLC (Court of Appeal, Civil Appeal No.: W-02(IM) (NCC)-781-05/2014)

On 1 August 2013, IRIS Eco Power Sdn Bhd ("IEPSB") filed a claim in the Kuala Lumpur High Court ("Court") against IPSA Group Plc ("IPSA"), a company registered in England and Wales for a breach of the Sale and Purchase Agreement of 2 Gas Turbine Generating Sets with Ancillary Equipment. IEPSB claimed 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 managed to serve the Claim to IPSA.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(iii) IRIS Eco Power Sdn Bhd vs IPSA Group PLC (Court of Appeal, Civil Appeal No.: W-02(IM) (NCC)-781-05/2014) (continued)

IPSA then filed an application to challenge the jurisdiction of the Court to determine the dispute in this case. On 25 March 2014, the Court struck out IEPSB's Claim with costs of RM30,000 to be paid by IEPSB to IPSA. IEPSB subsequently entered an appeal against this decision to the Court of Appeal on 25 March 2014. The file was pending case management until it fixed the hearing for 16 April 2015. On this date upon considering the relevant Records of Appeals filed including the respective submissions and hearing of oral submissions of the counsels, the Court of Appeal dismissed the case with costs of RM20,000 to be paid to the Respondent (IPSA). The Court of Appeal upheld the decision of the High Court that there was a lack of connecting factors that would allow the Malaysian courts to exercise jurisdiction over the dispute.

IEPSB filed an appeal on the decision of the Court of Appeal to the Federal Court. A Notice of Motion for leave to appeal before the Federal Court was fixed on 3 January, 2016. At the Hearing, the Learned Panel of Judges of the Federal Court dismissed the Notice of Motion for Leave to appeal with costs of RM10,000 to be paid by IESB as the Applicant to the Respondent (IPSA) and further directions that the court deposit is to be refunded to the Applicant.

(iv) IRIS Corporation Berhad vs Tan Chin Hwang (High Court of Pulau Pinang Saman Pemula No: 24FC-230-04/2015)

ICB entered into an Equipment Lease Agreement ("Agreement") with IQPR Sdn Bhd ("the Defendant") on 3 May 2011 where a security was given by Mr Tan Chin Hwang to ICB in respect of this Agreement. The Security in question was a charge registered on a piece of land known as GRN 56247 Lot 3635, Bandar Tanjong Bungah, Daerah Timur Laut, Negeri Pulau Pinang ("the Security"). The Charge over the Security was registered on 10 June 2011 and no other charges exist on the said Security. Due to the Defendant committing several defaults in its obligations under the Agreement, ICB had sent out letters of demand and intent dated 13 December 2013 and 6 March 2014 stating its intent to enforce its rights over the Security in view of the Defendant's continued breaches. By the same letter ICB terminated the Agreement.

ICB via its solicitors had on 28 January 2015 issued a letter enclosing the Form 16D Notice under the National Land Act and the Certificate of Indebtedness on the Defendant which was duly acknowledged receipt by the Defendant personally on 31 January 2015. On 2 April ICB's solicitors filed an Originating Motion pursuant to Seksyen 256 and 257 of the National Land Code 1965 and Orders 31 and 83 of Court Rules 2012 (Enclosure 1). The case was fixed for case management on 11 May 2015 and on this date the Defendant's lawyers attended court and requested for additional time to see further instructions from their client in respect of the suit. The case was fixed for further case management on 19 August 2015.

The Defendant had made an application for Stay and Reference to Arbitration (Enclosure 8). Hence there were 2 proceedings before the High Court, namely the Plaintiff's foreclosure proceedings (Enclosure 1) and the Defendant's application to obtain a stay of Enclosure 1 and to refer the proceedings to arbitration (Enclosure 8). The cases were adjourned several times for case management pending parties filing of their respective written submissions until a hearing date was given on 20 November 2015. Counsels were prepared but were informed on that day that the Judge was going on transfer and the hearing was postponed. The matter was fixed for hearing both Enclosures 1 and 8 on 21 January 2016.

The High Court dismissed the Defendant's application in Enclosure 8 with costs of RM3,000 for the Plaintiff, and had granted Order in Terms in respect of the Plaintiff's originating summons for foreclosure in Enclosure 1. ICB has obtained the Order for Sale on the Security from the High Court of Penang.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(b) Disposal of entire 75% equity interest in PJT Technology Co., Ltd ("PJT")

The Company and its wholly-owned subsidiary, Northern Shine Holdings Limited ("NSH") had on 6 November 2015 entered into a Sale and Purchase of Shares Agreement for the disposal of its 3,774,000 PJT ordinary shares and NSH's 1,776,000 PJT ordinary shares representing a total of 5,550,000 or 75% of PJT's fully and paid up ordinary shares of THB740,000,000 divided into 7,400,000 ordinary shares ("Sale Shares") at a consideration of USD24,000,000, or equivalent to RM99,811,000.

On 30 December 2015, the Company gave away the management and the financial control of PJT, thus, rendered PJT ceased as a subsidiary of the Company on that date. Details of the financial impact is disclosed in Note 8(a).

35. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF FINANCIAL YEAR

(a) Acquisition of 40% equity interest of IRIS Land Sdn Bhd ("ILSB")

The Company had on 1 April 2016 acquire 300,000 or 40% of the remaining issued and fully paid-up shares of RM1.00 each in ILSB for a total consideration of RM90,000. ILSB and its subsidiary, IRIS Land PNG Limited, a company incorporated in Papua New Guinea, then become a wholly-subsidiary of the Company.

The acquisition from non-controlling interest of ILSB does not have material financial impact to the Company.

(b) Expiry of Warrants 2010/2016 ("Warrant B")

From 1 April 2016 up to the date of expiry on 21 April 2016, a total of 104,760,740 Warrants 2010/2016 ("Warrant B") have been exercised and converted to ordinary shares at an issue price of RM0.15 per ordinary share. The number of unexercised Warrant B of 70,693,247 were expired and delisted on 20 April 2016 and 21 April 2016 respectively.

(c) Expiry of Warrant 2006/2016 ("Warrant A")

From 1 April 2016 up to the date of expiry on 27 June 2016, a total of 15,349,603 Warrants 2006/2016 ("Warrant A") have been exercised and converted to ordinary shares at an issue price of RM0.15 per ordinary share. The number of unexercised Warrant A of 29,561,660 were expired and delisted on 24 June 2016 and 27 June 2016 respectively.

(d) Disposal of 7.51% equity interest in Versatile Creative Berhad

From 1 April 2016 up to 30 June 2016, IRIS Healthcare Sdn. Bhd. ("IHSB"), a wholly-owned subsidiary of the Company, had disposed of 8,810,045 ordinary shares of Versatile Creative Berhad ("VCB"), representing 7.51% equity interest in VCB for a total consideration of RM6,039,624/-.

(e) Disposal of 29.83% equity interest in Versatile Creative Berhad

On 11 May 2016, the Company had entered into a Sales and Purchase Agreement ("SPA") with Mr Edmund Fong R Boon for the disposal of 35,000,000 ordinary shares of RM0.50 each representing 29.83% of Versatile Creative Berhad for a total purchase price of RM21,000,000/- ("Shares Sale"). As at the date of this report, the Shares Sale has yet to be completed.

(f) Contract Awarded by the Senegalese Ministry of Interior and Public Security

On 27 May 2016, the Company had been awarded with a contract by the Senegalese Ministry of Interior and Public Security for the supply of a new system for the production of the national biometric identity and voter's card for a contract price of EUR76,200,000/- equivalent to RM346,189,000/-.

36. COMPARATIVES

The financial statements of the Group and of the Company for the financial period ended 31 March 2015 were audited by another firm of Chartered Accountants who issued an unqualified opinion in their report dated 31 July 2015.

37. RETROSPECTIVE ADJUSTMENTS

(a) IC Interpretation 12, *Service Concession Arrangements*

During the financial year, the management noted that the concession agreeements ("CA") for electronic passport system entered into with several governments were not accounted for in accordance to IC Interpretation 12, *Service Concession Arrangements* ("IC Int 12"). Accordingly, the directors have re-assessed the CA and accounted for the assets arising from the CA as operating financial assets retrospectively in accordance with IC Int 12. The effect of retrospective adjustments on the comparative figures are as follows:

GROUP	AS PREVIOUSLY STATED 2015 RM'000	ADJUST-MENTS RM'000	AS RESTATED 2015 RM'000
Consolidated Statement of Financial Position			
Non-current assets			
Intangible assets	396,965	(14,196)	382,769
Operating financial assets	–	9,469	9,469
Current assets			
Operating financial assets	–	2,750	2,750
Trade and other receivables	371,421	212	371,633
Equity attributable to owners of the Company			
Retained earnings	87,650	(1,765)	85,795
Consolidated Statement of Comprehensive Income			
Revenue	522,332	(2,537)	519,795
Cost of sales	(427,361)	(994)	(428,355)
Other income	36,743	2,509	39,252
Earnings/(Loss) per share attributable to owners of the Company (sen per share)			
Basic	(1.02)	(0.05)	(1.07)
Diluted	(1.02)	(0.05)	(1.07)
Consolidated Statement of Cash Flows			
Operating activities			
Amortisation of concession assets	9,542	(719)	8,823
Effect of accretion of interest on operating financial assets	–	(2,509)	(2,509)
Operating financial assets	–	2,750	2,750
Trade and other receivables	19,173	(2,503)	17,210
Operating activities			
Acquisition of concession assets	(8,977)	3,883	(5,094)

37. RETROSPECTIVE ADJUSTMENTS (continued)

(a) IC Interpretation 12, *Service Concession Arrangements (continued)*

COMPANY	AS PREVIOUSLY STATED 2015 RM'000	ADJUST-MENTS RM'000	AS RESTATED 2015 RM'000
Consolidated Statement of Financial Position			
Non-current assets			
Intangible assets	35,413	(14,196)	21,217
Operating financial assets	–	9,469	9,469
Current assets			
Operating financial assets	–	2,750	2,750
Trade and other receivables	680,203	212	680,415
Equity attributable to owners of the Company			
Retained earnings	39,297	(1,765)	37,532
Consolidated Statement of Comprehensive Income			
Revenue	439,350	(2,537)	436,813
Cost of sales	(345,193)	(994)	(346,187)
Other income	28,440	2,509	30,949
Consolidated Statement of Cash Flows			
Operating activities			
Amortisation of concession assets	719	(719)	–
Effect of accretion of interest on operating financial assets	–	(2,509)	(2,509)
Operating financial assets	–	2,750	2,750
Trade and other receivables	(81,043)	(2,384)	(83,427)
Operating activities			
Acquisition of concession assets	(3,884)	3,884	–

37. RETROSPECTIVE ADJUSTMENTS (continued)

(a) IC Interpretation 12, *Service Concession Arrangements (continued)*

	AS PREVIOUSLY STATED AS AT 1 APRIL 2014 RM'000	ADJUSTMENTS RM'000	AS RESTATED AS AT 1 APRIL 2014 RM'000
GROUP			
Consolidated Statement of Financial Position			
Non-current assets			
Intangible assets	340,838	(13,203)	327,635
Operating financial assets	–	9,710	9,710
Current assets			
Operating financial assets	–	2,750	2,750
Equity attributable to owners of the Company			
Retained earnings	122,967	(743)	122,224
COMPANY			
Consolidated Statement of Financial Position			
Non-current assets			
Intangible assets	32,441	(13,203)	19,238
Operating financial assets	–	9,710	9,710
Current assets			
Operating financial assets	–	2,750	2,750
Equity attributable to owners of the Company			
Retained earnings	44,547	(743)	43,804

(b) IC Interpretation 12, *Service Concession Arrangements)*

During the financial year, the management also noted that the concession arrangement for Phuket waste-to-energy incineration plant was not accounted for under IC Interpretation 12, *Service Concession Arrangements* upon the effective date which is applicable for annual periods beginning on or after 1 January 2012. The management had highlighted that it is impracticable to determine the period specific effects of this error on current and comparative information for all prior periods presented as data may not have been collected in the prior periods and it is difficult for management to make estimation in relation to the prior periods' effects as required by the standard. Due to impracticability and the fact that the concession asset was disposed of during the year, the management had not made any adjustment on the application of IC Interpretation 12, *Service Concession Arrangements*.

supplementary information on the disclosure of realised and unrealised profits or losses

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 March 2016 and 31 March 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the 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.

	GROUP		**COMPANY**	
	2016 RM'000	**2015 RM'000** *RESTATED*	**2016 RM'000**	**2015 RM'000** *RESTATED*
Total retained earnings of the Company and its subsidiaries				
- Realised	58,254	41,325	86,642	48,369
- Unrealised	(26,435)	(10,765)	(26,429)	(10,837)
	31,819	30,560	60,213	37,532
Total share of accumulated losses from associates:				
- Realised	(3,200)	(3,751)	–	–
- Unrealised	–	–	–	–
	28,619	26,809	60,213	37,532
Less:				
Consolidation adjustments	64,283	58,986	–	–
Total retained earnings	92,902	85,795	60,213	37,532

statement by directors

pursuant to Section 169(15) of the Companies Act, 1965

We, DATUK TAN SAY JIM and DATO' EOW KWAN HOONG, being two of the directors of IRIS CORPORATION BERHAD, do hereby state that in the opinion of the directors, the financial statements set out on pages 71 to 173 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 as at 31 March 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 174 have been prepared in accordance with the 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 Requirement*, issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

DATUK TAN SAY JIM
Director

DATO' EOW KWAN HOONG
Director

Kuala Lumpur
Date: 28 July 2016

statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, DATUK TAN SAY JIM, being the director primarily responsible for the financial management of IRIS CORPORATION BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 71 to 173 and the supplementary information set out on page 174 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DATUK TAN SAY JIM
Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 July 2016.

Before me,

Zulkifla Mohd Dahlim
(No. W 541)

independent auditors' report

to the members of IRIS Corporation Berhad (Incorporated in Malaysia)

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 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 7 to 173.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to 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 controls as the directors determine are 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 judgement, 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 controls relevant to the Company's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. 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 at 31 March 2016 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provision for the Companies Act, 1965 in Malaysia.

(b) Other than the subsidiaries without the auditors' report as disclosed in Note 8 to the financial statements, we have considered the financial statements of these subsidiaries of which we have not acted as auditors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (continued)

(d) Other than the subsidiaries without the auditors' report as disclosed in Note 8 to the financial statements, the auditors' reports on the financial statements of the remaining subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 174 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 the 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 MATTER

The financial statements of the Group and of the Company for the financial period ended 31 March 2015 were audited by another firm of Chartered Accountants who issued an unmodified opinion in their report dated 31 July 2015.

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 contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Heng Fu Joe
No. 2966/11/16 (J)
Chartered Accountant

Kuala Lumpur
Date: 28 July 2016

statistics on shareholdings
as at 20 June 2016

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	:	RM335,634,788.10
		RM335,634,788.10

DISTRIBUTION OF SHAREHOLDINGS

ORDINARY SHARES

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF SHARES	%
1 – 99	135	0.724	3,897	0.000
100 – 1,000	1,246	6.682	859,330	0.038
1,001 – 10,000	6,964	37.350	45,517,493	2.034
10,001 – 100,000	8,355	44.810	328,171,209	14.666
100,001 – 111,878,261 (*)	1,943	10.421	1,363,139,844	60.920
111,878,261 AND ABOVE (**)	2	0.010	499,873,481	22.340
TOTAL	**18,645**	**100.000**	**2,237,565,254**	**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

DISTRIBUTION OF SHAREHOLDINGS (continued)

WARRANT A

SIZE OF HOLDINGS	NO. OF HOLDERS	%	NO. OF WARRANTS	%
1 – 99	285	25.333	11,256	0.032
100 – 1,000	426	37.866	158,501	0.457
1,001 – 10,000	246	21.866	1,309,050	3.778
10,001 – 100,000	132	11.733	5,002,313	14.438
100,001 – 1,732,265 (*)	30	2.666	12,325,200	35.575
1,732,265 AND ABOVE (**)	6	0.533	15,839,000	45.717
TOTAL	**1,125**	**100.000**	**34,645,320**	**100.000**

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

LIST OF 30 LARGEST SHAREHOLDERS AS AT 20 JUNE 2016

ORDINARY SHARES

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK ISLAMIC BERHAD FOR FELDA INVESTMENT CORPORATION SDN BHD	309,080,000	13.813
2.	FELDA INVESTMENT CORPORATION SDN BHD	190,793,481	8.526
3.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR TAN SAY JIM	111,733,233	4.993
4.	EB NOMINEES (TEMPATAN) SENDIRIAN BERHAD PLEDGED SECURITIES ACCOUNT FOR VERSATILE PAPER BOXES SDN BHD (JTR)	78,855,667	3.524
5.	MCS MICROSYSTEMS SDN BHD	65,333,333	2.919
6.	UOA DEVELOPMENT BHD	50,000,000	2.234
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR LEE KWEE HIANG	43,230,000	1.932
8.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS WEALTH MANAGEMENT SINGAPORE BRANCH (A/C CLIENTS-FGN)	39,280,556	1.755
9.	RAZALI BIN ISMAIL	34,493,333	1.541
10.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR VERSATILE CREDIT & LEASING SDN BHD	32,625,458	1.458
11.	KOPERASI PERMODALAN FELDA MALAYSIA BERHAD	21,999,000	0.983
12.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DIMENSIONAL EMERGING MARKETS VALUE FUND	21,834,300	0.975
13.	VERSATILE PAPER BOXES SDN BHD	16,568,366	0.740

LIST OF 30 LARGEST SHAREHOLDERS AS AT 20 JUNE 2016 (continued)

ORDINARY SHARES (continued)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
14.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	12,817,700	0.572
15.	CHANG CHENG HUAT	11,000,000	0.491
16.	NG FAAI @ NG YOKE PEI	10,000,000	0.446
17.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	9,652,600	0.431
18.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	9,285,000	0.414
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK KUAN (E-SRB)	8,471,900	0.378
20.	TEY SOON DEE	8,268,900	0.369
21.	LIM KIM HUA	7,400,000	0.330
22.	LIEW SZE FOOK	6,325,000	0.282
23.	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR IOANNIS KOROMILAS	6,017,500	0.268
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOOUNT FOR BATU BARA RESOURCES CORPORATION SDN BHD	5,000,000	0.223
25.	VERSATILE PAPER BOXES SDN BHD	5,000,000	0.223
26.	MUHAMAD ALOYSIUS HENG	4,700,000	0.210
27.	LIM CHIN HUAT	4,500,000	0.201
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG GEOK KUAN (E-SRB)	4,329,500	0.189
29.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TANG SING LING	4,207,500	0.188
30.	SIM AH SENG	4,200,000	0.187
	TOTAL	**1,136,912,327**	**50.810**

LIST OF 30 LARGEST SHAREHOLDERS AS AT 20 JUNE 2016 (continued)

WARRANT A

NO.	WARRANT HOLDERS	NO. OF WARRANTS	%
1.	LIM HSIU YEN	3,521,300	10.163
2.	NG FAAI @ NG YOKE PEI	3,194,200	9.219
3.	MAH SIEW SEONG	3,099,400	8.946
4.	MARIAYEE A/P LU SIANG LIANG	2,175,100	6.278
5.	LIFETIME LEARNING SDN BHD	2,000,000	5.772
6.	LIM HSIU YEN	1,849,000	5.336
7.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI YENG SUN (MARGIN)	1,302,000	3.758
8.	AFFIN HWANG NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHAMED YAZID MERZOUK	1,146,400	3.308
9.	CHEW HON CHOY	1,000,000	2.886
10.	ABDUL TALIB BIN DRUS	850,000	2.453
11.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD AMANAH INTERNATIONAL FINANCE SDN BHD FOR TAN SAY JIM	708,000	2.043
12.	TAN SAY JIM	677,000	1.954
13.	ABDUL RAHMAN BIN ABDUL KARIM	646,600	1.866
14.	CHAI YENG SUN	562,700	1.624
15.	SIVA SHANKAR A/L SINDAMBARAM	535,500	1.545
16.	GHAZALY BIN BAKAR	500,000	1.443
17.	U YONG DOONG @ U SUNG KWI	500,000	1.443
18.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LIH PYNG	350,000	1.010
19.	LIM JIT HAI	334,000	0.964
20.	AFFIN HWANG INVESTMENT BANK BERHAD IVT (HWP)	300,000	0.865
21.	LOO CHAI LAI	286,000	0.825
22.	JEANETTE IVY ROBERTSON LOMAX	280,000	0.808
23.	LEE KOK HOONG	240,000	0.692
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEOH HOOI SIM	221,200	0.638
25.	CHAN HUAN HIN	200,000	0.577
26.	LEE KEAN CHON	200,000	0.577
27.	ONG CHAU OH	200,000	0.577
28.	KOH SIEW HEE	186,000	0.536
29.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HO ENG HAI	174,200	0.502
30.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SEE MENG CHAN	150,000	0.432
	TOTAL	**27,388,600**	**79.054**

SUBSTANTIAL SHAREHOLDERS AS AT 20 JUNE 2016
(AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

ORDINARY SHARES

		NO. OF SHARES			
NO	**SHAREHOLDERS**	**DIRECT**	**%**	**INDIRECT**	**%**
1	FELDA INVESTMENT CORPORATION SDN BHD	499,873,481	22.34	–	–
2	THE FEDERAL LAND DEVELOPMENT AUTHORITY	–	–	499,873,481*	22.34
3	DATUK TAN SAY JIM	111,733,233	4.99	32,625,458*	1.46
4	VERSATILE PAPER BOXES SDN BHD	100,424,033	4.49	–	–
5	DATO' LEE KWEE HIANG	43,384,142	1.94	100,424,033*	4.49

* *Deemed interest pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDING AS AT 20 JUNE 2016
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

ORDINARY SHARES

		NO. OF SHARES			
NO	**SHAREHOLDERS**	**DIRECT**	**%**	**INDIRECT**	**%**
1	TAN SRI RAZALI BIN ISMAIL	34,551,733	1.54	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	# 5,535,333	0.25
3	DATUK TAN SAY JIM	111,733,233	4.99	* 32,625,458	1.46
4	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
5	DATO' EOW KWAN HOONG	1,593,333	0.07	–	–
6	SYED ABDULLAH BIN SYED ABD KADIR	466,666	0.02	–	–
7	CHAN FEOI CHUN	–	–	–	–
8	DATUK NOOR EHSANUDDIN BIN HJ MOHD HARUN NARRASHID	–	–	–	–
9	DATUK NIK AZMAN BIN MOHD ZAIN	–	–	–	–

Deemed interest by virtue of the shares held by YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin's spouse.
* *Deemed interest pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' SHAREHOLDING AS AT 20 JUNE 2016 (continued)
(AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

WARRANT A

		NO. OF WARRANTS			
NO	WARRANT HOLDERS	DIRECT	%	INDIRECT	%
1	TAN SRI RAZALI BIN ISMAIL	–	–	–	–
2	YAM TUNKU DATO' SERI SHAHABUDDIN BIN TUNKU BESAR BURHANUDDIN	–	–	# 280,000	0.81
3	DATUK TAN SAY JIM	1,385,000	4.00	–	–
4	DATO' HAMDAN BIN MOHD HASSAN	–	–	–	–
5	DATO' EOW KWAN HOONG	–	–	–	–
6	SYED ABDULLAH BIN SYED ABD KADIR	19,999	0.06	–	–
7	CHAN FEOI CHUN	1,800	0.01	–	–
8	DATUK NOOR EHSANUDDIN BIN HJ MOHD HARUN NARRASHID	–	–	–	–
9	DATUK NIK AZMAN BIN MOHD ZAIN	–	–	–	–

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

NOTICE IS HEREBY GIVEN THAT THE TWENTY-SECOND 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 THURSDAY, 1 SEPTEMBER 2016 AT 11 A.M. TO TRANSACT THE FOLLOWING BUSINESSES:

notice of twenty-second annual general meeting

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**

2. To re-elect Datuk Tan Say Jim who retires pursuant to Article 86 of the Company's Articles of Association. **(Please see Note 3)** **(Resolution 1)**

3. To approve the payment of Directors' Fees for the financial year ended 31 March 2016. **(Resolution 2)**

4. To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 3)**

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 4 and Note 5)**

   (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 4)**

   (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 5)**

   To consider and if thought fit, to pass, with or without modifications, the following resolutions of the Company:

6. ORDINARY RESOLUTION
   AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965 **(Please see Note 6)**

   "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 **(Resolution 6)** 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."

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

(i) "THAT 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 7)**

(ii) "THAT subject to the passing of Resolution 5 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 8)**

8. ORDINARY RESOLUTION
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE **(Please see Note 8)**

"THAT approval be and is hereby given to the Company and its subsidiaries ("ICB Group") to enter into and to give effect to the recurrent related party transactions of a revenue or trading nature as specified in Section 2.3.2 of the Circular to Shareholders dated 29 July 2016, provided that such arrangements and/or transactions which are necessary for ICB Group's day-to-day operations are undertaken in the ordinary course of business, at arm's length basis, on normal commercial terms and transaction prices which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company (hereinafter referred to as the "Proposed Renewal of Shareholders' Mandate"). **(Resolution 9)**

THAT the Proposed Renewal of Shareholders' Mandate shall only continue to be in force until:

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

(ii) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier.

8. ORDINARY RESOLUTION (continued)
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (continued)

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the best interest of the Company to give effect to the Proposed Renewal of Shareholders' Mandate."

9. SPECIAL RESOLUTION
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY **(Please see Note 9)**

"THAT the amendments to the Company's Articles of Association as set out in Appendix I ("Proposed Amendments") on pages 190 to 192 of the 2016 Annual Report be and are hereby approved. **(Resolution 10)**

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

10. To transact any other 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 July 2016

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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 24 August 2016 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 2016

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 item on the Agenda is not put forward for voting by shareholders of the Company.

3. RETIREMENT OF DIRECTOR

Besides Datuk Tan Say Jim, Dato' Eow Kwan Hoong is also retiring by rotation in accordance with Article 86 of the Company's Articles of Association as Director of the Company at the Twenty-Second Annual General Meeting. However, Dato' Eow Kwan Hoong had indicated to the Company that he would not be seeking for re-election at the Twenty-Second Annual General Meeting. Therefore, Dato' Eow Kwan Hoong shall retire as Director at the conclusion of the Twenty-Second Annual General Meeting.

4. RE-ELECTION AND RE-APPOINTMENT OF INDEPENDENT DIRECTORS

In line with the Recommendation 3.1 of the Malaysian Code on Corporate Governance 2012, the Nomination Committee and the Board of Directors had undertaken the annual assessment on the independence of Tan Sri Razali Bin Ismail and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin who are seeking for re-appointment pursuant to Section 129 of the Companies Act, 1965, at the forthcoming Twenty-Second Annual General Meeting. The annual assessment had been disclosed in the Corporate Governance Statement of the Company's 2016 Annual Report.

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

The proposed Resolution 4 and Resolution 5, 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.

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

The proposed Resolution 6 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company had placed out 50,000,000 new Ordinary Shares at an issue price of RM0.18 each, which raised a total of RM9,000,000.00 and which shares were all listed on the ACE Market of Bursa Malaysia Securities Berhad on 9 May 2016 ("Private Placement"). Details and status of the utilisation of proceeds from the Private Placement are set out in the "Additional Compliance Information" on page 62 of the 2016 Annual Report.

The proposed Resolution 6, 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.

7. CONTINUATION IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

The Nomination Committee and the Board of Directors had assessed the independence of Syed Abdullah Bin Syed Abd Kadir and YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin 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 had neither impaired nor compromised their independent judgement. They were free from any business or other relationships which could interfere with their exercise of independent judgment. They continued to remain objective and were able to exercise independent judgement in expressing their views and participating in deliberations and decision making of the Board and Board Committees in the best interest of the Company;
(iv) each of them has devoted sufficient time and attention to his responsibilities as an Independent Non-Executive Director of the Company; and
(v) 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 7 and 8, if passed, will enable 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.

8. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Resolution 9, if passed, will allow the Company and its subsidiaries to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not detrimental to the interest of the minority shareholders.

Please refer to the Circular to Shareholders dated 29 July 2016 for further information.

9. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY ("PROPOSED AMENDMENTS")

The proposed Resolution 10, if passed, will approve the amendments to the Articles of Association of the Company. The Proposed Amendments are to align the Company's Articles of Association with Bursa Malaysia Securities Berhad ACE Market Listing Requirements and to ensure clarity and consistency throughout the Articles of Association.

Please refer to Appendix 1 on pages 190 to 192 of the 2016 Annual Report for full details of the Proposed Amendments.

statement accompanying notice of twenty-second 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 Twenty-Second 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 22 to 27 of the 2016 Annual Report.

appendix I

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF IRIS COPRORATION BERHAD

The existing Articles of Association ("Articles") of the Company is proposed to be amended as set out in the third column below:

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 80	The instrument appointing a proxy shall be in the following form or in such other form as the Directors may approve or in any particular case may accept:- IRIS CORPORATION BERHAD I/We, ______________________________ (NRIC No./Company No. ________________) of ________________________________ being a Member/Members of IRIS CORPORATION BERHAD hereby appoint ________________ (NRIC No. ___________________) of ____ __________________________________ or failing whom, ____________________ (NRIC No. ___________________) of ____ __________________________________ as my/our proxy to vote for me/us and act on my/our behalf at the *Annual/Extraordinary General Meeting of the Company to be held at __________________________________ on _____ day of ________________ 20___ at_____ and, at any adjournment thereof for/against* the resolution(s) to be proposed thereat:- Dated this ____ day of ____________ 20_____ No. of shares held: __________________________ Signature / Common Seal of Member * Strike out whichever is not desired. (Unless otherwise instructed the proxy may vote or abstain from voting as he/she thinks fit). Notes: a) A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.	The instrument appointing a proxy shall be in the following form or in such other form as the Directors may approve or in any particular case may accept:- IRIS CORPORATION BERHAD I/We, ______________________________ (NRIC No./Company No. ________________) of ________________________________ being a Member/Members of IRIS CORPORATION BERHAD hereby appoint ________________ (NRIC No. ___________________) of ______ __________________________________ or failing him, ______________________ (NRIC No. ___________________) of ______ __________________________________ or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and act on my/our behalf at the *Annual/Extraordinary General Meeting of the Company to be held at __________________________________ on _____ day of ________________ 20___ at _______ and, at any adjournment thereof for/against * the resolution(s) to be proposed thereat:- Dated this ____ day of ____________ 20_____ No. of shares held: __________________________ Signature / Common Seal of Member * Strike out whichever is not desired. (Unless otherwise instructed the proxy may vote or abstain from voting as he/she thinks fit). Notes: a) A proxy need not be a Member of the Company and the provisions of Section 149(1)(b) of the Act shall not apply to the Company.

The existing Articles of Association ("Articles") of the Company is proposed to be amended as set out in the third column below: (continued)

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 80	b) To be valid, this form, duly completed must be deposited at the Office of the Company not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly execute the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s). c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Depositories Act, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account. d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under Depositories Act which is exempted from compliance with the provisions of subsection 25A(1) of Depositories Act. e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. f) Where the appointer is a corporation, this form must be executed under its common seal or the hand of an officer or attorney duly authorised. g) A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.	b) To be valid, this form, duly completed must be deposited at the Office of the Company **or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting**, not less than 48 hours before the time for holding the meeting Provided That in the event the Member(s) duly execute the form of proxy but does not name any proxy, such Member(s) shall be deemed to have appointed the Chairman of the meeting as his/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member(s). c) A Member entitled to attend and vote is entitled to appoint not more than two (2) proxies to attend and vote at the meeting except where a Member is an authorised nominee as defined under the Depositories Act, in which event it may appoint not more than two (2) proxies in respect of each Securities Account it holds in ordinary shares of the Company standing to the credit of the said Securities Account. d) Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. e) Where a Member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies. f) Where the appointer is a corporation, this form must be executed under its common seal or the hand of an officer or attorney duly authorised. g) A Member shall not be precluded from attending and voting in person at any general meeting after lodging the form of proxy but however such attendance shall automatically revoke the authority granted to the proxy.

The existing Articles of Association ("Articles") of the Company is proposed to be amended as set out in the third column below: (continued)

ARTICLE NO.	EXISTING PROVISION	AMENDED PROVISION
To amend Article 139	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss account, balance sheets and reports as are referred to in the Section. A copy of each such documents in printed form or in compact disc read-only memory format or digital video disc read-only format or in any other format through which images, data, information or other material may be viewed whether electronically or digitally or howsoever subject to compliance of the Listing Requirements and any other relevant authorities, (including other documents required by law to be annexed thereto) shall together with the notice of the annual general meeting (not less than twenty-one (21) days before the date of the meeting), be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange upon which the Company's share may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. In the event that the annual report is sent in compact disc read-only memory format or digital video disc read-only format or in such other form of electronic media and a Member requires a printed form of such document, the Company shall send such document to the Member within four (4) Market Days from the date of receipt of the Member's request. The interval between the close of financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports shall not exceed four (4) months.	The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and reports as are referred to in the Section. A copy of each such documents in printed form or in compact disc read-only memory format or digital video disc read-only format or in any other format through which images, data, information or other material may be viewed whether electronically or digitally or howsoever subject to compliance of the Listing Requirements and any other relevant authorities, (including other documents required by law to be annexed thereto) shall together with the notice of the annual general meeting (not less than twenty-one (21) days before the date of the meeting), be sent to every Member of, and to every holder of debentures of the Company under the provisions of the Act or of these Articles. The requisite number of copies of each such document as may be required by the Exchange upon which the Company's shares may be listed, shall at the same time be likewise sent to the Exchange provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy, free of charge on application at the Company's Office. In the event that the annual report is sent in compact disc read-only memory format or digital video disc read-only format or in such other form of electronic media and a Member requires a printed form of such document, the Company shall send such document to the Member within four (4) Market Days from the date of receipt of the Member's request.

proxy form

IRIS®
Bringing Solutions to Life

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

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

NUMBER OF SHARES HELD:	CDS ACCOUNT NO.:	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)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf, at the Twenty-Second 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 Thursday, 1 September 2016 at 11.00 a.m. and at any adjournment thereof.

NO.	RESOLUTIONS	FOR	AGAINST
1	To re-elect Datuk Tan Say Jim, who retires pursuant to Article 86 of the Company's Articles of Association, as Director.		
2	To approve the payment of Directors' Fees for the financial year ended 31 March 2016.		
3	To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company and to authorise the Board of Directors to fix their remuneration.		
4	To re-appoint Tan Sri Razali Bin Ismail, who retires pursuant to Section 129(6) of the Companies Act, 1965, as Director.		
5	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.		
6	To grant authority to issue and allot shares in general pursuant to Section 132D of the Companies Act,1965.		
7	To approve Syed Abdullah Bin Syed Abd Kadir to continue to act as an Independent Non-Executive Director.		
8	To approve YAM Tunku Dato' Seri Shahabuddin Bin Tunku Besar Burhanuddin to continue to act as an Independent Non-Executive Director.		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions.		
10	Proposed Amendment to the Articles of Association of the Company.		

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

As witness my/our hand(s)

this ________day of ____________________2016

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 Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 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 24 August 2016 will be entitled to attend, vote and speak at the meeting or appoint proxy(ies) to attend, vote and speak on their behalf.

FOLD HERE

AFFIX POSTAGE HERE

The Company Secretaries

IRIS CORPORATION BERHAD
UNIT 30-01, LEVEL 30, TOWER A
VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR

FOLD HERE